

BRUNSWICK CITY ECONOMIC DEVELOPMENT COMMITTEE

Agenda OCTOBER 19, 2015 6:00 PM

1. Discussion Items
 - (a) **RES. NO. 92-15** - A resolution authorizing the City Manager to enter into a grant agreement with Lowbrow Customs, LLC - **1st Reading** (To be brought from Economic Development Committee, *Administration/Grant Aungst*)
2. General Discussion
3. Adjournment

THE CITY OF BRUNSWICK

PROPOSED LEGISLATION



DATE: 10/19/2015

TO: Vice Mayor Vince Carl and Members of City Council

FROM: Anthony J. Bales, City Manager
Grant Aungst, Community and Economic Development Director

COPY: Mayor Ron Falconi

LEGISLATION: **RES. NO. 92-15** - A resolution authorizing the City Manager to enter into a grant agreement with Lowbrow Customs, LLC - **1st Reading** (To be brought from Economic Development Committee, *Administration/Grant Aungst*)

BACKGROUND: City Administration has been in discussions with a potential purchaser of an existing building in the City's industrial park regarding relocating the business to the City and potential upgrades to the existing structure and site, including additional staffing. Discussions involved economic development incentives that may be available.

PURPOSE AND EXPLANATION: The City has in place an economic development program to promote the creation of jobs and stimulate economic growth. As part of the agreement, the City shall provide Lowbrow with an annual grant in an amount equal to ten percent of Municipal Income Tax Receipts, for each \$100,000 of annual employee payroll, provided such annual employee payroll exceeds \$700,000, not to exceed one hundred percent of Municipal Income Tax Receipts. Such grant shall be payable solely from City Non-Tax Revenues. The grant shall continue for five consecutive years. In order to receive and retain the grant Lowbrow shall retain all of its business operations in the City for a minimum period of ten years and maintain a minimum annual payroll of \$700,000 during such ten year period.

IMPLEMENTATION SCHEDULE: Pending Council approval, as soon as the business receives occupancy permit from the City for business operations.

FINANCIAL INFORMATION: Financial - 001-0490-54285 - \$18,500.00 - 001-0490-54285 - -

FINANCIAL SUMMARY: Fiscal approval for this agreement and each applicable year will be done through an annual purchase order, subject to Council's appropriation and the applicable tax rate in existence at the time. The \$18,500 amount is the calculated not to exceed maximum amount for the first year of the agreement provided all applicable conditions in the agreement are met, tax rates remain the same and sufficient appropriations have been passed by Council. The 2016 Budget is expected to be passed by Council in November or December of 2015.

**RECOMMENDED
ACTION:**

One Reading	No
Two Readings	Yes
Three Readings	No
Emergency	Yes
Suspension of Rules	Yes

If emergency or suspension of the rules, why the request?
Administration is requesting two readings by City Council with suspension of the rules and passage by emergency to allow the purchaser the opportunity to finalize negotiations and proceed with purchase and relocation in a timely manner.

**ADDITIONAL
INFORMATION:**

CITY OF BRUNSWICK, OHIO
RESOLUTION NO. 92-15

BY: Mr. Carl, Mrs. Hanek and Mr. Capretta

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO
A GRANT AGREEMENT WITH LOWBROW CUSTOMS, LLC.

WHEREAS: In accordance with applicable Ohio law, the City has developed a program to promote the creation of jobs and stimulate economic development in the City;

WHEREAS: The City is desirous of entering into a Grant Agreement with Lowbrow Customs, LLC to promote the creation of jobs and stimulate economic development in the City.

WHEREAS: THE COUNCIL OF THE CITY OF BRUNSWICK HEREBY RESOLVES:

SECTION 1: That the City Manager, upon approval of the Law Director, is authorized and directed to enter into the Grant Agreement with Lowbrow Customs, LLC, as attached hereto as Exhibit "A".

SECTION 2: That this Resolution shall take effect and be in force from and after the earliest period allowed by law.

PASSED: 1st Reading_____

2nd Reading_____

3rd Reading_____

ADOPTED: _____ AYES _____ NAYS _____

ATTEST: _____
Clerk of Council
Barb Ortiz

GRANT AGREEMENT

THIS GRANT AGREEMENT (the "Agreement") is entered into by and between the City of Brunswick, Ohio, a municipal corporation duly organized and validly existing under the Constitution and laws of the State of Ohio (the "City"), and Lowbrow Customs, LLC, an Ohio limited liability company ("Lowbrow Customs").

RECITALS:

WHEREAS, in accordance with applicable Ohio law as detailed in Ohio Revised Code Section 718.15, as may be amended from time to time, the City has developed a program to promote the creation of jobs and stimulate economic development in the City; and

WHEREAS, the City hereby enters into this Agreement to promote the creation of jobs and stimulate economic development in the City.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and intending to be legally bound, the Parties hereto agree as follows:

A. Lowbrow Customs, LLC – Representations, Covenants and Warranties.

1) Lowbrow Customs, or a corporate entity affiliated with Lowbrow Customs, shall effectuate the purchase of the commercial real property located at 2873 Interstate Parkway, Brunswick, Ohio (the "Property") and relocate all business operations of Lowbrow Customs to the Property;

2) Lowbrow Customs shall cause any necessary renovations to the Property to be completed and commence business operations at the Property no later than January 1, 2016. The date that Lowbrow Customs commences business operations at the Property, and so notifies the City in writing, shall be known as the "Commencement Date".

3) In order to receive and retain the grants as described in Section B below, Lowbrow Customs shall retain all of its business operations in the City for a minimum period of ten (10) years and maintain a minimum annual employee payroll of \$700,000.00 during such ten (10) year period. If Lowbrow Customs relocates all or any portion of its business operations outside of the corporate limits of the City prior to the expiration of the ten (10) year commitment or fails to maintain a minimum annual employee payroll of \$700,000.00 during such ten (10) year period, any and all grants provided pursuant to this Agreement shall be deemed refundable and Lowbrow Customs shall repay the City the full value of all grants received hereunder immediately upon the relocation of all or any portion of its business operations outside of the corporate limits of the City or failure to maintain a minimum annual employee payroll of \$700,000.00.

B. Grants.

- 1) The City shall provide Lowbrow Customs with an annual grant (the "Grant") in an amount equal to ten percent (10%) of Municipal Income Tax Receipts, as defined hereinbelow, for each \$100,000.00 of annual employee payroll, provided such annual employee payroll exceeds \$700,000.00, not to exceed one hundred percent (100%) of Municipal Income Tax Receipts. Such Grant shall be payable solely from City Non-Tax Revenues, as defined hereinbelow.

For example, in the event that the employee payroll of Lowbrow Customs for the first year of this Agreement is \$800,000.00, then the Grant payable to Lowbrow Customs shall equal eighty percent (80%) of Municipal Income Tax Receipts actually received by the City for such year.

“Municipal Income Tax Receipts”, as used herein, means the municipal income taxes actually received by the City during the twelve (12) month period commencing on the Commencement Date, and each twelve (12) months thereafter for the term of this Agreement, derived from the employees of Lowbrow Customs.

“Non-Tax Revenues”, as used herein, means all moneys of the City which are not moneys raised by taxation, to the extent available for the purpose of making any payments required hereunder, including, but not limited to, the following: (a) grants from the United States of America and the State of Ohio; (b) payments in lieu of taxes now or hereafter authorized by State statute to the extent not pledged to pay debt charges on other City indebtedness; (c) fines and forfeitures which are deposited in the City’s General Fund; (d) fees deposited in the City’s General Fund for services provided and from properly imposed licenses and permits; (e) investment earnings on the City’s General Fund; (f) investment earnings on other funds of the City that are credited to the City’s General Fund; (g) proceeds from the sale of assets which are deposited in the City’s General Fund; (h) gifts and donations; and (i) all rental payments which are deposited in the City’s General Fund.

Nothing herein shall be construed as requiring the City to use or apply to the payment of its obligation hereunder any funds or revenues from any source other than Non-Tax Revenues; provided, however, that nothing herein shall be deemed to prohibit the City, at its sole discretion, from using, to the extent that it is authorized by law to do so, any other resources for the fulfillment of any of the terms, conditions or obligations of this Agreement. The obligation to make any

Grant hereunder shall terminate immediately if Lowbrow Customs ceases business operations within the corporate limits of the City or otherwise fails to fulfill its obligations under this Agreement.

2) The annual Grant set forth above shall continue for a period of five (5) consecutive years from the Commencement Date unless earlier terminated as set forth in this Agreement.

3) The Grant required hereunder shall be made to Lowbrow Customs upon the occurrence of the following: (a) the City's actual receipt of Municipal Income Tax Receipts; (b) the City's actual receipt of all necessary municipal tax returns from Lowbrow Customs; and (c) the City's receipt, review and approval of any requested supporting documentation as required herein.

Any Grant payment required hereunder shall be made by check payable to Lowbrow Customs, to be forwarded by regular U.S. mail within ninety (90) days of filing all necessary municipal tax returns with the City, to the notice address provided in Section C below, as may be updated by written notice to the City from time to time.

C. Additional Covenants and General Conditions.

1) This Agreement is specifically conditioned upon enactment by the Brunswick City Council of a Resolution approving this Agreement.

2) Lowbrow Customs may not assign its rights under this Agreement without the express written consent of the City.

3) Lowbrow Customs agrees to provide the City with information reasonably

requested by the City to evaluate Lowbrow Customs' compliance with this Agreement and to calculate the amount due hereunder.

4) A notice, demand, or other communication that may be provided or is otherwise required under this Agreement shall be sufficiently given or delivered if it is mailed by registered or certified mail, postage prepaid, return receipt requested, or delivered personally as follows:

To the City:

City of Brunswick
Attn: City Manager
Brunswick City Hall
4095 Center Road
Brunswick, OH 44212

To Lowbrow Customs:

Mr. Tyler Malinky
2305 Ridge Rd
Hickley, OH 44256

- 5) This Agreement shall be governed exclusively by and construed in accordance with the laws of the State of Ohio.
- 6) This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but altogether shall constitute only one and the same instrument. Signatures or counterparts delivered by email, facsimile or other electronic means shall be deemed binding originals.

[SIGNATURE PAGE TO FOLLOW]

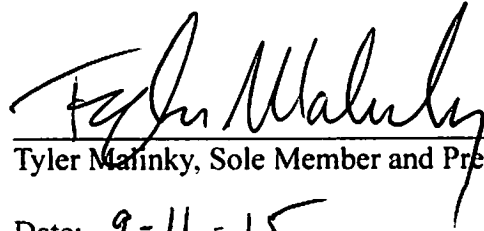
WHEREFORE, the Parties hereto have caused this Grant Agreement to be executed as of the dates indicated below.

CITY OF BRUNSWICK, OHIO

LOWBROW CUSTOMS, LLC

Anthony J. Bales, City Manager

Date: _____



Tyler Malinky, Sole Member and President

Date: 9-16-15

Approved as to form:

Kenneth J. Fisher, Law Director

Date: _____

This Grant Agreement has been approved by Brunswick City Council per Resolution No. _____ adopted on _____, _____, 2015.

Barbara Ortiz, Clerk of Council