

VILLAGE OF BOSTON HEIGHTS	Codified?	First Reading <input checked="" type="checkbox"/>	Waiver 3-Reading Rule _____
ORDINANCE NO: <u>2016-5-20</u>	Yes _____	Second Reading _____	Yes <input checked="" type="checkbox"/>
INTRODUCED BY <u>J. MILLER</u> No <input checked="" type="checkbox"/>	Third Reading _____	No _____	

**A RESOLUTION APPROVING THE TAX INCENTIVE REVIEW COUNCIL'S  
RECOMMENDATION TO CONTINUE THE TAX ABATEMENT FOR  
HEMINGWAY AT BOSTON HEIGHTS, LLC AND PAYCHEX NORTH AMERICA,  
INC. AND DECLARING AN EMERGENCY**

WHEREAS, the duly appointed Tax Incentive Review Council met to discuss and review the continuance of the tax abatement granted to Heminway at Boston Heights, LLC and Paychex North America, Inc; and,

WHEREAS, the Council approves the recommendation of the Tax Incentive Review Council after the CRA meeting May 10, 2016 to continue the current agreement.

NOW THEREFORE, BE IT RESOLVED by the Council of the Village of Boston Heights, County of Summit, State of Ohio as follows:


Section 1: That pursuant to the authority granted to the Tax Incentive Review Council by the Ohio Revised Code and after the Council's duly noticed annual review meeting and recommendation to continue to approve, the Council for the Village of Boston Heights hereby adopted said recommendation and finds that the tax abatement agreement previously granted to Hemingway at Boston Heights, LLC and Paychex North America, Inc. should be continued for another year.

Section 2: The at the passing of this Resolution is found to be in the public interest and serves to promote, protect and preserve the general health, safety and welfare of the Village of Boston Heights.

Section 3: That this Council hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Council and that all deliberations of this Council which resulted in formal action were taken in meetings open to the public, in full compliance with the applicable legal requirements including Section 121.22 of the Ohio Revised Code.

Section 4: The this Resolution is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare of the community, continued operations of business within the Village, and to comply with the requirements of the Ohio Revised Code in a timely fashion, and shall, therefore, take effect and be in force from and immediately after its passage.

PASSED:

  
\_\_\_\_\_  
BILL GONCY, MAYOR

ATTEST:

  
\_\_\_\_\_  
BETTY KLINGENBERG, FISCAL OFFICER

I, BETTY KLINGENBERG, Fiscal Officer and Clerk of the 'Village of Boston Heights, Summit County, Ohio do hereby certify that the foregoing Resolution **2016-5-20** was duly passed by the Council of the Village of Boston Heights, County of Summit, State of Ohio a meeting of the Council on this **10<sup>th</sup> day of May, 2016.**

# 2016 TIRC - VBH

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*To:* The Hon. Bill Gony, Mayor, and Council of the Village of Boston Heights OH  
*From:* William J. Hinkle - resident representative for Vlg of Boston Heights TIRC  
*Date:* 05 May 2016  
*Re:* Boston Heights Tax Incentive Review Council (TIRC) -- 2016 Meeting  
*Summary:* Recommendation to CONTINUE agreement with Paychex & Hemingway

## **Executive Summary, VBH Tax Incentive Review Council 2016:**

The Tax Incentive Review Council (TIRC) for the Village of Boston Heights, Ohio met at 10AM on Thursday, May 5, 2016 at the Village Hall. Per ORC 5709.85, the TIRC comprises 7 members: 3 representatives of the County government, in this case the Summit County Dept. of Development; 2 village-resident representatives appointed by the Mayor with the consent of Council; 1 representative of the Summit County Fiscal Officer, and 1 representative of the applicable school district, in this case Hudson City Schools.

Attending this meeting were: Stacy Vavruska of Summit County Fiscal Officer's office (chair), Daniel Stimmel of Summit County Dept. of Development, Mayor Bill Gony and William Hinkle of Boston Heights (per VBH Resolution 2013-7-29), Superintendent Phil Herman of Hudson City School District. These five members constituted the majority necessary for a quorum. Additionally, Kathryn Sines, Hudson City School District Treasurer, and Betty Klingenberg, Village Fiscal Officer, attended as observers.

Paychex and Hemingway were represented by Janet Bowman and Eric Crozier of Paychex. Arhaus and Premier were represented by Greg Teed (Arhaus) and Spencer Piszczak (Premier).

The TIRC annually reviews performance and compliance for both CRA and TIF agreements. The two TIF agreements within the Village will not be reviewed until 2017. There are currently two CRA tax incentive agreements in effect within the Village:

1. the CRA agreement with Paychex and Hemingway, and
2. the CRA agreement with Arhaus and Premier.

As required by ORC 5709.85, Ms. Vavruska acted as chair of the TIRC. On a motion by Mr. Hinkle, seconded by Mr. Herman, the TIRC adopted Mr. Hinkle's summary as its minutes for the previous meeting of May 8, 2015.

After conducting a review with the Paychex representatives (see below), the Council found that those parties appeared to be in compliance with the terms of the CRA Agreement with the Village of Boston Heights for Tax Year 2015. On a motion by Mr. Hinkle, seconded by Mr. Herman, all ayes, no nays, the Tax Incentive Review Council then adopted, on May 5, 2016, a motion that:

**The TIRC recommends that Council of the Village of Boston Heights CONTINUE the existing Community Reinvestment Agreement with Paychex and Hemingway.**

(Note: Per ORC 5709.85(E), Village Council must vote to accept, reject, or modify this recommendation with 60 days of receipt of the official written recommendation from the TIRC, which must be supplied by September 1 of each year.)

It was noted that, while the Arhaus/Premier CRA agreement was in effect, there had not yet been any tax benefit received, as the Arhaus building was still under construction through 2015. Village Council had previously waived the annual TIRC fee due under that agreement. Msrs. Teed and Piszczak provided an update on the progress of that project, stating that much of the Arhaus inventory (about \$33M) has been moved to the new building in Boston Heights, along with 50-75 employees. The headquarters and its staff is expected to move in during June-July 2016.

Mr. Hinkle noted that the Village's two TIF agreements may be reviewed next year along with the CRAs. Mr. Goncey added that Bass Pro is expecting to begin construction either in Fall 2016, or in 2017.

On a motion by Mr. Herman, seconded by Ms. Vavruska: ADJOURN

**Background, Paychex/Hemingway CRA Agreement:**

The TIRC examines compliance with tax incentive agreements within the Village. The only tax incentive currently in effect and providing a tax benefit within Boston Heights is an abatement of real property taxes for the benefit of **Paychex North America, and Hemingway at Boston Heights LLC**. Hemingway is the owner of record for the land and the building at 100 E. Hines Hill Road, and Paychex there operates the business that is the subject of the tax incentive agreement. The two companies were represented at the TIRC meeting by Janis Bowman and Eric Croziel of Paychex. Paychex had provided payroll and employee count data in advance.

The Paychex facility is in the Boston Heights Community Reinvestment Area. The parties have a 10-year tax abatement, starting with Tax Year 2012, on 100% of its real property investment, which represents the building and improvements (parcel 13-00987) -- but not the underlying land. The agreement was adopted by the Village in March 2011; Hudson City School District approved that agreement in return for Village payments of 100% of its foregone property taxes, biannually in the trailing (collection) year.

The TIRC examined compliance in Tax Year 2015, which is the fourth of the ten years of the abatement. The Summit County Fiscal Office shows the total real property valuation of \$1,708,110, with property taxes abated for Tax Year 2015 under this agreement as:

**\$ 51,265** total abated real property taxes  
of which **\$ 39,334** was foregone by **Hudson Schools** (to be reimbursed by the Village), and  
**\$ 3,616** by the **Village of Boston Heights**, and  
the balance by **Summit County and Summit County Metro Parks**.  
**Paychex/Hemingway CRA Compliance Detail, Tax Year 2015, year 4 of 10:**

The TIRC asked the Paychex representatives to confirm a number of points in the agreement:

1. (item #2) Paychex committed to move 140 full-time jobs and 7 part-time jobs to the Hines Hill facility, by October 1, 2012 (one year after scheduled occupancy).  
Current job placement: **139 full-time “employee equivalents”**  
The TIRC noted that the job placement commitment had been met in previous years (e.g. 145 in 2013) and the CRA agreement had no explicit require for job retention or creation after the occupancy date. Mr. Crozier stated that some jobs had become “remote” to the facility.  
No job creation period after occupancy: **COMPLIANT**
2. (item #9) Paychex committed to a total facility payroll of \$8,000,000 plus-or-minus 10% (defined “Annual Payroll”). Paychex supplied data indicating total gross payroll at the facility of \$7,177,497, of which \$6,726,003 was taxable by the Village of Boston Heights (at 2%). As the CRA Agreement does not specify gross vs. taxable payroll, both figures were examined. Mr. Crozier explained that a reorganization of personnel (work-from-home, transfer of managers, reduction in sales commissions) had dropped the on-site payroll considerably (from \$7.9M / \$7.4M last year) but expected that this payroll level would stabilize going forward.  
Gross facility payroll: **\$7,177,497 -- 89.7% of “Annual Payroll” target**  
Taxable facility payroll: **\$6,726,003 -- 84.1% of “Annual Payroll” target**
3. (item #9) If 80% of the Annual Payroll is not met, the TIRC may recommend an appropriate reduction in the tax incentive. **OVER 80% -- COMPLIANT**
4. (item #12, and ORC 3735.671) Paychex and/or Hemingway are required to pay to the Village by January of each year a TIRC fee of the *greater of* 1% of exempted taxes or \$500. (The Village Council may waive or reduce the fee.)  
Total fee required for TY 2015 payable in 2016: **1% of \$51,265 = \$512.65**  
Ms. Klingenberg confirmed this TY 2015 payment in 2016. -- **COMPLIANT**  
(*Note: that payment had been made on an estimate of \$515.14; the Village therefore will credit the \$2.49 overage to next year’s TIRC fee.*)
5. (item #13) All other non-exempted real and personal property taxes must be paid up on the property. **STATED: ALL PAID TO DATE -- COMPLIANT**
6. (ORC 5709.85 / .832) Paychex must adhere to non-discriminatory hiring practices on the basis of race, religion, sex, disability, color, national origin, or ancestry. Mr. Estrela stated that Paychex adheres to their non-discriminatory hiring policy, and reviews compliance annually. **STATED: AFFIRMED – COMPLIANT**

As Paychex and Hemingway appeared to be in compliance with the terms of the CRA Agreement with the Village of Boston Heights, the Tax Incentive Review Council adopted a motion to recommend that Village Council **continue the existing agreement.**

GRE	Gross	Taxable Wages	Boston Heights Withheld	EE's
Psychex Insurance Agency	\$274,147.06	\$268,696.49	\$5,373.96	4
Psychex North America, Inc	\$6,251,053.4	\$5,835,151.01	\$117,134.58	127
Psychex of New York LLC	\$652,296.82	\$622,155.80	\$12,563.07	8
<b>Totals</b>	<b>\$7,177,497.2</b>	<b>\$6,726,003.30</b>	<b>\$135,071.61</b>	<b>139</b>