

**CITY OF CHEVIOT
STATE OF OHIO**

ORDINANCE NO. 21-19

TO AUTHORIZE THE SAFETY-SERVICE DIRECTOR TO ENTER INTO A JOB CREATION TAX CREDIT AGREEMENT WITH MODERN HOLDING COMPANY; AND TO DECLARE AN EMERGENCY.

WHEREAS, Modern Holding Company approached the City regarding its possible relocation of its main business, Modern Ice Equipment & Supply, into the City; and

WHEREAS, Modern Holding Company anticipates that it would relocate 27 of its current office employees into a building within the City limits, which would result in approximately \$2,700,000.00 of payroll; and Modern Holding Company anticipates an increase of payroll to \$3,350,000.00 by the fourth year of operation within the City; and

WHEREAS, pursuant to Cheviot Code of Ordinances Section 36A.064 and Ohio Revised Code Section 718.15, the City may grant a refundable or nonrefundable credit against its tax on income to a taxpayer to foster job creation in the City, and prior to granting such a tax credit pursuant to Cheviot Code of Ordinances Section 36A.064 and Ohio Revised Code Section 718.15, the City and taxpayer shall enter into an agreement specifying all the conditions of the credit; and

WHEREAS, Modern Holding Company made a request for such a tax credit to the City, as set forth in the attached "PROJECT ICE BOX: Request for a Job Creation Tax Credit Agreement to the City of Cheviot," which is attached hereto as Exhibit A and incorporated herein; and

WHEREAS, the Safety-Service Director and Mayor have recommended that the City enter into an agreement with Modern Holding Company for a job creation tax credit pursuant to the terms and conditions set forth in Exhibit A, with the additional requirement that if the taxpayer relocates its business from the City of Cheviot before the expiration of the five-year term, the taxpayer shall reimburse the City for the tax credit the taxpayer received; and

WHEREAS, this Council agrees with the recommendation of the Safety-Service Director and Mayor and desires to enter into a Job Creation Tax Credit Agreement pursuant to the terms recommended by the Safety-Service Director and Mayor.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CHEVIOT, STATE OF OHIO, TWO-THIRDS OF ALL MEMBERS THEREOF CONCURRING, THAT:

Section 1. The Safety-Service Director is hereby authorized and directed to enter into a Job Creation Tax Credit Agreement with Modern Holding Company, in a form acceptable to the Law Director, and in connection with Modern Holding Company's relocation of its operations within the boundaries of the City of Cheviot and pursuant to the terms and conditions set forth in Exhibit A, which is attached hereto and incorporated herein, plus the additional requirement that if the taxpayer relocates its business from the City of Cheviot before the expiration of the five-year term, the taxpayer shall reimburse the City for the tax credit the taxpayer received.

Section 2. Upon notification to this Council that the City has entered into the Job Creation Tax Credit Agreement, as specified herein, this Council will introduce and adopt an Ordinance which

grants a tax credit to Modern Holding Company pursuant to the terms and conditions set forth in the Job Creation Tax Credit Agreement.

Section 3. This ordinance shall be an emergency measure for the health, safety, and welfare of the citizens of Cheviot and shall take effect immediately. The emergency is necessary in order to ensure that the City has the opportunity to receive the additional income tax that would be generated by the relocation of the business described herein and to meet the deadlines required for relocation of said business.

Kerry Smyth
President of Council

Date passed

Samuel D. Keller
Mayor

Date approved

Attest:

Approved as to form:

Jenny M. Eilermann
Clerk of Council

Kimberlee Erdman Rohr
Law Director

CERTIFICATE OF PUBLICATION

I, Jenny M. Eilermann, Clerk of the Council of the City of Cheviot, Ohio, hereby certify that the foregoing ordinance, or a succinct summary, was published in the *Western Hills Press*, a newspaper of general circulation in the City of Cheviot, Ohio, in accordance with Section 731.21 of the Ohio Revised Code, on the following dates:

- 1) _____, 2021, and
- 2) _____, 2021.

Jenny M. Eilermann
Clerk of Council



PROJECT ICE BOX

Request for a Job Creation Tax Credit Agreement

To the
City of Cheviot

Modern Holding Company with its main business of Modern Ice Equipment & Supply has been in existence in our community for over 50 years. The Company builds industrial ice plants worldwide with about 90% of its customers in the United States and Canada. The remainder of its clients spans Thailand, Central America, Europe and Africa. The Company's main Cincinnati area client is Home City Ice.

As the Company continues to grow, with its current headquarters in Green Township, it has been exploring several opportunities. In doing so, the Company is now considering investing its capital to purchase the former Cheviot Financial Headquarters building within the City. If the Company pursues this option, it would occupy approximately 15,000 square feet of the building as its new corporate headquarters. The remainder of the building, approximately the other half of the building, would be leased by the Company to First Financial Bank. The building is very functional in its current condition to serve as the Company's headquarters with no meaningful additional capital improvements. If this project is successful, the Company would relocate 27 of its current office employees to this new headquarters facility. The average payroll would be approximately \$100,000 per employee. Over the following three years the Company expects to expand and add an estimated 10 new employees at \$65,000 average base payroll prior to benefits, producing total Company payroll by year four of \$3,350,000. This would then produce annual City income tax of approximately \$67,000. In addition, the Company would pay its business income tax to the City estimated at \$25,000 - \$30,000 per year.

If the Company does not choose to move its corporate headquarters to the City, its other options will keep the Company in Green Township or relocate to a similar unincorporated township without income tax similar to Green Township.

Our request, which we respectfully submit to City Council is for the City to authorize the creation of a Job Creation Tax Credit Agreement with the Company whereby the City would rebate to the Company 50% of all employee withholding and business income tax receipts for a period of five years. Beginning in the sixth year after the Company begins fully staffed operations at its new headquarters, the City would thereafter retain 100% of all tax receipts.

We propose that under the terms of such an agreement, the City would issue payment to the Company in the form of a check to be paid by March 31 of each subsequent calendar year representing 50% of all employee withholding and business income tax receipts received for the prior year.

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This type of agreement known as a JCTC is a common incentive structure used by a number of other Greater Cincinnati municipalities and other government jurisdictions having income tax. It is also a common structure used by JobsOhio as well as by other states and local jurisdictions nationally as a way to assist and encourage companies to relocate to and expand in those jurisdictions. With respect to our current project, this assistance is particularly important inasmuch as the Company's other headquarter location options do not involve local income tax. The percentage of tax credit rebate and the term of years can expand sometimes significantly such as to 85% and 15 years involving much larger projects.

Administratively, we propose to file an annual report by March 1st each year certifying the total employee withholding and company taxes paid to the City for the prior calendar year.

We are very grateful for City Council's consideration of this request. With Council support as outlined above, the Company very much looks forward to making its new home within the City and becoming a valuable business asset, employer and active participant in the City of Cheviot.