

DEFEATED

FILED

DEC 30 2015

CITY CLERK

TERRE HAUTE CITY COUNCIL
STATE OF INDIANA
RESOLUTION NO. 2, 2016

A Resolution of the Common Council of the City of Terre Haute, Indiana, Designating an Area Within the City commonly known as 451 E. Margaret Drive, Terre Haute, IN 47802 and identified as Parcel No. 84-09-04-226-028.000-005, Lot 2 of C&N Properties - Subdivision II, being a 2.070 acre part of NE ¼ Sec 4, T11N, R9W, 2nd Principal Meridian, Honey Creek Township, Vigo County, Indiana, an Economic Revitalization Area for the Purpose of Ten (10) Year Real Property Tax Abatement.

WHEREAS, a Petition for a ten (10) year real property tax abatement has been filed with the Common Council of the City of Terre Haute, Indiana requesting that the real property described therein be designated an Economic Revitalization Area for purposes of real property tax abatement;

WHEREAS, SHRAY LLC ("Petitioner") has submitted a Statement of Benefits and provided all information and documentation necessary for the Common Council of the City of Terre Haute, Indiana to make an informed decision, said information including a map of the aforesaid property as set forth in attached **Exhibit A** (which is hereby made a part hereof); and

WHEREAS, Petitioner has estimated that its investment in the described redevelopment or rehabilitation (the "Project") to be located at said real estate itself will create thirteen (13) new, permanent full-time jobs at an approximate average annual wage of \$16,923 and three (3) new, permanent part-time jobs at an approximate average annual wage of \$5,000, and assist Petitioner in maintaining thirteen (13) full-time and three (3) part-time permanent jobs with an annual payroll of approximately \$240,000 at another co-managed hotel as a result of the Project;

WHEREAS, the Common Council of the City of Terre Haute, Indiana is authorized under the provisions of I.C. 6-1.1-12.1-1 et. seq. to designate areas of the City of Terre Haute, Indiana as economic revitalization areas for the purpose of tax abatement; and

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WHEREAS, the Common Council of the City of Terre Haute, Indiana has considered the Petition and Statement of Benefits and has conducted a complete and proper investigation of the subject property and neighborhood to determine that the area qualifies as an economic revitalization area under Indiana statutes; and

WHEREAS, the Common Council of the City of Terre Haute, Indiana has found the subject property to be an area within the boundaries of the City of Terre Haute, Indiana, which area has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property—and/or such is an area where facilities that are technologically, economically or energy obsolete, are located and where the obsolescence may lead to a decline in tax revenues;

WHEREAS, the real property abatement is a declining percentage of the increase in assessed value of the improvements based on the following time period and percentages as determined by the Common Council of the City of Terre Haute, Indiana:

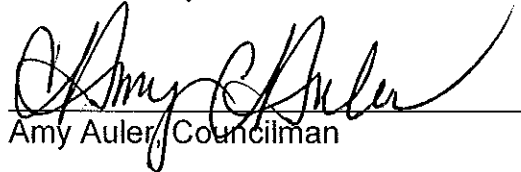
| <u>Deduction</u> | <u>Year</u> | | <u>Tax Abated</u> | | <u>Tax Paid</u> |
|------------------|-----------------------|---|-------------------|---|-----------------|
| 100% | 1 st year | = | \$180,000 | & | \$0 |
| 95% | 2 nd year | = | \$171,000 | & | \$9,000 |
| 80% | 3 rd year | = | \$144,000 | & | \$36,000 |
| 65% | 4 th year | = | \$117,000 | & | \$63,000 |
| 50% | 5 th year | = | \$90,000 | & | \$90,000 |
| 40% | 6 th year | = | \$72,000 | & | \$108,000 |
| 30% | 7 th year | = | \$54,000 | & | \$126,000 |
| 20% | 8 th year | = | \$36,000 | & | \$144,000 |
| 10% | 9 th year | = | \$18,000 | & | \$162,000 |
| 5% | 10 th year | = | \$9,000 | & | \$171,000 |

NOW, THEREFORE, IT IS FOUND, DETERMINED AND RESOLVED by the Common Council of the City of Terre Haute, Indiana that:

DEFEATED

1. The Petitioner's estimate of the value of the Project to be built on the subject real property is reasonable for projects of that nature.
2. The Petitioner's estimate of the number of individuals who will be employed or whose employment will be retained, and the benefits realized thereby, can reasonably be expected to result from the Project.
3. The Petitioners' estimate of the annual salaries or wages of the individuals who will be employed or retained, and the benefits thereby, can reasonably be expected to result from the Project.
4. That the other benefits about which information has been requested can be expected to result from the Project.
5. The totality of the benefits of the Project are sufficient to justify a ten (10) year real property tax deduction from assessed valuation to result therefrom under Indiana statutes, and each and all of such deductions should be, and they are hereby, allowed.
6. The Petition for designating the subject property as an Economic Revitalization Area for the purposes of ten (10) year real property tax abatement and the Statement of Benefits (copies of which were submitted with the Petition) are hereby approved and the real estate described hereinabove is hereby designated as an Economic Revitalization Area pursuant to I.C. 6-1.1-12.1-1 et. seq.
7. That notice hereof should be published according to law stating the adoption and substance hereof, that a copy of the description of the affected area is available for inspection in the County Assessor's Office, and stating a date on which the Council will hear and receive remonstrances and objections and take final action, all as required by law.
8. A copy of this Resolution, following its passage, shall be filed with the Vigo County Assessor as required by I.C. 6-1.1-12.1-2.5(c).

Introduced by:



Amy Auler, Councilman

Passed in open council this _____ day of _____, 2016.

_____, City Council President

DEFEATED

ATTEST: _____
Charles P. Hanley, City Clerk

Presented by me to the Mayor this _____ day of _____, 2016.

Charles P. Hanley, City Clerk

Approved by me, the Mayor, this _____ day of _____, 2016.

Duke A. Bennett, Mayor

ATTEST: _____
Charles P. Hanley, City Clerk

This instrument prepared by Heidi L. Slinkard, Attorney,
Wilkinson, Goeller, Modesitt, Wilkinson & Drummy LLP
333 Ohio Street, Terre Haute, Indiana 47807 (812) 232-4311

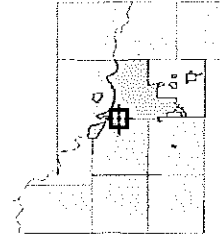
EXHIBIT A



Beacon™ Vigo County, IN / City of Terre Haute



Overview



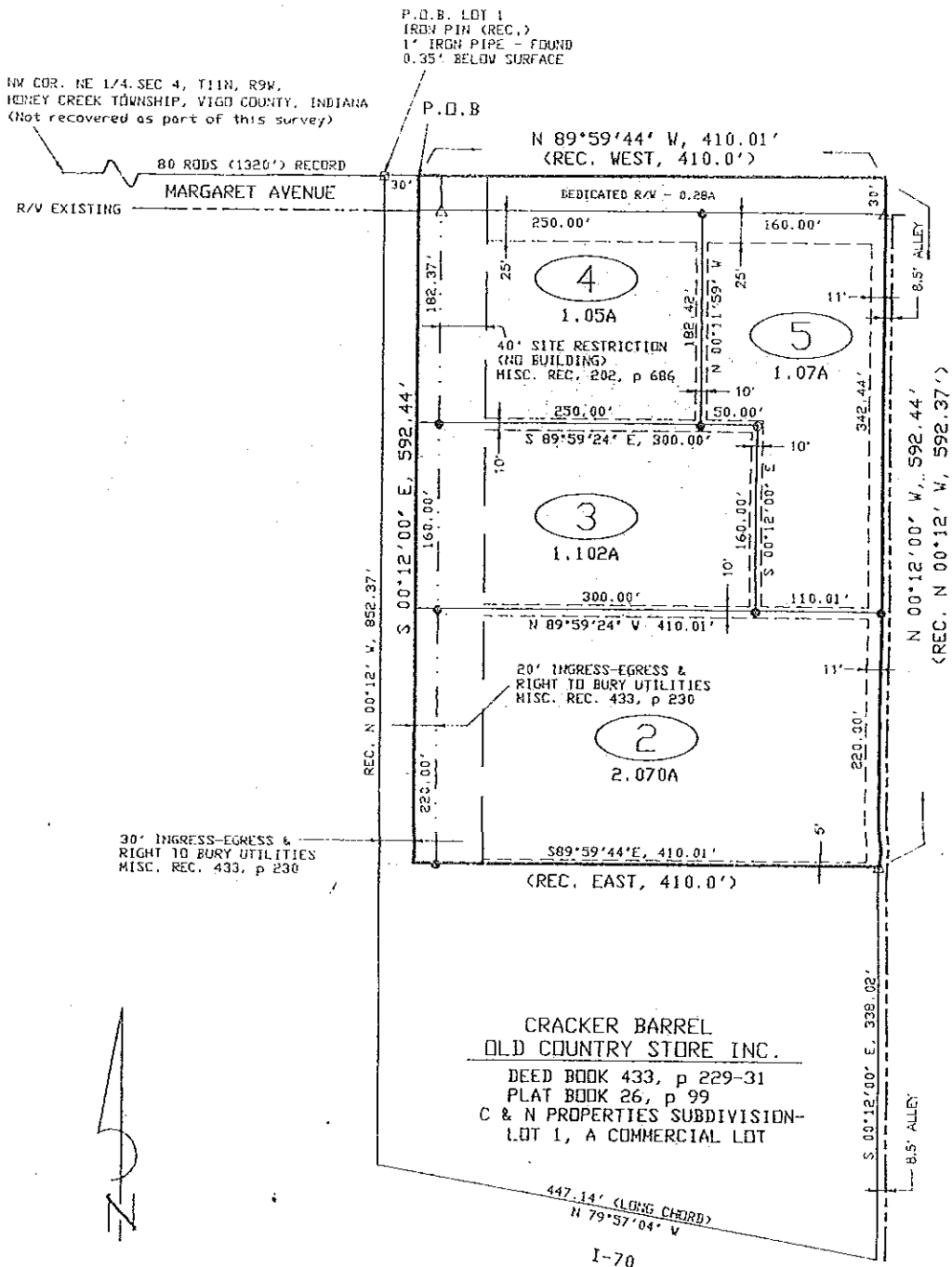
Legend

- Corporate Limits
- Political Township
- Sections
- Blocks
- Parcels
- Road Centerlines

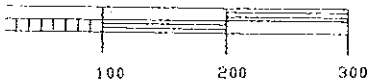
| | | | | | |
|-----------------------|---|--------------|-------------------|---------------|-----------------------|
| Parcel ID | 84-09-04-226-028.000-005 | Alternate ID | 119-09-04-226-028 | Owner Address | C & N PROPERTIES INC |
| Sec/Twp/Rng | n/a | Class | Com Vacant land | | P O BOX 1544 |
| Property Address | MARGARET AVE TERRE HAUTE | Acreege | 2.07 | | TERRE HAUTE, IN 47808 |
| District | 005 HONEY CREEK | | | | |
| Brief Tax Description | C & N PROPERTIES SUB II | | | | |
| | MISC 209/1251 & PL-28/11 4-11-9 LOT 2.2.070 | | | | |
| | (Note: Not to be used on legal documents) | | | | |

Date created: 12/16/2015
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Developed by
 The Schneider Corporation



SCALE: 1" = 100'
 1:1200



GRAPHIC SCALE (FEET)

LEGEND

- 5/8" REBAR W/CAP -- SET
- FOUND MONUMENT
- △ IRON PIPE W/CAP -- FOUND
Set by William T. Crowley, Jr., RLS
- DRILL HOLE IN CONCRETE

FINAL ACTION BY COMMON COUNCIL OF
THE CITY OF TERRE HAUTE, INDIANA
REGARDING RESOLUTION NO. 2, 2016

WHEREAS, the Common Council of the City of Terre Haute, Indiana adopted Resolution No. 2, 2016, on the _____ day of _____, 2016, and pursuant to Indiana Law has published notice of the adoption and substance of said Resolution including a description of the affected area commonly known as 451 E. Margaret Drive, Terre Haute, IN 47802 and identified as Parcel No. 84-09-04-226-028.000-005, Lot 2 of C&N Properties - Subdivision II, being a 2.070 acre part of NE ¼ Sec 4, T11N, R9W, 2nd Principal Meridian, Honey Creek Township, Vigo County, Indiana, and notice that a description of the affected area is available for inspection in the office of the Vigo County Assessor and further stating a date on which the Common Council of the City of Terre Haute, Indiana would receive and hear remonstrances and objections; and

WHEREAS, the Common Council of the City of Terre Haute, Indiana has conducted the hearing as required by law and has received no remonstrance(s) or objection(s) to designation of the affected area as an economic revitalization area or to approval of the statement of benefits; and

WHEREAS, said matter is before the Common Council of the City of Terre Haute, Indiana for final action pursuant to Indiana law; and

WHEREAS, the Common Council of the City of Terre Haute, Indiana has received and examined, prior to such hearing, both a statement of benefits on the form prescribed by the State Board of Tax Commissioners and a proper application for designation and has heard all appropriate evidence concerning the proposed project and has found and does find:

1. That the estimate of the cost of the proposed described redevelopment or rehabilitation is reasonable for projects of that type.
2. That the estimate of individuals who will be employed or whose employment will be retained as a result of the proposed described redevelopment or rehabilitation can reasonably be expected to result from the proposed described redevelopment or rehabilitation.
3. The estimate of annual salaries of those individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed described redevelopment or rehabilitation.
4. That the benefits can reasonably be expected to result from the proposed described redevelopment or rehabilitation.
5. That the totality of benefits is sufficient to justify the real property tax

deduction from assessed valuation to result therefrom in accordance with Indiana law, and that each and all such deductions should be and are hereby allowed.

6. That the real property is located within an Economic Revitalization Area as required by Indiana Code 6-1.1-12.1-2 for the type of facility proposed by Petitioner.

7. That an area has become undesirable for, or impossible of, normal development and occupancy because of lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property.

8. That all qualifications for establishing an economic revitalization area have been met.

9. That the Petition for designating the subject property as an Economic Revitalization Area for the purposes of a ten (10) year real property improvement tax abatement and the Statement of benefits (copies of which were submitted with the Petition) are hereby approved and the real estate described hereinabove is hereby designated as an Economic Revitalization Area pursuant to Indiana Code 6-1.1-12.1-1 et. seq.

NOW, THEREFORE, for final action on Resolution No. 2, 2016, the Common Council of the City of Terre Haute, Indiana, RESOLVES, FINDS AND DETERMINES:

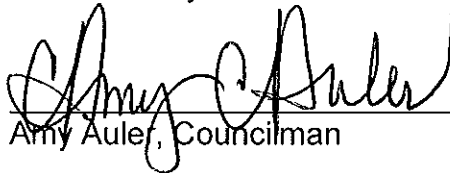
1. That all of the requirements for designation of the real estate described in Resolution No. 2, 2016, as an Economic Revitalization Area have been met, the foregoing findings are true and that all information required to be submitted has been submitted in proper form.

2. That Resolution No. 2, 2016, is in all respects confirmed and approved (as modified to incorporate therein this final action) and that the benefits of the proposed redevelopment or rehabilitation are sufficient to justify ten (10) year real property tax abatement under Indiana statutes for the proposed described redevelopment or rehabilitation described in the statement of benefits, and the deduction for the proposed described redevelopment or rehabilitation and the statement of benefits submitted are approved, and the Common Council of the City of Terre Haute, Indiana authorizes and directs the endorsement of said statement to show such approval and the real estate described in Resolution No. 2, 2016, is declared an economic revitalization area for the purposes of ten (10) year real property tax abatement and the said real estate is hereby designated as an Economic Revitalization Area pursuant to I.C. 6-1.1-12.1-1 et seq.

3. That said Resolution supplements any other designation (if any) of the real estate as an Economic Revitalization Area.

4. That this Final Action, findings and confirmation of Resolution No. 2, 2016, shall be incorporated in and be a part of Resolution No. 2, 2016.

Introduced by:



Amy Auler, Councilman

Passed in open council this _____ day of _____, 2016.

_____, City Council President

ATTEST: _____
Charles P. Hanley, City Clerk

Presented by me to the Mayor this _____ day of _____, 2016.

Charles P. Hanley, City Clerk

Approved by me, the Mayor, this _____ day of _____, 2016.

Duke A. Bennett, Mayor

ATTEST: _____
Charles P. Hanley, City Clerk

This instrument prepared by Heidi L. Slinkard, Attorney,
Wilkinson, Goeller, Modesitt, Wilkinson & Drummy LLP
333 Ohio Street, Terre Haute, Indiana 47807 (812) 232-4311

CITY OF TERRE HAUTE
PETITION FOR REAL PROPERTY
TAX ABATEMENT CONSIDERATION

The undersigned contingent future owner of real property located within the City of Terre Haute hereby petitions the Common Council of the City of Terre Haute for real property tax abatement consideration pursuant to I.C. 6-1.1-12.1-1, et seq. and for this Petition states the following:

1. The Project proposed by SHRAY LLC will consist of a new 4-story, 42,000 square foot, mid- to upper/mid-scale hotel which will include 70 standard size rooms and approximately 100 parking spaces. The projected real property improvements are estimated to total approximately \$6,000,000.00, with additional personal property improvements as required to equip and furnish a new hotel of such quality. The site of the proposed Project is currently undeveloped, vacant land with no current use, improvements or business operating onsite and a total assessed value of \$6,700. The area surrounding the intersection of I-70 and Highway 41 near the Project site has deteriorated during the past several years and the hotels, restaurants and other businesses have also declined due to the age of the facilities and an overall cessation of growth. The hotel and motel industry in the area has suffered significantly. Once a corridor of mid- to upper/mid-scale hotels, the area has for some time been in decline. Most recently the demolition of the Econo Lodge and the current downsizing of the Holiday Inn have led to significantly less room availability.

The Project is proposed in an area in close proximity to St. Mary of-the-Woods College, the newly constructed Terre Haute Aquatic Center, existing soccer and tennis complexes, the mall and major shopping areas, and at a major crossroads within the state connecting both ISU and Ivy Tech to other area communities, it lies in an area which could benefit from the addition of a new mid- to upper/mid-scale hotel to not only replace the hotel rooms recently lost in the area, but to also provide new accommodations which will attract guests for nearby leisure, sporting and academic activities and entice groups to host such activities in our community. The Project would also replace some of the lost revenue from the Innkeeper's Tax which is no longer collected from the rooms lost when the Econo Lodge was demolished (~125 rooms) and as a result of the Holiday Inn downsizing from approximately 225 to 118 rooms.

The Project location has not been developed and instead has been a vacant, undeveloped lot covered in vegetation amid the remaining hotels and restaurants and near the recently demolished motel. The addition of a new mid- to upper/mid-scale hotel in this area of formerly undeveloped land could serve as a springboard for revitalization of the I-70/Highway 41 corridor hotels, restaurants and shopping. Not only will the Project develop a currently undeveloped 2.070 acre tract of land, it will increase its property value nearly 1000 times over, thereby providing a welcome facelift for the property and the surrounding area which is currently marked by deterioration and demolition.

As part owner of another hotel property in Terre Haute, the addition of this Project will expand the local room count, generate growth and job security for those already employed in the hotel industry, and double the owner's current workforce while also creating more rooms for the local government to benefit from through the Innkeeper's tax, new jobs which will generate withholding tax, and the addition of substantial taxable personal property associated with the Project. Further, the addition of a new hotel will decrease the occurrence of sell-outs in the area which results in lost revenue for the hotel and related industries as well as the City. Because the daily hotel business in the area is minimal when compared with the event-based business, it is of vital importance to have fewer sell-outs than the current 80-90 sell-outs per year (prior to the recent reduction in rooms) so the community and hotels can draw more local event patronage. It is noteworthy that the Project site has remained undeveloped land due to limited economic incentives available for commercial developers to assume the financial risk associated with early stage development projects such as this, which is why the real property tax abatement is being sought here.

2. The Project itself is estimated to bring to Terre Haute sixteen (16) permanent jobs within the first two years, representing thirteen (13) full-time and three (3) part-time jobs with a new annual payroll estimated to be approximately \$235,000 (comprised of \$220,000 for full-time and \$15,000 for part-time payroll) and will retain thirteen (13) full-time and three (3) part-time existing permanent jobs with an annual payroll of approximately \$240,000 at another hotel property to be co-managed with the Project and which should serve to protect current jobs at the co-managed hotel and others in the area.

3. The estimated dollar value of the Project real property improvements is \$6,000,000.00.

4. (a) The real property for which tax abatement consideration is petitioned (Property) is owned or to be owned by the following Indiana LLC:

| <u>NAME</u> | <u>ADDRESS</u> | <u>INTEREST</u> |
|--|--|-----------------|
| SHRAY LLC (Individual Contact: Dr. Shantilal Patel) | 555 S. 3 rd Street, Terre Haute, IN 47807 | 100% |

(b) Currently, there is no business operation at the Property as it is vacant and undeveloped land covered with vegetation which has been in its current state for several years. However, the Project would consist of construction and operation of a 4-story, 42,000 square foot, 70 room hotel with 100 parking spaces.

5. The commonly known address of the Property is estimated to be 451 E. Margaret Drive, Terre Haute, IN 47802, identified as Parcel No. 84-09-04-226-028.000-005, Lot 2 of C&N Properties - Subdivision II, being a 2.070 acre part of NE ¼ Sec 4, T11N, R9W, 2nd Principal Meridian, Honey Creek Township, Vigo County. The property

is immediately north of 429 E. Margaret Drive (the Cracker Barrel Old Country Store restaurant), east of 401 E. Margaret Drive (the demolished Econo Lodge) and south of 475 E. Margaret Avenue (the current Fairfield Inn & Suites).

6. A map designating the Property is attached hereto, marked **Exhibit A** and incorporated herein.

7. The last assessment of the value of the improvements on the Property is zero as there are no improvements located thereon.

8. Photographs of the Property, taken within two (2) weeks of filing of this Petition, are attached hereto, marked **Exhibit B** and incorporated herein.

9. The best estimate of the after-rehabilitation market value of the Property is: \$6,006,700 (\$6,700 assessed value of land and \$6,000,000 for the new improvements / building).

10. Petitioner seeks a ten (10) year real property tax abatement for the reasons set forth herein. The best estimate of the amount of taxes to be abated during each of the first ten (10) years after rehabilitation is as follows:

Tax rate for Terre Haute – Honey Creek Township is estimated to be 4.0956% with a property tax cap of 3%.

Assumed Assessed Value of Improvement: \$6,000,000

Annual Tax without Abatement: \$180,000

| Deduction | Year | | Tax Abated | | Tax Paid |
|-----------|-----------------------|---|------------|---|-----------|
| 100% | 1 st year | = | \$180,000 | & | \$0 |
| 95% | 2 nd year | = | \$171,000 | & | \$9,000 |
| 80% | 3 rd year | = | \$144,000 | & | \$36,000 |
| 65% | 4 th year | = | \$117,000 | & | \$63,000 |
| 50% | 5 th year | = | \$90,000 | & | \$90,000 |
| 40% | 6 th year | = | \$72,000 | & | \$108,000 |
| 30% | 7 th year | = | \$54,000 | & | \$126,000 |
| 20% | 8 th year | = | \$36,000 | & | \$144,000 |
| 10% | 9 th year | = | \$18,000 | & | \$162,000 |
| 5% | 10 th year | = | \$9,000 | & | \$171,000 |

It is estimated that \$909,000 of additional real estate tax will be paid over the course of the abatement period as compared to the \$2000 resulting from the estimated \$200 annual tax paid on the undeveloped land in its current state alone without improvements.

11. No building permit has been issued for construction on the Property in connection with the improvement in question as of the date of filing of this Petition. The signature below is verification of this statement.

12. Other anticipated public financing for the project (including, if any, industrial revenue bonding to be sought or already authorized, assistance through the United States Department of Housing and Urban Development funds from the City of Terre Haute or other public financial assistance: None.

13. (a) The current use of the Property is vacant, undeveloped land. The current zoning is: C-3, Regional Commercial.

(b) The Property is not located in any Allocation Area.

14. Petitioner agrees to enter into an Agreement with the Board of Public Works for the City of Terre Haute, Indiana, in substantially the same form as is attached hereto and made a part hereof as **Exhibit C** and further Petitioner agrees to comply with Special Ordinance 2, 2009 (which replaced Special Ordinance 43, 2000).

15. The following persons should be contacted as the Petitioner's agent regarding additional information and public hearing notifications:

| | | | |
|-------------------|--|--------------------------------------|--|
| Name: | William M. Olah Heidi L. Slinkard Attorneys at Law | Nikunj Patel Manager SHRAY LLC | Shantilal Patel, MD Member SHRAY LLC |
| Address: | 333 Ohio Street | 555 S. 3 rd Street | 555 S. 3 rd Street |
| City, State, Zip: | Terre Haute, IN 47807 | Terre Haute, IN 47807 | Terre Haute, IN 47807 |
| Telephone: | (812) 232-4311 | (812) 235-3333 | (812) 841-4973 |

16. Please indicate the type of Economic Development/Revitalization project involved in your request:

- a. Housing
- b. Office
- c. Retail/Commercial
- d. Mixed Use - Retail, Housing and Office
- e. Industrial
- f. Warehousing

* Hotel accommodations with limited food service

WHEREFORE, Petitioner requests that the Common Council of the City of Terre Haute, Indiana, adopt a declaratory resolution designating the area described herein to be an economic revitalization area (ERA) for purposes of real property tax abatement

consideration and, after publication of notice and public hearing, determine qualifications for an economic revitalization area have been met and confirm such resolution.

Name of Property Owner:

SHRAY LLC

By Shantilal S. Patel
Shantilal Patel, Member & Manager

DO NOT USE THIS SPACE

Resolution # _____ Target Area Required
Yes ___ No ___

Confirming Ordinance # _____

Date of Notice _____

Final Action _____

Target Area Ord. Effective _____

This instrument prepared by Heidi L. Slinkard, Attorney,
Wilkinson, Goeller, Modesitt, Wilkinson & Drummy LLP
333 Ohio Street, Terre Haute, Indiana 47807 (812) 232-4311

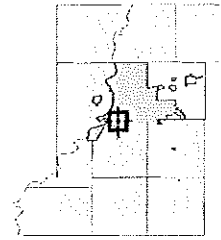
Exhibit A



Beacon™ Vigo County, IN / City of Terre Haute



Overview



Legend

- Corporate Limits
- Political Township
- Sections
- Blocks
- Parcels
- Road Centerlines

| | | | | | |
|-----------------------|---|--------------|-------------------|---------------|-----------------------|
| Parcel ID | 84-09-04-226-028.000-005 | Alternate ID | 119-09-04-226-028 | Owner Address | C & N PROPERTIES INC |
| Sec/Twp/Rng | n/a | Class | Com Vacant land | | P O BOX 1544 |
| Property Address | MARGARET AVE TERRE HAUTE | Acres | 2.07 | | TERRE HAUTE, IN 47808 |
| District | 005 HONEY CREEK | | | | |
| Brief Tax Description | C & N PROPERTIES SUB II MISC 209/1251 & PL-28/11 4-11-9 LOT 2 2.070 (Note: Not to be used on legal documents) | | | | |

Date created: 12/16/2015
Last Data Upload: 12/16/2015 5:08:46 PM

Developed by
The Schneider Corporation

Exhibit B





Exhibit C

AGREEMENT

This Agreement (the "Agreement") dated as of the ____ day of _____, 2016, serves as a confirmation of the commitment (the "Commitment") of SHRAY LLC (the "Applicant"), pending a _____, 2016 public hearing, to comply with (i) the project description and job creation (and associated wage rates and salaries) figures contained in its designation application, Statement of Benefits, Resolution No. 2, 2016 and attachments, adopted by the Common Council of the City of Terre Haute, Indiana (the "Council") on _____, 2016, and (ii) this Agreement.

Subject to the adoption of a Final Economic Revitalization Area Resolution by the Council, the City of Terre Haute, Indiana (the "City") commits to providing a ten (10) year real property tax abatement for the Applicant's capital expenditure up to \$6,000,000 associated with constructing the building (the "Project") described and approved as a part of the Commitment. The Project will create thirteen (13) new full-time jobs with an annual payroll average of approximately \$16,923 and three (3) new part-time jobs with an annual payroll average of approximately \$5,000, excluding benefits and overtime. The capital expenditure for the Project and the creation of such position shall occur within two (2) years of the estimated completion date of July 1, 2017, contained in the approved Statement of Benefits Form SB-1 (the "Commitment Date").

During the term of the abatement, the City may annually request information from the Applicant concerning the status of the Project, the approved capital expenditure for the Project, the number of full-time permanent positions newly created by the Project, and the average wage rates and salaries (excluding benefits & overtime) associated with the position, and the Applicant shall provide the City with adequate written evidence thereof within 15 days of such request (the "Annual Survey"). The applicant shall provide a copy of the annual CF-1 to the Board of Public Works and Safety at the same time the CF-1 is filed with Vigo County. The City shall utilize this information to verify that the Applicant has complied with the commitments contained in the Commitment at all times after the Commitment Date and during the duration of the abatement. The Applicant further agrees to provide the City with such additional information requested by the City related to the information provided in the Annual Survey and the CF-1 form within a reasonable time following any such additional request.

The City, by and through its Common Council, reserves the right to terminate the Economic Revitalization Area designation and associated property tax abatement deductions if it determines that the Applicant has not made reasonable efforts to substantially comply with the Commitment, and the Applicant's failure to substantially comply with the Commitment was not due to factors beyond its control.

As used in this Agreement, "factors beyond the control of the Applicant" shall only include factors not reasonably foreseeable at the time of the designation application and submission of Statement of Benefits which are not caused by any act or

omission of the Applicant and which materially and adversely affect the ability of the Applicant to substantially comply with this Agreement.

If the City terminates the Economic Revitalization Area designation and associated tax abatement deductions, it may require the Applicant to repay the City all or a portion of the tax abatement savings received through the date of such termination. The amount of tax abatement required to be repaid for each year of noncompliance shall not exceed an amount equal to the percentage by which the Applicant has failed to attain substantial compliance in creation and average hourly wage rate categories multiplied by the dollar amount of taxes actually abated. If the Applicant fails to substantially comply with more than one of the aforementioned categories, repayment shall be based on the highest level of noncompliance.

If at any time during the term of this Agreement, whether before or after the Commitment Date, the Applicant shall: (i) cease operations at the facility for which the tax abatement was granted; or (ii) announce the cessation of operations at such facility, then the City may, at its discretion, immediately terminate the Economic Revitalization Area designation and associated future tax abatement deductions.

In the event the City requires repayment of the tax abatement savings as provided hereunder, it shall provide Applicant with a written statement calculating the amount due (the "Statement"), and Applicant shall make such repayment to the City within 30 days of the date of the Statement. If the Applicant does not make timely repayment, the City shall be entitled to all reasonable costs and reasonable attorneys fees incurred in the enforcement and collection of the tax abatement savings required to be repaid hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

"Applicant"

Board of Public Works & Safety

SHRAY LLC

By Shantilal S. Patel.
Shantilal Patel, Member & Manager

Approved as to Legal Adequacy and form on this _____ day of _____, 2016.

By _____,
_____, City Attorney

CITY OF TERRE HAUTE

PROPERTY TAX ABATEMENT PROGRAM APPLICATION

Ownership Information

| Name: | Address: | Phone: | Percentage Interest (if applicable): |
|-------------------------------------|-------------------------------------|---------------------|--------------------------------------|
| <u>*SHRAY LLC</u> | <u>555 S. 3rd Street</u> | <u>812-841-4973</u> | <u>100%</u> |
| <u>Contact: Shantilal Patel, MD</u> | <u>Terre Haute, IN 47807</u> | | |

* This application is presented by the above party for property which it has a contract to acquire in the event the Project is feasible (i.e., tax abatement application process is successful). As a result, the above is not yet the current recorded landowner.

Note: If the owner is a corporation, list the name, address and telephone number for the contact person representing the corporation.

If the owner is a partnership, list the name, address and telephone number of each general and/or limited partner and the percentage of interest in the property held by each general and/or limited partner.

If the owner is a sole proprietor, list the name, address and telephone number of the proprietor.

Property Description

- A. Street Address: 451 E. Margaret Drive, Terre Haute, IN 47802
- B. Parcel ID Number(s): 84-09-04-226-028.000-005

Current Status of Property

- A. Current zoning designation of property: C-3, Regional Commercial
- B. Describe current improvements to the property, including estimated age of existing buildings: The property is currently undeveloped land and has been undeveloped for quite some time.
- C. Describe the current use of the property, including the names of businesses currently operating (if applicable) and the current number of jobs (if applicable): The property is currently undeveloped land with no current use, no business is operating onsite, and no current employees work onsite.
- D. Current total assessed valuation of land and all improvements: The current total assessed value is \$6,700, which includes an assessed value of \$6700 for the land and \$0 for improvements because there are no improvements on the property.
- E. Describe all unique historical structure or aesthetic improvements: There are no improvements on the property, including no historical structures or aesthetic improvements.

Exhibit A

Proposed Improvements

- A. Describe proposed real property improvements and projected costs: The Project will consist of a new 4-story, 42,000 square foot mid- to upper/mid- scale hotel which will include 70 standard size rooms and approximately 100 parking spaces. The projected real property improvements for the Project are estimated to total approximately \$6,000,000.00.
- B. Describe proposed depreciable personal property improvements and projected costs: Personal property improvements and costs have not yet been determined at this stage; however, a tax abatement for personal property is not being requested in this application.
- C. List any public infrastructure improvements, with estimated costs, that will be necessary for the Project: Unknown at this time, but it is probable that utilities (including water and sewer) may need to be run to the property because it has been vacant for quite a number of years.
- D. Project Start Date: June 1, 2016 (estimate)
- E. Project Completion Date: July 1, 2017 (estimate)

Eligibility

- A. State reasons why the project site qualifies as an Economic Revitalization Area as defined under State Law, i.e., lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings or other factors that have impaired values or prevent a normal development of property or use of property. In the case of manufacturing equipment, also indicate whether or not the area contains a facility or group of facilities that are technologically, economically, or energy obsolete and if the obsolescence may lead to a decline in employment and tax revenues:
The area surrounding the intersection of I-70 and Highway 41 near the Project site has deteriorated during the past several years and the hotels, restaurants and other businesses have also declined due to the age of the facilities and an overall cessation of growth. The hotel and motel industry in the area has suffered significantly. Once a corridor of mid- to upper/mid-scale hotels, the area has for some time been in decline. Most recently the demolition of the Econo Lodge and the current downsizing of the Holiday Inn has led to significantly less room availability. The Project proposed in an area is in close proximity to St. Mary of-the-Woods College, the newly constructed Terre Haute Aquatic Center, existing soccer and tennis complexes, the mall and major shopping areas, and at a major crossroads within the state connecting both ISU and Ivy Tech to other area communities, which could benefit from the addition of a new mid- to upper/mid-scale hotel to not only replace the hotel rooms recently lost in the area, but to also provide new accommodations which will attract guests for nearby leisure, sporting and academic activities and entice groups to host such activities in our community. The proposed new hotel would also replace some of the lost revenue from the Innkeeper's Tax which is no longer collected from the rooms lost when the Econo Lodge (~125 rooms) were demolished and as a result of the Holiday Inn downsizing from approximately 225 to 118 rooms. Until now, the Project location has not been developed and instead has been a vacant, undeveloped lot covered in vegetation amid the remaining hotels and restaurants near the recently demolished motel. The addition of a new mid- to upper/mid-scale hotel in this area of

Exhibit A

formerly undeveloped land could serve as a springboard for revitalization of I-70/Highway 41 corridor hotels, restaurants and shopping. Not only will the Project develop a currently undeveloped 2.070 acre tract of land, it will increase its property value nearly 1000 times over, thereby providing a welcome facelift for the property and the surrounding area which is currently marked by deterioration and demolition.

As part owner of another hotel property in Terre Haute, the addition of this Project will expand the local room count, generate growth and job security for those already employed in the hotel industry, and double the owner's current workforce while also creating more rooms for the local government to benefit from through the Innkeeper's tax, new jobs which will generate withholding tax, and the addition of substantial taxable personal property associated with the Project. Further, the addition of a new hotel will decrease the occurrence of sell-outs in the area which results in lost revenue for the hotel and related industries as well as the City. Because the daily hotel business in the area is minimal when compared with the event-based business, it is of vital importance to have fewer sell-outs than the current 80-90 sell-outs per year (prior to the recent reduction in rooms) so the community and hotels can draw more local event patronage. It is noteworthy that the Project site has remained undeveloped land due to limited economic incentives available for commercial developers to assume the financial risk associated with early stage development projects such as this, which is why the real property tax abatement is being sought here.

- B. State the estimated number of new full-time employees (if applicable) and new employees retained (if applicable). Also include salaries and a description of employee benefits:

Number of new employees: 13 full-time and 3 part-time new employees

Average Annual Salary: ~\$16,923 for full-time and ~\$5,000 for part-time

Number of retained employees: 13 full-time and 3 part-time retained employees

Average Annual Salary: ~\$17,307.62 for full-time retained positions and ~\$5,000 for part-time retained positions

Operation of the proposed hotel is estimated to require the addition of thirteen (13) new full-time and three (3) new part-time positions. The average annual salary is estimated to be \$16,923 and \$5,000 respectively. While the property is currently undeveloped and therefore has no employees to retain, the proposed new hotel will be co-managed with an existing hotel which should result in retention of those sixteen (16) positions (as opposed to consolidation of employees), thereby doubling the combined workforce across the facilities while also serving to protect current jobs at the co-managed hotel and others in the area while also providing additional opportunities for current workforce growth and development.

Description of Employee benefits for new and/or retained employees: all new and retained full-time employees will receive vacation days, merit-based pay increases, and holiday pay.

Exhibit A

- C. *Please attach completed State of Indiana Statement of Benefits form for real property improvements (Form SB – 1/RE) and/or State of Indiana Statement of Benefits form for personal property improvements (Form SB – 1/PP) to this application material.*

Ineligible Projects

Projects will not be considered if a building permit has already been obtained or construction has been initiated. This is because the decision of the Council to designate the Economic Revitalization Area must be passed on the finding that the area is “undesirable for normal development”.

The City Council has the right to void the tax abatement designation awarded to the project if the project has not been initiated within twelve (12) months of the reconfirmation date of the tax abatement resolution, or if the actual use is different than that approved.

Tax abatement for the rehabilitation or development of real property is not eligible for the following types of facilities:

1. Private or commercial golf courses.
2. Country club.
3. Massage parlor.
4. Tennis club.
5. Skating facility (including roller skating, skateboarding or ice skating).
6. Racquet sport facility (including any handball or racquetball court).
7. Hot tub facility.
8. Suntan facility.
9. Racetrack.
10. Any facility the primary purpose of which is:
 - a. retail food and beverage service;
 - b. automobile sales or service; or
 - c. other retail
11. Residential.
12. A package liquor store that holds a liquor dealer’s permit under IC 7.1-3-10 or any other entity that is required to operate under a license issued under IC 7.1. This subdivision does not apply to an applicant that:
 - (A) was eligible for tax abatement under this chapter before July 1, 1995;
 - (B) is described in IC 7.1-5-7-11; or
 - (C) operates a facility under:
 - (i) a beer wholesaler’s permit under IC 7.1-3-3;
 - (ii) a liquor wholesaler’s permit under IC 7.1-3-8; or
 - (iii) a wine wholesaler’s permit under IC 7.1-3-13;

Certification

I hereby certify that the representations made in this application are true and I understand that if above improvements are not commenced (defined as obtaining a building permit and actual start of construction) within 12 months of the date of the designation of the above area as an Economic Revitalization Area, the Terre Haute Common Council shall have the right to void such designation.

Exhibit A

OWNER(S)*

DATE

Shantilal S. Patel
Shantilal Patel, Member & Manager

12-30-15

*If the entity seeking tax abatement is a corporation, an authorized representative must sign. If the entity is a partnership, all partners must sign. If the entity is a sole proprietorship, the proprietor must sign.

CITY OF TERRE HAUTE

PROPERTY TAX ABATEMENT PROGRAM OVERVIEW AND GUIDELINE SCORING SYSTEM

Program Description

Property tax abatement in Indiana is authorized under Indiana Code 6-1.1-12.1 in the form of deductions from assessed valuation. Any property owner in a locally-designated Economic Revitalization Area (ERA) who makes improvements to the real property or installs eligible new or used personal property (such as manufacturing equipment and certain research and development equipment) is eligible for property tax abatement. Land does not qualify for abatement.

Scoring System

The City of Terre Haute utilizes a scoring system as a guide for determining the appropriate length of time (one of ten time periods can be used) of the property tax abatement(s) being sought for a proposed project. Additional information on the scoring system can be found elsewhere in this document.

Indiana Real Property Assessment Standard

A property's assessed value is the basis for property taxes. Annually, local assessing officials assess the value of real property on March 1 based on market value in use of the property. Property owners can estimate the property taxes for new construction by adding the cost of the land and improvements together and multiplying by the tax rate. For real property tax abatement calculation purposes, the cost of the improvements (the land itself cannot be abated) would be utilized as the real property assessed value. This real property assessment value would then be phased-in over one of ten time periods.

Indiana Personal Property Assessment Standard

Personal property values are assessed March 1 of every year and are self reported by property owners to township assessors using prescribed state forms. Generally speaking, personal property taxes are levied against all tangible property other than real property. Numerous deductions can be applied to personal property. Of course, the value of personal property over time will be subject to depreciation, therefore, applicants are advised to seek the counsel of a financial advisor to determine which asset pool(s) (see following table) would be applicable to their particular project.

Additional information on the State of Indiana's property tax assessment system can be found at the Indiana Department of Local Government Finance website at www.in.gov/dlgf.

Exhibit A

Indiana Pools of Assets by Lives Utilized on Federal Tax Return

| Year of Acquisition | Pool #1 (1-4 Yrs) | Pool #2 (5-8 Yrs) | Pool #3 (9-12 yrs) | Pool #4 (13+ Yrs) |
|---------------------|-------------------|-------------------|--------------------|-------------------|
| 1 | 65% | 40% | 40% | 40% |
| 2 | 50% | 56% | 60% | 60% |
| 3 | 35% | 42% | 55% | 63% |
| 4 | 20% | 32% | 45% | 54% |
| 5 | | 24% | 37% | 46% |
| 6 | | 18% | 30% | 40% |
| 7 | | 15% | 25% | 34% |
| 8 | | | 20% | 29% |
| 9 | | | 16% | 25% |
| 10 | | | 12% | 21% |
| 11 | | | | 15% |
| 12 | | | | 10% |
| 13 | | | | 5% |

Note: The total valuation of a taxpayer's assessable depreciable personal property in a single taxing district cannot be less than 30% of the adjusted cost of all such property of the taxpayer.

Real Property Abatement Calculation

Real property abatement is a declining percentage of the increase in assessed value of the improvement based on one of the ten following time periods and percentages as determined by the City Council:

| Year | 10 Year | 9 Year | 8 Year | 7 Year | 6 Year | 5 Year | 4 Year | 3 Year | 2 Year | 1 Year |
|------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2 | 95% | 88% | 88% | 85% | 85% | 80% | 75% | 66% | 50% | |
| 3 | 80% | 77% | 75% | 71% | 66% | 60% | 50% | 33% | | |
| 4 | 65% | 66% | 63% | 57% | 50% | 40% | 25% | | | |
| 5 | 50% | 55% | 50% | 43% | 34% | 20% | | | | |
| 6 | 40% | 44% | 38% | 29% | 17% | | | | | |
| 7 | 30% | 33% | 25% | 14% | | | | | | |
| 8 | 20% | 22% | 13% | | | | | | | |
| 9 | 10% | 11% | | | | | | | | |
| 10 | 5% | | | | | | | | | |

Depreciable Personal Property Abatement Calculation

Depreciable personal property tax abatement is a declining percentage of the assessed value of the newly installed manufacturing (and certain research/development and warehousing/distribution equipment), based upon one of the ten time periods and percentages as determined by the City Council:

| Year | 10 Year | 9 Year | 8 Year | 7 Year | 6 Year | 5 Year | 4 Year | 3 Year | 2 Year | 1 Year |
|------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 2 | 90% | 88% | 88% | 85% | 85% | 80% | 75% | 66% | 50% | |
| 3 | 80% | 77% | 75% | 71% | 66% | 60% | 50% | 33% | | |
| 4 | 70% | 66% | 63% | 57% | 50% | 40% | 25% | | | |
| 5 | 60% | 55% | 50% | 43% | 34% | 20% | | | | |
| 6 | 50% | 44% | 38% | 29% | 17% | | | | | |
| 7 | 40% | 33% | 25% | 14% | | | | | | |
| 8 | 30% | 22% | 13% | | | | | | | |
| 9 | 20% | 11% | | | | | | | | |
| 10 | 10% | | | | | | | | | |

Exhibit A

Project Eligibility Criteria

Decisions to designate areas as Economic Revitalization Areas are determined by the City Council. The City Council utilizes a numerical scoring system as a guide for designating areas as Economic Revitalization Areas within the corporate limits of the City of Terre Haute. Each project is scored on its individual merits. The points system that is utilized to evaluate projects considers the degree of revitalization that the project will have on the surrounding area as well as other facts such as employment (created and/or retained), investment, utilization of local construction firms and labor and so forth.

The following projects will be considered by the Terre Haute City Council for property tax abatement. The real property guideline project scoring criteria can be found in the section entitled “City of Terre Haute Real Property Tax Abatement Guideline Scoring Criteria” on page 8. For projects seeking personal property tax abatement, the “City of Terre Haute Personal Property Tax Abatement Guideline Scoring Criteria” can be found on page 10.

(A.) Manufacturing Project – Local manufacturing projects, local manufacturing-related office structures and local manufacturing-related warehouses that create or preserve employment within the city limits are eligible for property tax abatement. In the case of manufacturing facilities that directly produce product (as well as manufacturing related-warehouses), both real and depreciable personal property are eligible. In the case of manufacturing-related office structures, only real property is eligible for abatement. Also, certain research and development equipment may qualify for depreciable personal property tax abatement.

(B.) Non-Manufacturing Warehouse and Distribution Center Projects – Warehouses and distribution centers not related to a local manufacturing facility may be eligible for both real and depreciable personal property tax abatement. To be eligible for property tax abatement, the facility must substantially serve markets beyond the Terre Haute metropolitan area.

(C.) Office Space Development – Office space developments within the city limits are eligible for real property abatement provided the project substantially serves markets beyond the Terre Haute metropolitan area.

(D.) Historic Preservation – Projects within the city limits that assist in the preservation of buildings of significant historical nature will be considered for real property abatement.

Exhibit B
CITY OF TERRE HAUTE
REAL PROPERTY TAX ABATEMENT GUIDELINE SCORING CRITERIA

Company Name: SHRAY LLC

Application Date: December 30, 2015

| | | |
|---|--|-------------|
| 1. New Real Property Investment | 5 points maximum | <u>5</u> |
| <\$500,000 | 1 | |
| \$501,000 to \$1,000,000 | 2 | |
| \$1,000,001 to \$2,000,000 | 3 | |
| \$2,000,001 to \$3,000,000 | 4 | |
| \$3,000,001 and up | 5 | |
| 2. Anticipated New Full-Time Jobs Created Within 5 Years | 5 points maximum | <u>2</u> |
| 1 to 10 employees | 1 | |
| 11 to 20 employees | 2 | |
| 21 to 30 employees | 3 | |
| 31 to 40 employees | 4 | |
| 41 employees and up | 5 | |
| 3. Anticipated Jobs to Be Retained | 5 points maximum | <u>2*</u> |
| 1 to 10 employees | 1 | |
| 11 to 20 employees | 2 | |
| 21 to 30 employees | 3 | |
| 31 to 40 employees | 4 | |
| 41 employees and up | 5 | |
| 4. Wage Rates | 3 points maximum | <u>0**</u> |
| \$7.50 to \$10.00 per hour | 0 | |
| \$10.01 to \$12.00 per hour | 1 | |
| \$12.01 to \$14.00 per hour | 2 | |
| \$14.01 per hour and up | 3 | |
| 5. Benefits Package | 1 point if offered | <u>1***</u> |
| 6. Targeted Business | 1 point if project is good fit for community | <u>1</u> |
| 7. Community Involvement | 1 point if company plans or is already involved in community Activities | <u>1</u> |
| 8. Is this project a headquarters or new project to the community? | 1 point if "Yes" | <u>1</u> |
| 9. Diverse Workforce | 1 point if applicant maintains an affirmative action plan or other statement of specific goals with respect to employee diversity | <u>1</u> |

* While the property is currently undeveloped and therefore has no employee to retain, the Project will be co-managed with an existing hotel which should retain those 16 existing jobs as opposed to consolidating those employees and thereby double the combined workforce across the two facilities while also providing additional opportunities for current employee growth and development.

Exhibit B

Total Points

14

Scoring

Length of Real Property Abatement

| | |
|------------------|----------|
| 20 points and up | 10 years |
| 18 to 19 points | 9 years |
| 16 to 17 points | 8 years |
| 14 to 15 points | 7 years |
| 12 to 13 points | 6 years |
| 10 to 11 points | 5 years |
| 8 to 9 points | 4 years |
| 6 to 7 points | 3 years |
| 4 to 5 points | 2 years |
| 2 to 3 points | 1 year |

Bonus Points

| | | |
|--|--|----------------|
| 1. Common Construction Wage | Council may award one bonus point if company includes common construction wage requirement in its bid specs | <u>0</u> |
| 2. Contractors Licensed To Do Business in Vigo County | Council may award one bonus point If substantial percentage of the total fees for construction work associated with the project are paid to companies licensed to do business in Vigo County | <u>1</u> |
| 3. Materials and Supplies From Vigo County Vendors | Council may award one bonus point if the applicant commits to purchase a substantial amount of materials and supplies for the construction work associated with the project from Vigo County-based Vendors | <u>1</u> |
| 4. Existing Facility | Council may award one bonus point for use, reuse, rehabilitation and/or expansion of an existing facility | <u>0****</u> |
| 5. Mentoring/Intern Program | Council may award one bonus point if applicant pledges to participate in a mentoring or intern program associated with a Vigo County educational institution | <u>1</u> |
| Total Bonus Points | | <u>3</u> |
| Grand Total Points | | <u>17</u> |
| Recommended Length of Real Property Abatement Per Guideline Scoring Criteria | | <u>8</u> Years |

**Because the final salaries are not yet established, we are not certain whether the average wage rate will be greater than \$10/hour, so we did not add a point here despite the possibility that the Project will warrant one.

***Full time employees will receive vacation days, merit-based pay increases, and holiday pay.

**** The proposed hotel is a new facility on vacant land, but it will be co-managed with an existing hotel, which will result in expanded accommodations through the proposed Project. While not an actual "expansion", it may have some similar effects as an expansion.

AGREEMENT

This Agreement (the "Agreement") dated as of the ____ day of _____, 2016, serves as a confirmation of the commitment (the "Commitment") of SHRAY LLC (the "Applicant"), pending a _____, 2016 public hearing, to comply with (i) the project description and job creation (and associated wage rates and salaries) figures contained in its designation application, Statement of Benefits, Resolution No. 2, 2016 and attachments, adopted by the Common Council of the City of Terre Haute, Indiana (the "Council") on _____, 2016, and (ii) this Agreement.

Subject to the adoption of a Final Economic Revitalization Area Resolution by the Council, the City of Terre Haute, Indiana (the "City") commits to providing a ten (10) year real property tax abatement for the Applicant's capital expenditure up to \$6,000,000 associated with constructing the building (the "Project") described and approved as a part of the Commitment. The Project will create thirteen (13) new full-time jobs with an annual payroll average of approximately \$16,923 and three (3) new part-time jobs with an annual payroll average of approximately \$5,000, excluding benefits and overtime. The capital expenditure for the Project and the creation of such position shall occur within two (2) years of the estimated completion date of July 1, 2017, contained in the approved Statement of Benefits Form SB-1 (the "Commitment Date").

During the term of the abatement, the City may annually request information from the Applicant concerning the status of the Project, the approved capital expenditure for the Project, the number of full-time permanent positions newly created by the Project, and the average wage rates and salaries (excluding benefits & overtime) associated with the position, and the Applicant shall provide the City with adequate written evidence thereof within 15 days of such request (the "Annual Survey"). The applicant shall provide a copy of the annual CF-1 to the Board of Public Works and Safety at the same time the CF-1 is filed with Vigo County. The City shall utilize this information to verify that the Applicant has complied with the commitments contained in the Commitment at all times after the Commitment Date and during the duration of the abatement. The Applicant further agrees to provide the City with such additional information requested by the City related to the information provided in the Annual Survey and the CF-1 form within a reasonable time following any such additional request.

The City, by and through its Common Council, reserves the right to terminate the Economic Revitalization Area designation and associated property tax abatement deductions if it determines that the Applicant has not made reasonable efforts to substantially comply with the Commitment, and the Applicant's failure to substantially comply with the Commitment was not due to factors beyond its control.

As used in this Agreement, "factors beyond the control of the Applicant" shall only include factors not reasonably foreseeable at the time of the designation application and submission of Statement of Benefits which are not caused by any act or

omission of the Applicant and which materially and adversely affect the ability of the Applicant to substantially comply with this Agreement.

If the City terminates the Economic Revitalization Area designation and associated tax abatement deductions, it may require the Applicant to repay the City all or a portion of the tax abatement savings received through the date of such termination. The amount of tax abatement required to be repaid for each year of noncompliance shall not exceed an amount equal to the percentage by which the Applicant has failed to attain substantial compliance in creation and average hourly wage rate categories multiplied by the dollar amount of taxes actually abated. If the Applicant fails to substantially comply with more than one of the aforementioned categories, repayment shall be based on the highest level of noncompliance.

If at any time during the term of this Agreement, whether before or after the Commitment Date, the Applicant shall: (i) cease operations at the facility for which the tax abatement was granted; or (ii) announce the cessation of operations at such facility, then the City may, at its discretion, immediately terminate the Economic Revitalization Area designation and associated future tax abatement deductions.

In the event the City requires repayment of the tax abatement savings as provided hereunder, it shall provide Applicant with a written statement calculating the amount due (the "Statement"), and Applicant shall make such repayment to the City within 30 days of the date of the Statement. If the Applicant does not make timely repayment, the City shall be entitled to all reasonable costs and reasonable attorneys fees incurred in the enforcement and collection of the tax abatement savings required to be repaid hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

"Applicant"

Board of Public Works & Safety

SHRAY LLC

By Shantilal S. Patel,
Shantilal Patel, Member & Manager

Approved as to Legal Adequacy and form on this _____ day of _____, 2016.

By _____,
_____, City Attorney