

AGENDA

McCune absent

DATE: MONDAY, JULY 16, 2007
PLACE: COUNCIL CHAMBERS
TIME: 7:30 P.M.

THERE ARE NO PUBLIC HEARINGS TONIGHT

1. ROLL CALL
2. INVOCATION BY COUNCILMAN DONNIE PETERS
3. PLEDGE OF ALLEGIANCE
4. READING OF THE JOURNAL
5. REMARKS OF DELEGATIONS AND CITIZENS TO MATTERS ON THE AGENDA
6. INTRODUCTION OF ORDINANCES AND RESOLUTIONS

Passed
8/0 ORDINANCE NO. 84 – 2007

BY: COMMUNITY DEVELOPMENT COMMITTEE

AN ORDINANCE authorizing the Mayor of the City of Massillon, Ohio, to enter into an agreement with Kraft Power Corporation, providing for the adoption of a project which will establish a new facility, will result in the relocation and retention of 16 existing jobs and the creation of 6 new jobs over an 18 month period within the City of Massillon Enterprise Zone, and declaring an emergency.

Passed
8/0 ORDINANCE NO. 85 – 2007

BY: HEALTH, WELFARE & BLDG REGULATIONS

AN ORDINANCE authorizing the Director of Public Service and Safety of the City of Massillon, Ohio, to enter into a contract with Love Insurance Agency for boiler and machinery insurance and crime insurance coverage, and declaring an emergency.

Passed
8/0 ORDINANCE NO. 86 – 2007

BY: STREETS, HIGHWAYS, TRAFFIC & SAFETY

AN ORDINANCE authorizing the Director of Public Service and Safety of the City of Massillon, Ohio, to enter into an agreement with the Board of Stark County Commissioners, upon approval of the Board of Control, for the purchase of salt for ice control on the city streets, and declaring an emergency.

Passed
8/0 ORDINANCE NO. 87 – 2007

BY: FINANCE COMMITTEE

AN ORDINANCE making certain appropriations from the unappropriated balance of the Parking Enforcement Fund, 1401 Income Tax Capital Improvement Fund and the 1406 Wastewater Treatment Capital Improvement Fund, for the year ending December 31, 2007, and declaring an emergency.

7. UNFINISHED BUSINESS
8. PETITIONS AND GENERAL COMMUNICATIONS
9. BILLS, ACCOUNTS AND CLAIMS

10. REPORTS FROM CITY OFFICIALS

- A). POLICE CHIEF SUBMITS MONTHLY REPORT FOR JUNE 2007
- B). TREASURER SUBMITS MONTHLY REPORT FOR JUNE 2007
- C). FIRE CHIEF SUBMITS MONTHLY REPORT FOR JUNE 2007.
- D). INCOME TAX DEPARTMENT SUBMITS MONTHLY REPORT FOR JUNE 2007
- E). WASTE DEPARTMENT SUBMITS MONTHLY REPORT FOR JUNE 2007
- F). MAYOR SUBMITS MONTHLY REPORT FOR JUNE 2007

11. REPORTS OF COMMITTEES

12. RESOLUTIONS AND REQUESTS OF COUNCIL MEMBERS

13. CALL OF THE CALENDAR

14. THIRD READING ORDINANCES AND RESOLUTIONS

Passer
ORDINANCE NO. 74 – 2007

BY: POLICE AND FIRE COMMITTEE

8/0 AN ORDINANCE repealing Section 761.09 "Schedule of Rates" under CHAPTER 761 "TOWING COMPANIES" of the Codified Ordinances of the City of Massillon, Ohio, and enacting a new Section 761.09 "Schedule of Rates" under CHAPTER 761 "TOWING COMPANIES" of the Codified Ordinances of the City of Massillon, and declaring an emergency.

15. SECOND READING ORDINANCES AND RESOLUTIONS

16. NEW AND MISCELLANEOUS BUSINESS

17. REMARKS OF DELEGATIONS AND CITIZENS TO MATTERS NOT ON THE AGENDA

18. ADJOURNMENT

MARY BETH BAILEY - CLERK OF COUNCIL

DATE: JULY 16, 2007

CLERK: MARY BETH BAILEY

CITY OF MASSILLON, OHIO

COUNCIL CHAMBERS

Passed
LEGISLATIVE DEPARTMENT

ORDINANCE NO. 84 - 2007

BY: COMMUNITY DEVELOPMENT COMMITTEE

TITLE: AN ORDINANCE authorizing the Mayor of the City of Massillon, Ohio, to enter into an agreement with Kraft Power Corporation, providing for the adoption of a project which will establish a new facility, will result in the relocation and retention of 16 existing jobs and the creation of 6 new jobs over an 18 month period within the City of Massillon Enterprise Zone, and declaring an emergency.

WHEREAS, the City of Massillon has encouraged the development of real property and the acquisition of personal property located in the area designated as an Enterprise Zone; and

WHEREAS, Kraft Power Corporation, plan to relocate its existing facility from the City of Canton to the City of Massillon. The new 30,000 square foot facility will be located on Millennium Blvd SE in NeoCom Industrial Park, within the Massillon Enterprise Zone, at a total investment of \$3 million (hereinafter the "Project"), provided that the appropriate development incentives are available to support the economic viability of said Project; and

WHEREAS, the Council of the City of Massillon, Ohio, (hereinafter "Council") by Ordinance has designated an area of the City as an "Enterprise Zone" pursuant to Chapter 5709 of the Ohio Revised Code; and

WHEREAS, effective September 12, 1994, and as amended on March 13, 1998, and as amended on March 9, 1999, the Director of Development of the State of Ohio has determined that the aforementioned area designated in said Ordinance No. 163 - 1994 contains the characteristics set forth in 5709.61(A) of the Ohio Revised Code, and has certified said area as an Enterprise Zone under Chapter 5709; and

WHEREAS, the City of Massillon, having the appropriate authority for the stated type of project is desirous of providing Kraft Power Corporation, with the incentives available for development of the Project in said Enterprise Zone, under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, Kraft Power Corporation, has submitted a proposed agreement application, herein attached as Exhibit "A", to the City of Massillon, Ohio, requesting that the incentives available for development within the Enterprise Zone be approved for the Project; and

WHEREAS, the Mayor of the City of Massillon, Ohio, has investigated the application submitted by Kraft Power Corporation and has recommended approval of the same to the Council on the basis that the company is qualified by financial responsibility and business experience to create employment opportunities in said Enterprise Zone and to improve the economic climate of the City of Massillon; and

WHEREAS, the project site is located in the Perry Local School District and the Board of Education of said district and any applicable Joint Vocational School District have been notified in accordance with Section 5709.83 and have been given a copy of the application.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MASSILLON, STATE OF OHIO, THAT:

Section 1:

The Council of the City of Massillon, Ohio does hereby authorize and direct the Mayor to enter into an agreement, attached hereto as Exhibit "A" and incorporated herein by reference, with Kraft Power Corporation, providing for the adoption of a project which will relocate their facility and preserve employment opportunities within the City of Massillon Enterprise Zone.

Section 2:

This Ordinance is declared to be an emergency measure immediately necessary for the preservation of the health, safety and welfare of the City of Massillon, Ohio and for the further reason that approval of said agreement is necessary so as to maximize the investment that will be made by Kraft Power Corporation, within the City of Massillon, Ohio. Provided it receives the affirmative vote of two-thirds of the elected members to Council it shall take effect and be in force immediately upon its passage and approval by the Mayor. Otherwise it shall take effect and be in force from and after the earliest period allowed by law.

PASSED IN COUNCIL THIS _____ DAY OF _____ 2007

APPROVED: _____
MARY BETH BAILEY, CLERK OF COUNCIL GLENN E. GAMBER, PRESIDENT

APPROVED: _____
FRANCIS H. CICCHINELLI, JR., MAYOR

OHIO ENTERPRISE ZONE AGREEMENT

This Agreement made and entered into by and between the City of Massillon, Ohio, a municipal corporation, with its main offices located at 151 Lincoln Way East, Massillon, Ohio 44646 (hereinafter referred to as "City of Massillon"), Kraft Power Corporation, a Corporation with its main offices currently located at 199 Wildwood Avenue, Woburn, MA 01888 (hereinafter referred as the "Enterprise"), and Massillon Millennium LLC, the Lessor (hereinafter referred to as the "Lessor").

WITNESSETH:

Whereas, the City of Massillon has encouraged the development of real property and the acquisition of personal property located in the area designated as an Enterprise Zone; and

Whereas, the Enterprise, which specializes in the distribution, service, and assembly of natural gas and alternate fueled engines for power generation, combined heat and power cogeneration, and bio-gas energy projects, is desirous of relocating its existing business operations from the City of Canton, Ohio, and establishing a new facility within the City of Massillon Enterprise Zone through the construction of a new 30,000 square foot industrial building on Millennium Boulevard SE (hereinafter referred to as the "Project"), provided that the appropriate development incentives are available to support the economic viability of said Project; and

Whereas, the Council of the City of Massillon, Ohio (hereinafter "Council") by Ordinance No. 163-1994, adopted on July 18, 1994, and as amended by Ordinance No. 57-1998, adopted on March 2, 1998, and as amended by Ordinance No. 43-1999, adopted on March 1, 1999, has designated an area of the City as an "Enterprise Zone" pursuant to Chapter 5709 of the Ohio Revised Code; and

Whereas, effective September 12, 1994, and as amended on March 13, 1998 and on March 9, 1999, the Director of Development of the State of Ohio has determined that the aforementioned area designated in said Ordinance No. 163-1994, Ordinance No. 57-1998, and Ordinance No. 43-1999 contains the characteristics set forth in 5709.61 (A) (1) (a) and (e) of the Ohio Revised Code, and has certified said area as an Enterprise Zone under Chapter 5709; and

Whereas, the City of Massillon, having the appropriate authority for the stated type of project, is desirous of providing the Enterprise and the Lessor with the incentives available for development of the Project in the said Enterprise Zone, under Chapter 5709 of the Ohio Revised Code; and

Whereas, the Enterprise and the Lessor have submitted a proposed agreement application, herein attached as Exhibit A, (hereinafter referred to as the "Application") to the City of Massillon, Ohio, requesting that the incentives available for development within the Enterprise Zone be approved for the Project; and

Whereas, the Enterprise has remitted the required state application fee of \$750.00 made payable to the Ohio Department of Development with the application to be forwarded with the final agreement; and

Whereas, the Mayor of the City of Massillon, Ohio, has investigated the Application submitted by the Enterprise and the Lessor, and has recommended approval of the same to the Council on the basis that the Enterprise is qualified by financial responsibility and business experience to create and preserve employment opportunities in said Enterprise Zone and to improve the economic climate of the City of Massillon; and

Whereas, the project site is located in the Perry Local School District and the Board of Education of said district and any applicable Joint Vocational School District have been notified in accordance with Section 5709.83 and been given a copy of the Application; and

Whereas, pursuant to Section 5709.62(C) and in conformance with the format required under Section 5709.631 of the Ohio Revised Code, the parties hereto desire to set forth their agreement with respect to matters hereinafter contained.

Now, therefore, in consideration of the mutual covenants herein contained and the benefit to be derived by the parties from the execution hereof, the parties herein agree as follows:

Section 1:

The Enterprise shall construct a new thirty thousand (30,000) square foot industrial facility on a 9.6 acre parcel, known as Out Lot 1041, located on the west side of Millennium Boulevard SE, in NeoCom Industrial Park in the City of Massillon. The Enterprise shall use this industrial facility for the assembly, service, and refurbishment of engine power systems and as a central depot for service and support operations.

The Enterprise shall also purchase and install new machinery and equipment including, but not limited to: overhead crane systems, forklifts, shelving and storage equipment, engine test cell, and office equipment.

The Project will involve a total investment by the Enterprise as detailed below:

	Minimum	Maximum
A. Acquisition of Buildings	\$ 0	\$ 0
B. Additions/New Construction:	\$ 1,500,000	\$ 1,600,000
C. Improvements to existing buildings	\$ 0	\$ 0
D. Machinery & Equipment	\$ 100,000	\$ 150,000
E. Furniture & Fixtures:	\$ 25,000	\$ 50,000
F. Inventory	\$ 1,100,000	\$ 1,500,000
Total New Project Investment:	\$ 2,725,000	\$ 3,300,000

Furthermore, the Enterprise has reported that its existing base level of inventory as listed in the personal property tax return for the tax year (stated in average \$ value per most recent 12 month period) in which the agreement is entered into is \$642,210.

The Project will begin in July 2007, and all acquisition, construction, and installation under will be completed by December 31, 2007. Any changes to the beginning and completion dates must be agreed to by formal resolution and an amended agreement.

The total investment by the Enterprise in undertaking this Project and establishing the new facility represents a significant new investment on behalf of the Enterprise, and as such, the City of Massillon hereby determines that the Project is eligible for the tax incentives and other benefits as described in this Agreement.

If, at any time, The Enterprise determines that it will not undertake all the improvements set forth in this Section 1, or otherwise desires to modify the Project, the Enterprise will notify the City of Massillon, stating the reasons for its determination. The parties will thereupon confer to discuss the effect of the Enterprise's determination on the tax exemptions provided herein and to amend or terminate this Agreement accordingly. In no event shall any such amendment operate to revoke retroactively the tax exemptions provided herein.

Section 2:

As a result of this Project, the Enterprise will be relocating its entire business operations from Canton, Ohio, to the Project Site in Massillon. Currently, the Enterprise employs a total of 16 employees at the Dover site. The Project will result in the relocation and retention of these 16 full-time permanent employees, whose total annual payroll is \$800,000.

The Enterprise shall create within a time period not exceeding 18 months after the completion of construction of the aforesaid facility, the following new jobs at the Project Site: six (6) new permanent full-time jobs, with an annual payroll of (\$360,000) Three Hundred Sixty Thousand Dollars.

The Enterprise's schedule for hiring is as follows: create 3 new permanent full-time jobs in the period from 2007 through the first quarter of 2008; create 3 additional new permanent full-time jobs by the third quarter of 2009. The job creation period begins in 2008 and all jobs will be in place by June 30, 2009.

Section 3:

The Enterprise and the Lessor shall provide to the proper Tax Incentive Review Council any information reasonably required by the council to evaluate the Enterprise's compliance with the agreement, including returns filed pursuant to section 5711.02 of the Ohio Revised code if requested by the council.

Section 4:

The City of Massillon hereby grants the Enterprise a tax exemption pursuant to Section 5709.62 for eligible new tangible personal property acquired in conjunction with the Project. This tax exemption will only apply to the investment limits expressed in the project description as defined in Sections 1 of this agreement. This tax exemption shall be at the rate of 75% on all machinery and equipment, furniture and fixtures, and inventory acquired as part of the Project as defined in Section 1 and Exhibit A of this Agreement. Each identified project improvement will receive a ten year exemption period.

The minimum investment for tangible personal property to qualify for the exemption is \$100,000 to purchase machinery and equipment first used in business at the facility as a result of the project, \$25,000 for furniture and fixtures and other noninventory personal property first used in business at the facility as a result of the project, and \$1,100,000 for new inventory. The maximum investment for tangible personal property to qualify for exemption is \$150,000 to purchase machinery and equipment first used in business at the facility as a result of the project, \$50,000 for furniture and fixtures and other noninventory personal property first used in business at the facility as a result of the project, and \$1,500,000 for new inventory. The exemption commences the first year for which the tangible personal property would first be taxable were that property not exempted from taxation. No exemption shall commence after tax return year 2008 nor extend beyond tax return year 2017. In no instance shall any tangible personal property be exempted from taxation for more than ten return years.

Section 5:

The City of Massillon hereby grants the Enterprise and the Lessor a tax exemption for real property improvements made to the Project Site pursuant to Section 5709.62 of the Ohio Revised Code. This tax exemption shall be at the rate of 75%. Each identified project improvement will receive a ten year exemption period. The exemption commences the first year for which the real property exemption would first be taxable were that property not exempted from taxation. No exemption shall commence after December 31, 2008 nor extend beyond December 31, 2017.

The Enterprise must file the appropriate tax forms (DTE 23) with the County Auditor to effect and maintain the exemptions covered in the agreement.

Section 6:

Waivers under section 5709.633 of the revised code: not applicable.

Section 7:

The Enterprise shall pay to the City of Massillon an annual monitoring fee of (\$500) Five Hundred Dollars for each year the agreement is in effect. The fee shall be

made payable to the City of Massillon and shall be paid by certified check and delivered to the Mayor by March 31 of each year that the fee is due and payable. This fee shall be deposited in a special fund created for such purpose and shall be used exclusively for the purpose of complying with section 5709.68 of the revised code and by the tax incentive review council created under section 5709.85 of the revised code exclusively for the purposes of performing the duties prescribed under that section.

Section 8:

The Enterprise and/or the Lessor shall pay such real and tangible personal property taxes as are not exempted under this agreement and are charged against such property and shall file all tax reports and returns as required by law. If the Enterprise and/or the Lessor fails to pay such taxes or file such returns and reports, all incentives granted under this agreement are rescinded beginning with the year for which such taxes are charged or such reports or returns are required to be filed and thereafter.

Section 9:

The City of Massillon shall perform such acts as are reasonably necessary or appropriate to effect, claim, reserve, and maintain exemptions from taxation granted under this Agreement including, without limitation, joining in the execution of all documentation and providing any necessary certificates required in connection with such exemptions.

Section 10:

If for any reason the Enterprise Zone designation expires, the Director of the Ohio Department of Development revokes certification of the zone, or the City of Massillon revokes the designation of the zone, entitlements granted under this agreement shall continue for the number of years specified under this agreement, unless the Enterprise and/or the Lessor materially fails to fulfill its obligations under this Agreement and the City of Massillon terminates or modifies the exemptions from taxation under this agreement.

Section 11:

If the Enterprise and/or the Lessor materially fails to fulfill its obligations under this Agreement, other than with respect to the number of employee positions estimated to be created or retained under this agreement, or if the City of Massillon determines that the certification as to delinquent taxes required by this agreement is fraudulent, the City of Massillon may terminate or modify the exemptions from taxation granted under this Agreement.

Section 12:

The Enterprise and the Lessor hereby certify that, at the time this agreement is executed, they do not owe any delinquent real or tangible personal property taxes to any

taxing authority in the State of Ohio, and do not owe delinquent taxes for which the Enterprise and/or the Lessor is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., or 5753. of the Revised Code, or, if such delinquent taxes are owed, the Enterprise and/or the Lessor are currently paying the delinquent taxes pursuant to an undertaking enforceable by the State of Ohio or an agent or instrumentality thereof, has filed a petition of bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has been filed against the Enterprise and/or the Lessor. For the purposes of the certification, delinquent taxes are taxes that remain unpaid on the latest day prescribed for payment without penalty under the chapter of the Revised code governing payment of those taxes.

Section 13:

The Enterprise and the Lessor affirmatively covenants that they do not owe: (1) any delinquent taxes to the State of Ohio or a political subdivision of the State; (2) any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State; and (3) any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not.

Section 14:

The Enterprise and the Lessor and the City of Massillon acknowledge that this Agreement must be approved by formal action of the legislative authority of the City of Massillon as a condition for the agreement to take effect. This Agreement takes effect upon such approval.

Section 15:

The City of Massillon has developed a policy to ensure recipients of Enterprise Zone tax benefits practice non-discriminating hiring in its operations. By executing this agreement, the Enterprise is committing to following non-discriminating hiring practices acknowledging that no individual may be denied employment solely on the basis of race, religion, sex, disability, color, national origin, or ancestry.

Section 16:

Exemptions from taxation granted under this agreement shall be revoked if it is determined that the Enterprise, any successor enterprise, or any related member (as those terms are defined in Section 5709.61 of the Ohio Revised Code) has violated the prohibition against entering into this agreement under Division (E) of Section 3735.671 or Section 5709.62 of the Ohio Revised Code prior to the time prescribed by that division or either of those sections.

Section 17:

In any three-year period during which this agreement is in effect, if the actual number of employee positions created or retained by the Enterprise is not equal to or

greater than seventy-five percent of the number of employee positions estimated to be created or retained under this agreement during three-year period, the Enterprise shall repay the amount of taxes on property that would have been payable had the property not been exempted from taxation under this agreement during that three-year period. In addition, the City of Massillon may terminate or modify the exemptions from taxation granted under this agreement.

Section 18:

The Enterprise and the Lessor together affirmatively covenants that it has made no false statements to the State or local political subdivision in the process of obtaining approval for the Enterprise Zone incentives. If any representative of the Enterprise and/or the Lessor has knowingly made a false statement to the State or local political subdivision to obtain the Enterprise Zone incentives, the Enterprise and/or the Lessor shall be required to immediately return all benefits received under the Enterprise Zone Agreement pursuant to ORC Section 9.66(C)(2) and shall be ineligible for any future economic development assistance from the State, any state agency, or a political subdivision pursuant ORC 9.66(C)(1). Any persons who provides a false statement to secure economic development assistance may be guilty of falsification, a misdemeanor of the first degree, pursuant ORC 2931.13(D)(1), which is punishable by a fine of not more than \$1,000 and/or a term of imprisonment of not more than 6 months.

Section 19:

This Agreement is not transferable or assignable without the express, written approval of the City of Massillon.

IN WITNESS WHEREOF, the City of Massillon, Ohio, by Francis H. Cicchinelli, Jr., its Mayor, and pursuant to Ordinance No. _____, has caused this instrument to be executed this ____ day of _____; Kraft Power Corporation, by Owen M. Duffy, CEO has caused this instrument to be executed this ____ day of _____; and Massillon Millennium, LLC, the Lessor, by Owen M. Duffy, President, has caused this instrument to be executed this ____ day of day of _____.

WITNESSED BY:

THE CITY OF MASSILLON, OHIO

Francis H. Cicchinelli, Jr., Mayor

WITNESSED BY:

KRAFT POWER CORPORATION

Owen M. Duffy, CEO

WITNESSED BY:

MASSILLON MILLENNIUM, LLC

Owen M. Duffy, President

Approved as to form and legal sufficiency:

Pericles G. Stergios, Director of Law
City of Massillon, Ohio

PROPOSED AGREEMENT for Enterprise Zone Tax Incentives between the City of
Massillon located in the County of Stark and Massillon Millennium, LLC
(Enterprise)

- 1

4. Is business seasonal in nature? Yes _____ No X

5. a. State the enterprise's current employment level at the proposed project site:

None, this is new construction on an undeveloped site.

b. Will the project involve the relocation of employment positions or assets from one Ohio location to another? Note that relocation projects are restricted in non-distress based Ohio Enterprise Zones. A waiver from the Director of the Ohio Department of Development is available for special limited circumstances. The business and local jurisdiction should contact ODOD early in the discussions.

Yes X No _____

c. If yes, state the locations from which employment positions or assets will be relocated and the location to where the employment positions or assets will be located:

Employment and assets will be transferred from 608 Cleveland Ave S. W. Canton, OH 44702 to Massillon OH. Employment and assets will be increased in the new Massillon facility.

d. State the enterprise's current employment level in Ohio (itemized for full and part-time and permanent and temporary employees):

Sixteen Full Time Employees, no part time or temporary employees at this time.

e. State the enterprise's current employment level for each facility to be affected by the relocation of employment positions or assets: The sixteen employees currently employed at our Canton OH facility will be transferred to Massillon.

f. What is the projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated?

All employees and assets will be relocated. The new facility in Massillon will enable growth in number of employees and assets.

6. a. Has the Enterprise previously entered into an Enterprise Zone Agreement with the local legislative authorities at any site where the employment or assets will be relocated as a result of this proposal? Yes _____ No X

b. If yes, list the local legislative authorities, date, and term of the incentives for each Enterprise Zone Agreement: _____

7. Does the Enterprise owe:

- a. Any delinquent taxes to the State of Ohio or a political subdivision of the state?
Yes _____ No X
- b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State? Yes _____ No X
- c. Any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts are being contested in a court of law or not?
Yes _____ No X
- d. If yes to any of the above, please provide details of each instance including but not limited to the location, amount and/or case identification numbers (add additional sheets if necessary).

8. Project Description (attach additional pages if necessary:

New Construction of a shop/warehouse/office facility (26,000 ft. sq warehouse/shop, and 4,000 sq. ft. office.) Facility will be used to store, service, and assemble engine power systems

9. Project will begin July _____, 2007 _____ and be completed

December, 2007 _____ provided a tax exemption is provided.

10. a. Estimate the number of new employees the business intends to hire at the facility that is the project site (job creation projection must be itemized by full and part-time and permanent and temporary)

We will have an immediate need for three full time additional employees, with an additional three full time employees with 18 months of project completion.

b. State the time frame for this projected hiring: 1.5 years.

c. State proposed schedule for hiring (itemize by full and part-time and permanent and temporary employees): _____

(3) new employees in 2007 to first quarter 2008.+

(3) new employees by third quarter of 2009.

Total of six new employees projected by mid 2009.

11. a. Estimate the amount of annual payroll such new employees will add \$ _____
(new annual payroll must be itemized by full and part-time and permanent and temporary new employees). _____

Additional full-time payroll by mid 2009 = \$360,000

- b. Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project: Existing payroll is approximately \$800,000 per year, which will be retained by this project.

12. Market value of the existing facility as determined for local property taxation.
New construction

13. a. Business's total current investment in the facility as of the proposal's submission.
New construction budget of \$1,700,000.

- b. State the business's value of on-site inventory required to be listed in the personal property tax return of the enterprise in the return for the tax year (stated in average \$ value per most recent 12 month period) in which the agreement is entered into (baseline inventory): \$642,210

14. An estimate of the amount to be invested by the enterprise to establish, expand, renovate or occupy a facility:

	Minimum	Maximum
A. Acquisition of Buildings:	\$ _____	\$ _____
B. Additions/New Construction:	\$ <u>1,500,000</u>	\$ <u>1,600,000</u>
C. Improvements to existing buildings	\$ _____	\$ _____
D. Machinery & Equipment	\$ <u>100,000</u>	\$ <u>150,000</u>
E. Furniture & Fixtures:	\$ <u>25,000</u>	\$ <u>50,000</u>
F. Inventory	\$ <u>1,100,000</u>	\$ <u>1,500,000</u>
Total New Project Investment:	\$ <u>2,725,000</u>	\$ <u>3,300,000</u>

15. a. Business requests the following tax exemption incentives: 75% for 10 years covering real and/or personal property including inventory as described above. Be specific as to type of assets, rate, and term.

- b. Business's reasons for requesting tax incentives (be quantitatively specific as possible)

To support the company's ability to invest in the larger facility, and workforce that will enable accelerated business growth, attracting business from Ohio and surrounding states.

Submission of this application expressly authorizes the City of Massillon, Ohio to contact the Ohio Environmental Protection Agency to confirm statements contained within this application including item #7 and to review applicable confidential records. As part of this application, the business may also be required to directly request from the Ohio Department of Taxation or

complete a waiver form allowing the Ohio Department of Taxation to release specific tax records to the local jurisdictions considering the incentive request.

Applicant agrees to supply additional information upon request.

The applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct and is aware of the ORC Sections 9.66(C)(1) and 2921.13(D)(1) penalties for falsification which could result in the forfeiture of all current and future economic development assistance benefit as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

Massillon Millennium, LLC

Name of Enterprise

May 31, 2007

Date

Owen M. Duffy

Signature

Owen M. Duffy, President

Typed Name and Title

* A copy of this proposal must be forwarded by the local government to the affected Board of Education along with notice of the meeting date on which the local government will review the proposal. Notice must be given a minimum of fourteen (14) days prior to the scheduled meeting to permit the Board of Education to appear and/or comment before the legislative authorities considering the request.

** Attach to Final Enterprise Zone Agreement as Exhibit A

*** An Application Fee of Seven Hundred Fifty Dollars (\$750.00) must be submitted along with the Proposed Agreement for Enterprise Zone Tax Exemption (Application). This fee is payable by check or money order made payable to the **Ohio Department of Development**.

Please note that copies of this proposal must be included in the finalized Enterprise Zone Agreement and be forwarded to the Ohio Department of Taxation and the Ohio Department of Development within fifteen (15) days of final approval.

APPLICATION TO THE CITY OF MASSILLON
FOR A PROJECT AGREEMENT UNDER THE
OHIO URBAN JOBS AND ENTERPRISE ZONE ACT

NARRATIVE STATEMENT

I. PROJECT DESCRIPTION:

Briefly summarize the project proposed to be undertaken, including a description of the investments to be made by the applicant enterprises. Describe the project site, including the lot number, address, and area (in square feet or acres).

Note: If the project involves the relocation of all or part of the enterprise's operations from another county or municipal corporation in the State of Ohio, the Enterprise shall attach a statement detailing the reasons for the proposed relocation.

This project consists of new construction of a 30,000 square foot facility to accommodate relocation and expansion of Kraft Power's existing operation in Canton, Ohio.

The site is approximately 9.6 acres on Millennium Boulevard SE, Massillon, also known as the NEOCOM Industrial Park.

The reason for the relocation and expansion is to enable the company to expand it's business in servicing engine power systems. The Canton facility was inadequate in layout and size. The company specializes in natural gas and alternate fueled engines for power generation. Key markets include traditional natural gas and petroleum production infrastructure, as well as renewable fuel projects such as landfill-gas-to-energy projects, Combined Heat and Power ("Cogeneration"), methane energy production, and bio-gas energy projects. These markets present a growing opportunity for the company, and the enlarged facility will enable the company to serve these growing markets over a 4 to 5 state region.

These engine power systems will be assembled, serviced, and refurbished in the Massillon facility, which will also serve as a central depot for service materials to support equipment located throughout the Midwest and northeastern states.

II. PROJECT BUDGET

- | | | |
|----|---|----------------------|
| A. | NEW BUILDINGS (Provide a brief description of size, type, etc.) | <u>Proposed Cost</u> |
|----|---|----------------------|

Excluding acquisition cost of the land (\$110,000), the construction project has a budget of \$1.4 million. Additional expenses will be incurred to prepare the building for occupancy, including purchase and installation of overhead cranes, material handling and warehousing equipment, telecom and data systems, furniture, etc. Total estimated project cost will be approximately \$1.7 million.

- | | | |
|----|---|----------------------|
| B. | ADDITIONS (Provide a brief description of size, type, etc.) | <u>Proposed Cost</u> |
|----|---|----------------------|

- | | | |
|----|---|----------------------|
| C. | IMPROVEMENTS TO EXISTING BUILDINGS
(Provide an itemized description) | <u>Proposed Cost</u> |
|----|---|----------------------|

D. MACHINERY AND EQUIPMENT

Proposed Cost

1. Provide an itemized list of machinery, equipment, furniture, and fixtures to be purchased and installed at the project site and that will be subject to tax exemption under this Agreement.

• Overhead crane systems	\$150,000
• Forklift (s)	\$30,000
• Shelving and storage equipment	\$15,000
• Engine test cell	\$100,000
• Office workstations and furniture	\$40,000

2. Provide an itemized list of machinery, equipment, furniture, and fixtures used by the enterprise at another location in the State that will be relocated to the project site and that will not be exempted from taxation under this Agreement.

- Miscellaneous shop tools
- One crane
- One forklift
- Telephone system, computers, etc.

E. INVENTORY

Proposed Cost

List the value of inventory at the project site, including an itemization of the value of inventory held at another location in this state prior to the Agreement and to be relocated from that location to the project site; and the value of inventory held at the project site prior to the execution of the Agreement that will be not be exempted from taxation.

The inventory which is eligible for exemption is that amount or value of inventory in excess of the amount or value of inventory required to be listed in the personal property tax return for the tax year in which the Agreement is entered into.

The total value of the inventory currently held at the facility that will be relocated to Massillon is \$1,100,000. By consolidating inventory that is currently held in other states (MA and NJ), this inventory would be projected to increase to approximately \$2.5 million.

III. EMPLOYMENT

Describe the current workforce of the company, including annual payroll. Describe the impact that the project will have on the company's workforce, specifically, at the project site. List the total number of jobs to be created/and or retained as a result of the project, itemized as to the number of full-time, part-time, and temporary positions, and including a schedule of hiring, itemized by each type of position listed above (the suggested maximum job creation is 36 months). Provide estimates of the dollar amount of additional payroll attributable to each type of position to be created (i.e., full-time, part-time, and temporary).

The current workforce for the company's operation in Canton, Ohio consists of sixteen full time employees, with an annual payroll of approximately \$800,000.

These sixteen jobs, and corresponding payroll will be retained by the project.

We presently do not have part time or temporary workers, and do not anticipate employing part time employees except for on exceptional basis.

We anticipate an increase in workforce over 1.5 years of six full time employees, with a projected additional payroll of \$360,000.

IV. REQUEST FOR TAX EXEMPTION

Describe the type, amount, and term of tax exemption being requested for this project as follows:

- (1) An exemption for a specified number of years, not to exceed ten, of a specified portion, up to seventy-five per cent, of tangible personal property first used in business at the project site as a result of this Agreement. ("First used in business" means that the property referred to has not been used in business in this State by the enterprise that owns it, or by an enterprise that is an affiliate or subsidiary of such an enterprise, other than as inventory, prior to being used in business at the project site as a result of an Agreement.)
- (2) An exemption for a specified number of years, not to exceed ten, of a specified portion, up to seventy-five per cent, of real property constituting the project site.

In addition, provide a detailed explanation of the reasons why the proposed tax exemptions are necessary for the project. Provide any supporting financial information that would document the need for such tax exemptions. Using the attached forms, provide an analysis of the total taxes that would result from the project, both with and without the proposed tax exemptions. Summarize the benefits to the community as a result of the project.

We are requesting a real-property and tangible personal property tax exemption of 75% for ten years.

This tax exemption will enable the company to support expansion of it's business in Ohio, and investment in a larger facility. The company has previously operated in a leased facility in Canton, Ohio. The tax exemption provides an incentive to the company to invest in a long term presence in Ohio, preserving the current workforce and providing an opportunity for increased employment.

Ohio Inventory 2006

January	February	March	April	May	June	July	August	September	October	November	December	Avg
\$ 636,948.52	\$ 656,689.81	\$ 634,693.39	\$ 487,022.02	\$ 519,662.82	\$ 547,802.42	\$ 758,520.90	\$ 622,079.49	\$ 677,574.18	\$ 675,554.06	\$ 747,361.25	\$ 742,605.20	\$ 642,209.51

OHIO DEPARTMENT OF DEVELOPMENT
ENTERPRISE ZONE PROJECT TAX ANALYSIS

General Project Information

County: STARK Local Government Authority: MASSILLON
Business: Kraft Power Corporation Total Project Cost: \$3,300,000
Total Current Real Property Tax of Business (at site): 0
Total Current Tangible Personal Property Tax of Business (at site): 0

* (Note, if not applicable to site, use within local jurisdiction):

Note, does the project involve relocation of any assets or jobs? X yes no

If yes, within local jurisdiction? yes X no

within county? X yes no

within State (distance mi.) X yes no

Does the project involve removal of any currently taxed assets (Real or Personal Property from the Tax Rolls)?

Estimate real property tax loss

Estimate tangible personal tax loss

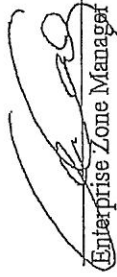
\$ 0 yes X no
\$ 0

Is there a local income tax? X yes no

If yes, please list income tax rate: 1.8 %

Note total number of new jobs projected -- attributable to the project 22;

Note new payroll projected from the new job commitment 1,360,000.00 x 1.8 % income tax rate = \$24,480
New income tax generation


Enterprise Zone Manager or Authorized Signature

6/7/07
Date

2A. Total Project Costs Receiving Tangible Personal Property Exemptions: \$1,700,000.

Note that because of depreciation of Tangible Personal Property by the business - these calculations must be repeated for each year during the term of the exemptions. The Business must supply the community with the annual estimates.

Personal Property Tax Matrix

Projected Tax Year	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10	Totals
Estimated Value of Tangible Personal Property	\$ 1,700,000	\$ 1,700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Exemption Schedule	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	
Exempted Value	\$ 1,275,000	\$ 1,275,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Taxable Value	\$ 425,000	\$ 425,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Assessment	12.5%	6.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Tangible Personal Property Tax Rate	60.70	60.70	60.70	60.70	60.70	60.70	60.70	60.70	60.70	60.70	
Total Tangible Property Tax Foregone (Exempted Value x Assessment x Tax Rate)	\$ 9,067	\$ 4,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,297
Net New Tangible Property Tax Revenue (Taxable Value x Assessment x Tax Rate)	\$ 2,618	\$ 1,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,623

Total Tangible Personal Property Tax Foregone over Project Term:

\$ 13,297

Total Net New Tangible Personal Property Tax Revenue generated over Project Term:

\$ 3,623

2B. Please calculate the annual net new Tangible Personal Property Tax Revenue generated by the project. Subtract any Tangible Personal Property tax revenue loss \$ 0 (page 1) from the new Tangible Personal Property Tax generated \$241 (2A) to equal the net new annual Tangible Property increase (loss) \$241 to community.

1A. Total Project Costs receiving Real Property Exemption: \$1,600,000

Real Property Tax Matrix

Projected Tax Year	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10	TOTALS
Estimated Value of Real Property Improvements	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	
Exemption Schedule	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	
Exempted Value	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	
Taxable Value	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	
Assessment	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	
Net Real Property Tax Rate (/ \$1000)	43.18	43.18	43.18	43.18	43.18	43.18	43.18	43.18	43.18	43.18	
Total Real Property Tax Foregone (Taxable Value x 35% + tax rate)	\$ 18,136	\$ 18,136	\$ 18,136	\$ 18,136	\$ 18,136	\$ 18,136	\$ 18,136	\$ 18,136	\$ 18,136	\$ 18,136	\$ 181,363
Net New Tax Revenue Taxable Value x 35% + tax rate)	\$ 6,045	\$ 6,045	\$ 6,045	\$ 6,045	\$ 6,045	\$ 6,045	\$ 6,045	\$ 6,045	\$ 6,045	\$ 6,045	\$ 60,454

Total Real Property Tax Foregone over Project Term:

\$ 181,363

\$ 60,454

Total New Real Property Tax Revenue generated over Project Term:

1B. Please calculate the annual net new Real Property Tax Revenue generated by the project. Subtract any real property tax revenue loss (page 1) from the new real property tax generated \$ 16,488 (1A) to equal the net new annual real property increase (loss) \$ 16,488 to community.

DATE: JULY 16, 2007

CLERK: MARY BETH BAILEY

CITY OF MASSILLON, OHIO

COUNCIL CHAMBERS

Passed
LEGISLATIVE DEPARTMENT

ORDINANCE NO. 85 - 2007

BY: HEALTH, WELFARE & BUILDING REGULATIONS COMMITTEE

TITLE: AN ORDINANCE authorizing the Director of Public Service and Safety of the City of Massillon, Ohio, to enter into a contract with Love Insurance Agency for boiler and machinery insurance and crime insurance coverage, and declaring an emergency.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MASSILLON, STATE OF OHIO, THAT:

Section 1:

The Council of the City of Massillon, Ohio, hereby determines it to be necessary in the public health, safety and welfare to enter into contract with Love Insurance Agency for boiler and machinery insurance and crime insurance coverage for 2007 – 2008 year.

Section 2:

The Director of Public Service and Safety of the City of Massillon, Ohio, is hereby authorized to enter into contract with Love Insurance Agency for boiler and machinery insurance and crime insurance coverage for 2007 – 2008 year.

Section 3:

This Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the health, safety, and welfare of the community, and for the additional reason that it is necessary to enter into a contract with Love Insurance Agency as the previous policies are about to expire. Provided it receives the affirmative vote of two-thirds of the elected members to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor. Otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

2nd page is the signature page

DATE: JULY 16, 2007 CLERK: MARY BETH BAILEY

CITY OF MASSILLON, OHIO

COUNCIL CHAMBERS

Passed
LEGISLATIVE DEPARTMENT

ORDINANCE NO. 86 - 2007

BY: STREET, HIGHWAYS, TRAFFIC & SAFETY COMMITTEE

TITLE: AN ORDINANCE authorizing the Director of Public Service and Safety of the City of Massillon, Ohio, to enter into an agreement with the Board of Stark County Commissioners, upon approval of the Board of Control, for the purchase of salt for ice control on the city streets, and declaring an emergency.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MASSILLON, STATE OF OHIO, THAT:

Section 1:

The Council of the City of Massillon, Ohio, hereby determines it to be necessary in the public health, safety and welfare to enter into an agreement with the Board of Stark County Commissioners, upon approval of the Board of Control, for the purchase of salt for ice control on city streets.

Section 2:

The Director of Public Service and Safety of the City of Massillon, Ohio, is hereby authorized and directed to enter into an agreement with the Board of Stark County Commissioners, upon approval of the Board of Control, for the purchase of salt for ice control on city streets.

Section 3:

This Ordinance is hereby declared to be an emergency measure necessary for the preservation of the health, safety, and welfare of the community, participating in the cooperative purchase program saves the city money in its salt purchases and for the additional reason for the more efficient operation of the Street Department in the City of Massillon during the winter months. Provided it receives the affirmative vote of two-thirds of the elected members to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor. Otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

2nd page is the signature page

DATE: JULY 16, 2007

CLERK: MARY BETH BAILEY

CITY OF MASSILLON, OHIO

COUNCIL CHAMBERS

passed
LEGISLATIVE DEPARTMENT

ORDINANCE NO. 87 - 2007

BY: FINANCE COMMITTEE

TITLE: AN ORDINANCE making certain appropriations from the unappropriated balance of the Parking Enforcement Fund, 1401 Income Tax Capital Improvement Fund and the 1406 Wastewater Treatment Capital Improvement Fund, for the year ending December 31, 2007, and declaring an emergency.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MASSILLON, STATE OF OHIO, THAT:

Section 1:

There be and hereby is appropriated from the unappropriated balance of the Parking Enforcement Fund, for the year ending December 31, 2007, the following:

\$5,000.00 to an account entitled "Services/Contracts" 1208.445.2392

Section 2:

There be and hereby is appropriated from the unappropriated balance of the 1401 Income Tax Capital Improvement Fund, for the year ending December 31, 2007, the following:

\$2,000.00 to an account entitled "Surveying Supplies" 1401.405.2532

Section 3:

There be and hereby is appropriated from the unappropriated balance of the 1406 Wastewater Treatment Capital Improvement Fund, for the year ending December 31, 2007, the following:

\$1,935.00 to an account entitled "Harsh Avenue Sanitary Sewer Relocation" 1406.610.2511

Section 4:

This Ordinance is hereby declared to be an emergency measure, for the efficient operation of the various departments of the City of Massillon and for the preservation of the public health, safety and welfare of the community. Provided it receives the affirmative vote of two-thirds of the elected members to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor. Otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

2nd page is the signature page