MEMORANDUM OF UNDERSTANDING

RELATING TO
COMMUNITY REINVESTMENT AREA AND
SCHOOL DISTRICT COMPENSATION BETWEEN
CITY OF SUNBURY, OHIO,
AND BIG WALNUT LOCAL SCHOOL DISTRICT

This Memorandum of Understanding is entered into this ___ day of _____, 2023, by and between the **CITY OF SUNBURY, OHIO**, (hereinafter "*Sunbury*"), a municipal corporation duly organized and validly existing under the Constitution and the laws of the State of Ohio (hereinafter "*State*") and its Charter, and **BIG WALNUT LOCAL SCHOOL DISTRICT**, local school district and political subdivision of the State (hereinafter "*Big Walnut*" and together with Sunbury, the "*Parties*").

Background:

- Sunbury has determined to promote and encourage development within Sunbury which is consistent with Sunbury's proposed Limited Industrial District zoning requirements for the mutual benefit of Sunbury and Big Walnut.

- To facilitate that development, Sunbury proposes to adopt legislation which will either expand an existing or create a new Community Reinvestment Area (the "*CRA*") in accordance with Ohio Revised Code Sections 3735.65 *et seq.* (the "*CRA Statute*") which will permit Sunbury to offer real property tax exemptions (each an "*Exemption*") to owners of real property located with the CRA for projects that meet certain requirements.

- The CRA will be wholly located within the boundaries of Big Walnut.

- Under the then applicable CRA Statute, some Exemptions may be approved by Sunbury without prior approval of Big Walnut. However, to maximize the development potential within the CRA, Sunbury proposes to approve certain Exemptions which, under the then applicable CRA Statute, would require approval by Big Walnut.

- To expedite the process of approving those Exemptions, Sunbury and Big Walnut propose to enter into a school compensation agreement (the "*Compensation Agreement*") that would permit Sunbury to approve certain Exemptions within the CRA without requiring Big Walnut's approval and would require the recipients of those Exemptions to compensate Big Walnut (and the Delaware Area Career Center, "*DACC*") in connection with the approval of those exemptions.

(END OF BACKGROUND - REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

NOW, THEREFORE, the Parties hereby state their mutual intent to pursue with their best efforts, the vision contained in this Memorandum.

Proposed Terms of Compensation Agreement:

1. **Community Reinvestment Area.**

   - Assuming compliance with the School Compensation Provisions (described below), Sunbury will be permitted to approve, without providing notice to or receiving separate approval from Big Walnut, Exemptions within the CRA which would otherwise require approval from Big Walnut under the then applicable CRA Statute (*i.e.*, currently, a 100% Exemption would require approval).
   - Exemptions that do not require approval from Big Walnut under the then applicable CRA Statute will not be subject to the School Compensation Provisions (*i.e.*, currently, a 75% Exemption would not require approval).
   - To be eligible for an Exemption under the School Compensation Provisions:
     - A project must be consistent with Sunbury's proposed Limited Industrial District zoning requirements, and
     - Sunbury must reasonably estimate that the payroll generated by new employees (as defined in Ohio Revised Code Section 5709.82) employed at the project site will exceed $1 million per year.
   - The School Compensation Agreement shall initially be effective for 10 years, with two succeeding 10-year automatic renewal periods; *provided*, that either Party may terminate the Agreement 30 days prior to the commencement of a renewal period.

2. **School Compensation Provisions.**

   - Prior to Sunbury granting approval for an Exemption within the CRA that is subject to the School Compensation Agreement, Big Walnut and the proposed recipient of the Exemption will have entered into an agreement providing that during each year that the Exemption is effective, the recipient will remit a payment to Big Walnut (as well as DACC) equal to 12.5% of the real property taxes which Big Walnut (and DACC) would have received from the project if the Exemption had not been approved by Sunbury.
   - Assuming compliance with the preceding paragraph for each project, Big Walnut will waive its right to receive any notices or grant any approvals as may be required by the then applicable CRA Statute or Ohio Revised Code Section 5709.83 in connection with the granting of any Exemptions within the CRA.
   - Assuming compliance with the preceding paragraph for each project, Big Walnut will waive its right to receive any compensation pursuant to Ohio Revised Code Section 5709.82 in connection with the granting of any Exemptions within the CRA.

3. **Non-Binding Agreement – Definitive School Compensation Agreement.** This Memorandum of Understanding hereby states the mutual understandings of the Parties hereto with respect to the major terms of the School Compensation Agreement to be negotiated and executed between Sunbury and Big Walnut to provide for the development of the CRA and the remission of payments to Big Walnut (and DACC). This Memorandum of Understanding shall not be deemed to be a legally binding agreement between the Parties. Any formal School Compensation Agreement between the Parties shall not be effective unless and until (a) such School Compensation Agreement has been approved by the required and appropriate action of the legislative or governing boards of both Parties and (b) such School Compensation Agreement has been duly executed by authorized officers of both Parties hereto.

IN WITNESS WHEREOF, the Parties have caused Memorandum of Understanding to be executed in their respective names by their duly authorized representatives, all as of the date first written above.

CITY OF SUNBURY, OHIO

By: _____

Print Name: _____

Title: _____

BIG WALNUT LOCAL SCHOOL DISTRICT

By: _____

Print Name: _____

Title: _____