

CITY OF STOW, OHIO
INCOME TAX SHARING GRANT PROGRAM AGREEMENT

This Agreement is made and entered into by and between the City of Stow, Ohio, a municipal corporation, with its administrative offices located at Stow City Hall, 3760 Darrow Road, Stow, Ohio, 44224-4094, (hereinafter referred to as "Stow"), and NMG Aerospace, with offices currently located at 4880 Hudson Drive, Stow, Ohio 44224 (hereinafter referred to as "NMG Aerospace").

WHEREAS, the City of Stow has encouraged the development of existing vacant industrial and office real property, and other business expansions which results in new jobs moving into the City and existing jobs retained; and

WHEREAS, NMG Aerospace intends to expand business operations at their corporate campus headquartered at 4880 Hudson Drive, Stow, Ohio 44224,

WHEREAS, the City of Stow having the appropriate authority for the stated type of project, is desirous of providing NMG Aerospace with incentives consistent with the purposes of Section 13 of Article VIII of the Ohio Constitution to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State of Ohio and City of Stow; and

WHEREAS, Council of the City of Stow has enacted Ordinance 2007-151, amended by Ordinances 2011-14 and 2013-189 to establish the City of Stow Income Tax Sharing Grant Program to provide certain monetary incentives to businesses relocating into Stow and existing businesses expanding operations within the City where such actions results in the creation of new jobs within the City; and

WHEREAS, Mayor of the City of Stow has investigated the request of NMG Aerospace and has recommended the same to the Council of the City of Stow on the basis that NMG Aerospace is qualified by financial responsibility and business experience to create and preserve employment opportunities and improve the economic climate of the City of Stow, and

WHEREAS, the parties hereto desire to set forth their Agreement with respect to matters hereinafter contained;

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

- (1) NMG Aerospace shall expand operations in Stow and increase employment and payroll consistent with the attached City of Stow Income Tax Sharing Grant Program Application dated March 7, 2016 said document being attached hereto, identified as Exhibit A, and incorporated herein by reference, for the duration of the Agreement. This agreement shall cover the increase in NMG Aerospace payroll tax from July, 2016 through June, 2023.
- (2) NMG Aerospace shall create new jobs and retain existing payroll in the City of Stow and generate payroll in compliance with commitments as set forth in the application identified as Exhibit A. Determination of the number of jobs created, income tax withholding receipts received by the City and findings as to all other matters pertaining to compliance with this Agreement and the application (Exhibit A) shall be made by the Finance Director of the City of Stow. Council authorizes the Finance Director of the City of Stow to review and inspect the City of Stow Income Tax Division records as required.

3. The City of Stow shall pay to NMG Aerospace, as a grant from City non-tax revenues, a sum equal to a percentage of the City of Stow annual payroll tax withholding receipts derived from NMG Aerospace employees working in the City of Stow as determined by the Finance Director, and as follows: 25.0% of Payroll Withholding Taxes for seven years, or eighty-four months, following NMG Aerospace's expansions of operations in Stow in 2016. The payments made under this agreement shall be based upon the increase of NMG Aerospace's payroll tax withholding receipts

using 2015 as the baseline year. Partial years payments are included in the following schedule of payments to ensure the full seven years of benefit provided for in this agreement.

NMG Aerospace Schedule of Income Tax Grant Sharing Payments

<u>Payment #</u>	<u>Baseline Payroll Tax Period</u>	<u>Payment Based Payroll Tax</u>	<u>Duration (months)</u>
1	7/2015 – 12/2015	7/2016 - 12/2016	6
2	1/2015 – 12/2015	1/2017 – 12/2017	12
3	1/2015 – 12/2015	1/2018 – 12/2018	12
4	1/2015 – 12/2015	1/2019 – 12/2019	12
5	1/2015 – 12/2015	1/2020 – 12/2020	12
6	1/2015 – 12/2015	1/2021 – 12/2021	12
7	1/2015 – 12/2015	1/2022 – 12/2022	12
8	1/2015 – 12/2015	1/2023 – 6/2023	6

For each payment period, NMG Aerospace shall provide, to the Finance Director, a copy of its RECONCILIATION OF STOW INCOME TAX WITHHELD FROM WAGES (Form SW-3) showing the amount of payroll taxes withheld and paid during the preceding year. Said grant shall be paid to NMG Aerospace within sixty days of the receipt of that information. Any obligation of the City of Stow created by or arising out of this Agreement shall not be a general debt on its part nor give rise to any pecuniary liability of the City of Stow but shall be payable solely from non-tax revenues as defined below.

“Non-tax revenues” as used in this Agreement means all monies of the City of Stow which are not monies raised by taxation, to the extent available for the purpose of making the annual payment required hereunder, including, but not limited to the following: (a) grants from the United States of America and the State; (b) payments in lieu of taxes now or hereafter authorized by State statute to the extent not pledged to pay debt charges on City indebtedness; (c) fines and forfeitures which are deposited in the City’s General Fund; (d) fees deposited in the City’s General Fund for services provided and from properly imposed licenses and permits; (e) investment earnings on

the City's General Fund; (f) investment earnings on other funds of the City that are credited to the City's General Fund; (g) proceeds from the sale of assets which are deposited in the City's General Fund; (h) gifts and donations; and (i) all rental payments which are deposited in the City's General Fund.

Nothing herein shall be construed as requiring the City to use or apply to the payment of annual payments due hereunder any funds or revenues from any source other than Non-Tax Revenues; provided, however, that nothing herein shall be deemed to prohibit the City, in its own discretion, from using, to the extent that it is authorized by law to do so, any other resources for the fulfillment of any of the terms, conditions or obligations of this Agreement.

4. NMG Aerospace shall be required to provide annual reports to the Economic Development Coordinator which shall be on forms provided by the City and shall include any information reasonably required to evaluate compliance by NMG Aerospace with this Agreement, including but not limited to returns filed pursuant to Section 5711.02 of the Ohio Revised Code related to the Location if requested by Stow or the Review Council.

5. In the event that NMG Aerospace fails to achieve and then maintain the minimum amounts required pursuant to Section 2, or if NMG Aerospace materially fails to fulfill any other obligation under this Agreement, the City shall give written notice of such failure to NMG Aerospace and it then shall have the opportunity to cure such default within a 120 day period. If such default is not cured within such 120 day period, the City may terminate or abate the grant otherwise payable pursuant to this Agreement relative to the period of time for which a default is proven. Stow shall notify NMG Aerospace of any material failure relative to job creation and/or annual payroll requirements within six months of the close of each calendar year or its right to terminate or abate for failure to maintain minimum monthly payroll amounts for that calendar year is waived.

6. By executing this Agreement, NMG Aerospace commits to not discriminate in hiring on the basis of race, religion, sex, disability, color, national origin, or ancestry.

7. This Agreement may not be transferred or assigned without the express, legislative approval of the City of Stow provided; however, NMG Aerospace may assign any or all of its rights, interests or obligations hereunder in connection with any sale of NMG Aerospace or substantially all of the assets of NMG Aerospace

8. This Agreement is binding upon NMG Aerospace and its successors or assigns.

9. The annual payments due hereunder shall be made by check payable to NMG Aerospace, and placed in the U.S. regular mail addressed to NMG Aerospace, Inc., 4880 Hudson Drive, Stow, Ohio 44224, Attention: CFO

10. The Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

11. The parties agree: (i) not to disclose the Confidential Information (as defined below) of the other party or its agents, to third parties (excluding a party's agents or representatives); (ii) not to use the Confidential Information except for enforcement of or in furtherance of the purposes of this Agreement; and (iii) that the Confidential Information of a party is and shall remain the property of the disclosing party. Confidential Information means income tax withholding receipts used to calculate the grant pursuant to paragraph three (3), provided, however, that Confidential Information shall not include information that became known to the receiving party prior to the disclosing party's disclosure of such information to the receiving party. Nothing in this Agreement shall preclude the City of Stow from releasing any information as required by law.

12. This agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction. In the event of a dispute arising out of this Agreement, the parties agree to continue in good faith to discuss and attempt to resolve the issues of the dispute through negotiation. If the parties are unable to resolve the dispute, such dispute shall be submitted to binding arbitration for final resolution. The parties may submit for arbitration any and all confidential information necessary to support its case despite the provisions of paragraph eleven (11) herein. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") and shall be held in Summit County, Ohio. There shall be one arbitrator, and such arbitrator shall be chosen by mutual agreement of the parties in accordance with AAA rules. The findings of the arbitrator shall be final and binding on the parties and may be entered by either party in a court of proper jurisdiction located in Summit County, Ohio for purposes of enforcement. Each of the parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought.

13. This Agreement shall be null and void and the parties released from any liability to the other should a court of competent jurisdiction determine that the Agreement is unlawful. Should an owner/business receiving benefits through a City of Stow Income Tax Grant Agreement move from the City of Stow during the term of the agreement or fail to meet its obligations under the terms of the agreement, the owner/business may be required to reimburse the City an amount equal to the total benefit received as a result of this agreement.

14. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated herein, and supersedes any prior understandings, agreements, or representations by or between the parties written, or oral, to the extent they related in any way to the subject matter hereof.

IN WITNESS WHEREOF, the City of Stow, Ohio by Sara Drew, its Mayor, and pursuant to Ordinance No. 2016-____, has caused this instrument to be executed on this ____ day of _____ 2016 and NMG Aerospace, by Jeffery Bissell, its Chief Financial Officer, has caused this instrument to be executed on this _____ day of _____, 2016

City of Stow

By: _____
Sara Kline, Mayor

NMG Aerospace,

By: _____
Jeffery Bissell, Chief Financial Officer

Approved as to Form:

Amber Zibritosky, Law Director

CERTIFICATE OF FISCAL OFFICER

The undersigned, fiscal officer of the City of Stow, hereby certifies that the monies required to meet the obligation of the City for calendar year 2015 under this Agreement have been lawfully appropriated by the Council of the City for such purposes and are in the treasury of the City or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This Certificate is given in compliance with Sections 5705.41 and 5705.44 of the Ohio Revised Code.

John Baranek, Director Finance
City of Stow, Ohio

EXHIBIT A

CITY OF STOW
INCOME TAX SHARING GRANT PROGRAM
APPLICATION

The City of Stow has established the Stow Income Tax Sharing Grant Program as an economic development tool to encourage the continued expansions of existing Stow businesses, reuse of existing industrial and office structures and new development within the city. Applicants seeking an Income Tax Grant Sharing Agreement with the City of Stow must submit the following application for consideration. All applicable information requested in this form must be provided, and the applicant is responsible for the accuracy of the information submitted.

1. APPLICANT INFORMATION: Please provide the legal name, address and other contact information of the applicant for this request.

- a. Applicant Name(s): NMG Aerospace (AKA National Machine Company)
- b. Contact Name(s): Jeffrey L. Bissell, Chief Financial Officer
- b. Applicant Mailing Address: 4880 Hudson Drive
- c. City/State/Zip: Stow, OH 44224
- d. Email address: jbissell@NMGAerospace.com
- e. Website address: www.nmgaerospace.com
- f. Daytime Phone #: 330-688-6494 Fax: _____
- g. Federal Tax ID#: 34-1011007

2. AFFILIATED COMPANY INFORMATION: If there is/are another company(ies) (Affiliates) that will benefit from the receipt of this economic development incentive program, please list the appropriate contact information for each company as well. (An affiliate is defined as any company in which either the applicant, or applicant's principals, has a financial interest):

- a. Affiliate Name(s): _____
- b. Contact Name: _____
- c. Affiliate Relationship to Applicant: _____
- d. Affiliate Mailing Address: _____
- e. City/State/Zip: _____
- f. Email address: _____
- g. Website address: _____
- h. Daytime Phone #: _____ Fax: _____
- i. Federal Tax ID#: _____

3. **PROJECT LOCATION:** Please specify the street address of the proposed project:
 Project Street Address: 4880 Hudson Drive
Stow, Ohio 44224
4. **TIME IN BUSINESS:** How long has the company? 48 Years 0 Months
5. **INDUSTRIAL CLASSIFICATION:** List primary 6 digit North American Industry Classification System (NAICS) Code of the company to benefit from the incentive program:
33641

Please list any other significant NAICS Code numbers:

6. **COMPANY OFFICERS/PRINCIPALS:** Please provide the name of all owners, principals and/or primary officers of the company on the lines below:
- a. Michael A. Piglia -- Chief Executive Officer
 - b. Darryl A. Piglia -- Chief Operating Officer
 - c. Jeffrey L. Bissell -- Chief Financial Officer
 - d. Tracy Korjovic -- VP Organizational Development

7. **BUSINESS ORGANIZATION:** Please indicate under which type of organization your company presently operates (check all that apply):
- a. Corporation
 - b. Sole Proprietorship
 - c. Partnership
 - d. LLC

8. **BUSINESS CLASSIFICATION:** Please describe the type of business in which the applicant, or affiliated company to benefit from the incentive program, is involved (check all that apply):
- a. Construction
 - b. Manufacturing
 - c. Service
 - d. Research & Development
 - e. Others (specify)

9. **CURRENT EMPLOYMENT:** For each of the categories listed below, please specify the number of employees currently employed by the applicant (current employment is expected to be maintained in the event that an economic development incentive is granted):
- a. 239 Full-time permanent
 - b. 8 Part-time permanent
 - c. Full-time temporary
 - d. 4 Part-time temporary
 - e. Seasonal

10. **CURRENT PAYROLL:** Please provide the expected payroll for each of the employment categories listed below for the employees to be employed at the proposed Stow location:
- a. \$ 15,518,099 Full-time permanent
 - b. \$ 252,203 Part-time permanent
 - c. \$ Full-time temporary
 - d. \$ 23,928 Part-time temporary
 - e. \$ Seasonal

11. **PROJECTED NEW EMPLOYMENT:** In addition to the employment listed in 9 above, please, project the expected three-year employment numbers for the City of Stow location for each of the categories listed below:

	Year 1	Year 2	Year 3
a. Full-time permanent	<u>15</u>	<u>20</u>	<u>15</u>
b. Part-time permanent	<u> </u>	<u> </u>	<u> </u>
c. Full-time temporary	<u> </u>	<u> </u>	<u> </u>
d. Part-time temporary	<u> </u>	<u> </u>	<u> </u>
e. Seasonal	<u> </u>	<u> </u>	<u> </u>

12. **PROJECTED NEW PAYROLL:** In addition to the payroll listed in 9 above, please project the expected three-year payroll figures for the Stow location for each of the categories listed below:

	Year 1	Year 2	Year 3
a. Full-time permanent	\$ <u>750,000</u>	\$ <u>1,030,000</u>	\$ <u>795,000</u>
b. Part-time permanent	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
c. Full-time temporary	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
d. Part-time temporary	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
e. Seasonal	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>

13. **PROJECT TIMELINE:** Project will begin 4/1/2016 and be completed 12/31/2019.

14. **RELOCATION:** Will the project involve the relocation of employment positions or assets

from one Ohio location to another? Yes _____ No X _____

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

- b. If yes, state the enterprise's current employment level for each facility to be affected by the relocation of employment positions or assets:

- c. If yes, what is the projected impact of the relocation, detailing the number and type of employee and/or assets to be relocated?

15. CONSOLIDATION: Will the project involve the consolidation of business operations or assets from another Ohio location? Yes _____ No X _____

- a. If yes, please itemize the location, assets, and employment positions to be transferred:

- 16. PROJECT DESCRIPTION:** In the space provided below, please describe the project. This should include information on existing as well as planned products, services or business information. Please focus on how the company will use the Income Tax Sharing Grant Application to grow or stabilize operations over the life of the agreement.

Our business growth has two primary components:

F-35 Military Jet Actuation Systems

> Through our customer United Technologies, we are finalizing an agreement to supply hydraulic actuators for the landing gear systems of the F35. We expect the new business to produce \$40 million of sales over the next 5 years and all the production operations with the exception of outside processing will be done in Stow . A significant investment in new equipment over the next 3 years -- approximately \$4-5 million -- will be required and we anticipate hiring 35 more skilled manufacturing operators, assemblers and technicians to support this new business.

Aircraft Wheels for Honeywell

> *We have signed a \$10 million agreement with our customer Honeywell to produce aircraft wheels primarily for the Boeing 737, one of the higher volume commercial aircraft being produced in the world. More than \$1 million has been invested in new equipment and the program is coming on line nicely. This work will ultimately require us to hire 15 new skilled manufacturing operators to fill all the shifts we need to meet our customer's demand.*

Submit completed application to: City of Stow
Economic Development Coordinator
3760 Darrow Road
Stow, Ohio 44224
ktrenner@stow.oh.us
(330) 689-2810

LIST OF ATTACHMENTS

COMPANY LITERATURE/BUSINESS PLAN: Submit sample company literature with this application, e.g. Annual Reports, Sales Brochures, etc.

EVIDENCE OF SITE CONTROL: If applicable, provide copies of site control instruments such as a purchase agreement, option to purchase agreement, deed of sale, sales contract or lease.