

ECONOMIC DEVELOPMENT PLAN
PATASKALA CORPORATE PARK

JOINT ECONOMIC DEVELOPMENT DISTRICT (JEDD)

Purpose

The creation of a Joint Economic Development District (“JEDD”) in an area of the City of Pataskala, Ohio (the "City") described herein is intended to assist, encourage and stimulate economic development. It is anticipated that the JEDD will be developed into a commercial, industrial and manufacturing real estate development (referred to herein as the "Pataskala Corporate Park JEDD") operating to facilitate new or expanded growth for commercial and economic development, to create or preserve jobs and employment opportunities, and to improve the economic welfare of the citizens of the State of Ohio and particularly, the City, Harrison Township in Licking County (“Harrison”) and the City of Newark (“Newark”).

Strategy

A well-balanced economic development approach for improving the welfare of residents of the City, Harrison and Newark has been organized and is set forth in this Economic Development Plan (this “Plan”). In brief, as described below, the JEDD is a “Targeted Income Tax Zone.”

The strategy is a multifaceted approach that will combine four key economic development tools in a cohesive, win-win manner to create hundreds of jobs and millions of dollars in new investment. The strategy consists of (i) the creation of the JEDD, (ii) utilization of grant funding from the Ohio Department of Development’s (“ODOD”) Job Ready Sites (“JRS”) program, (iii) approval and utilization of Community Reinvestment Area (“CRA”) property tax exemptions, and (iv) approval and utilization of Tax Increment Financing (“TIF”) arrangements. These development tools have been successfully used to create new jobs and investment throughout the State of Ohio for many years.

The Pataskala Corporate Park JEDD is to be initially comprised of lands consisting of approximately 513.75 acres located in the City sometimes referred to as the "Prologis Park 70-Pataskala Joint Economic Development District" and described specifically in Exhibit A of the contract designating the JEDD (the “JEDD Contract”). The JEDD is intended to be developed into a commercial real estate development consisting of a planned industrial park, to be served by the extension of Etna Parkway from U.S. Route 40 to State Route 16 / Broad Street and construction of new buildings with approximately 5 to 8 million square feet of industrial facility space, together with related site improvements. Based on the success of similar corporate parks, it is expected that the Pataskala Corporate Park JEDD should create over a 10 to 15 year period, 1,000 - 1,750 new employment opportunities and \$28 million - \$49 million in annual payroll through tenants and companies affiliated with or contracting with tenants of the park.

In addition, the imposition of an income tax in the area of the JEDD (the "JEDD Income Tax") will provide an additional source of financing for the public infrastructure improvements, as well as compensation for the various participating subdivisions.

Structure

The framework for the creation and development of the JEDD, the construction and financing of public infrastructure to serve the JEDD, and the imposition of the JEDD Income Tax and the disposition of the revenues therefrom are set out in a Development and Compensation Agreement dated _____, 2007 (the "DC Agreement") among the City, Harrison, Newark, Licking County (the "County"), and ProLogis (a Maryland real estate investment trust and the business enterprise intending to develop the Prologis Park 70-Pataskala Joint Economic Development District area of the Pataskala Corporate Park JEDD). The DC Agreement also provides for compensation to the Licking Heights Local School District and the Southwest Licking Local School District (together the "School Districts"), and the Licking County Joint Vocational School District, for tax revenue foregone as a result of the CRA exemptions, as well as the payment of compensation to the City, Newark, Harrison, the County and the West Licking Joint Fire District.

Among other things, the DC Agreement contemplates that its provisions concerning the creation of the JEDD and the imposition of the JEDD Income Tax and allocation of the proceeds therefrom will be incorporated into the contract among the City, Harrison and Newark designating the JEDD (the "JEDD Contract"), and that its provisions relating to the construction and financing of the public infrastructure improvements will be incorporated into one or more public infrastructure construction and reimbursement agreements among the JEDD, the City, the County and ProLogis (the "PICR Agreements").

To create the JEDD, the City, Harrison and Newark will enter into the JEDD Contract. The JEDD will be created with the primary purpose of facilitating economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio and the areas of the City, Harrison and Newark, all in accordance with the Section 751.72 of the Ohio Revised Code.. The JEDD Contract also will provide a mechanism whereby income tax revenue can be generated from the economic activities conducted within the JEDD to be allocated as described below. It is important to understand that under Ohio law, the JEDD Income Tax can only be imposed within the JEDD. It will not be imposed on City, Harrison or Newark residents who do not work in the JEDD. Thus, the JEDD is a Targeted Income Tax Zone.

Development Strategy Emphasis

The JEDD Contract and the PICR Agreements will implement the development strategy for the area of the JEDD as outlined in the DC Agreement.

- **The JEDD Contract** – The JEDD Contract will be entered into between the City, Harrison and Newark for no fewer than forty (40) years and will designate the Pataskala Corporate Park JEDD for the primary purpose of facilitating new or expanded growth for commercial and economic development in the State of Ohio and the areas of the City, Harrison and Newark. The contract will provide for the levy of the JEDD Income Tax that will be based on income earned by persons working within the JEDD and on the net profits of businesses located in the JEDD. Again, the JEDD will be a Targeted Income Tax Zone, and the JEDD Income Tax can not be imposed on City, Harrison or Newark residents who do not work within the JEDD. The

maximum rate of the JEDD Income Tax will be consistent with Newark's rate, which is currently 1.75%.

Under the JEDD Contract, Newark will collect the JEDD Income Tax and will distribute the proceeds as described below. To facilitate the distribution of the JEDD Income Tax, Newark will establish a special trust fund to be designated the "Pataskala Corporate Park JEDD Fund" (the "JEDD Fund") into which deposits from the JEDD Income Tax will be made quarterly. Within the JEDD Fund, thirty-five percent (35%) will be transferred to an account referred to the "JEDD Improvements Account" for the purposes of financing public infrastructure improvements that serve the JEDD, and sixty-five percent (65%) will be transferred to an account referred to as the "Newark Account" to be used to make compensation payments described below. Expenditures from both accounts are described specifically in the DC Agreement and the JEDD Contract and are set forth below.

The JEDD Fund shall be a trust fund of Newark and the moneys and investments therein, and interest earnings thereon, shall be segregated from other funds of Newark (except when invested as hereinafter described) and used solely for the purposes described in the DC Agreement and the JEDD Contract. Moneys in the JEDD Fund shall be invested by Newark in the same manner as other funds of Newark, and earnings or losses from any such investment shall be credited to the JEDD Fund upon receipt. For investment purposes only, moneys in the JEDD Fund may be commingled with other moneys of Newark, provided that separate records are maintained for each investment made therefrom and the earnings or losses credited thereto, and any such earnings or losses are credited on a prorated basis upon the principal amount invested.

Finally, pursuant to the JEDD Contract, the City will continue to provide services within the JEDD equivalent to the services provided by the City to the rest of the City's territory and Newark will provide certain support services relating to the JEDD Income Tax.

- **Schedule of the JEDD Income Tax** – The DC Agreement and the JEDD Contract will provide that, for no fewer than forty (40) years, Newark will collect, deposit and allocate and distribute from the City Account the proceeds of the JEDD Income Tax quarterly in accordance with the following schedule:

A. For each of years one through eleven of the above-described 40-year period (tax year 2009 through tax year 2019), within the JEDD Fund, the JEDD Income Tax revenues shall be distributed as follows: (1) 35% to the JEDD Improvements Account for the purposes of public infrastructure improvements to be made that will benefit the JEDD, for the long-term maintenance of the JEDD, and for the administration of the JEDD Contract; and (2) 65% to the Newark Account to be created as a part of the JEDD Fund for the purposes of Newark pursuant to the JEDD Contract and the DC Agreement.

From the Newark Account, Newark shall distribute amounts to the following entities to be used by those entities for the following purposes: (1) 1.538% (i.e., 1.00% of the total amount deposited into the JEDD Fund) to Harrison for general Township purposes and for the provision of general advisory services to the JEDD; (2) 3.846% (i.e., 2.50% of the total amount deposited into the JEDD Fund) to the County for economic development purposes, including economic

development purposes that benefit the JEDD and for the provision of certain other services to the JEDD; (3) 1.538% (i.e., 1.00% of the total amount deposited into the JEDD Fund) to the Licking County Joint Vocational School District Board of Education for general educational purposes, including but not limited to educational purposes that benefit the JEDD; (4) 3.077% (i.e., 2.00% of the total amount deposited into the JEDD Fund) to the West Licking Joint Fire District for the provision of fire protection services to the JEDD; (5) 3.846% (i.e., 2.50% of the total amount deposited into the JEDD Fund) to Newark for general municipal purposes and for the provision of general advisory services to the JEDD; (6) 6.923% (i.e., 4.50% of the total amount deposited into the JEDD Fund) to Newark as compensation for administering, collecting, enforcing and distributing the JEDD Income Tax; and (7) 79.232% (i.e., 51.50% of the total amount deposited into the JEDD Fund) to the City for general municipal purposes, including but not limited to police services and other services that benefit the JEDD.

B. For each of years twelve through thirty-one of the above-described 40-year period (tax year 2020 through tax year 2039), within the JEDD Fund, the JEDD Income Tax revenues shall be distributed as follows: (1) 35% to the JEDD Improvements Account for the purposes of public infrastructure improvements to be made that will benefit the JEDD, for the long-term maintenance of the JEDD, and for the administration of the JEDD Contract; and (2) 65% to the Newark Account for the purposes of Newark pursuant to the JEDD Contract and the DC Agreement.

From the Newark Account, Newark shall distribute amounts to the following entities to be used by those entities for the following purposes: (1) 1.538% (i.e., 1.00% of the total amount deposited into the JEDD Fund) to Harrison for general Township purposes and for the provision of general advisory services to the JEDD; (2) 3.846% (i.e., 2.50% of the total amount deposited into the JEDD Fund) to the County for economic development purposes, including economic development purposes that benefit the JEDD and for the provision of certain other services to the JEDD; (3) 1.538% (i.e., 1.00% of the total amount deposited into the JEDD Fund) to the Licking County Joint Vocational School District Board of Education for general educational purposes, including but not limited to educational purposes that benefit the JEDD; (4) 24.616% (i.e., 16.00% of the total amount deposited into the JEDD Fund) to the Southwest Licking Local School District Board of Education for general educational purposes, including but not limited to educational purposes that benefit the JEDD; (5) 24.616% (i.e., 16.00% of the total amount deposited into the JEDD Fund) to the Licking Heights Local School District Board of Education for general educational purposes, including but not limited to educational purposes that benefit the JEDD; (6) 3.077% (i.e., 2.00% of the total amount deposited into the JEDD Fund) to the West Licking Joint Fire District for the provision of fire protection services to the JEDD; (7) 3.846% (i.e., 2.50% of the total amount deposited into the JEDD Fund) to Newark for general municipal purposes and for the provision of general advisory services to the JEDD; (8) 6.923% (i.e., 4.50% of the total amount deposited into the JEDD Fund) to Newark as compensation for administering, collecting, enforcing and distributing the JEDD Income Tax; and (9) 30% (i.e., 19.50% of the total amount deposited into the JEDD Fund) to the City for general municipal purposes, including but not limited to police services and other services that benefit the JEDD.

C. For each of years thirty-two through forty of the above-described 40-year period (tax year 2040 through tax year 2048), within the JEDD Fund, the JEDD Income Tax revenues shall be

distributed as follows: (1) 35% to the JEDD Improvements Account to be created as a part of the JEDD Fund for the purposes of public infrastructure improvements to be made that will benefit the JEDD, for the long-term maintenance of the JEDD, and for the administration of the JEDD Contract; and (2) 65% to the Newark Account to be created as a part of the JEDD Fund for the purposes of Newark pursuant to the JEDD Contract and the DC Agreement.

From the Newark Account, Newark shall distribute amounts to the following entities to be used by those entities for the following purposes: (1) 1.538% (i.e., 1.00% of the total amount deposited into the JEDD Fund) to Harrison for general Township purposes and for the provision of general advisory services to the JEDD; (2) 3.846% (i.e., 2.50% of the total amount deposited into the JEDD Fund) to the County for economic development purposes, including economic development purposes that benefit the JEDD and for the provision of certain other services to the JEDD; (3) 1.538% (i.e., 1.00% of the total amount deposited into the JEDD Fund) to the Licking County Joint Vocational School District Board of Education for general educational purposes, including but not limited to educational purposes that benefit the JEDD; (4) 3.077% (i.e., 2.00% of the total amount deposited into the JEDD Fund) to the West Licking Joint Fire District for the provision of fire protection services to the JEDD; (5) 3.846% (i.e., 2.50% of the total amount deposited into the JEDD Fund) to Newark for general municipal purposes and for the provision of general advisory services to the JEDD; (6) 6.923% (i.e., 4.50% of the total amount deposited into the JEDD Fund) to Newark as compensation for administering, collecting, enforcing and distributing the JEDD Income Tax; and (7) 79.232% (i.e., 51.50% of the total amount deposited into the JEDD Fund) to the City for general municipal purposes, including but not limited to police services and other services that benefit the JEDD.

The JEDD Contract will contain provisions allowing the City assume administration of the JEDD Income Tax should the City ever levy its own income tax. In the event that JEDD Income Taxes are collected by Newark or the City for longer than a 40-year period, the JEDD Income Tax shall be distributed as provided in years one (1) through twelve (12) and years thirty-two (32) through forty (40) above (i.e., no payments shall be made to the School Districts).

In addition, the JEDD Contract will provide that in the event that the City levies an income tax subsequent to the execution of the JEDD Contract, the City shall pay to the School Districts a portion of the municipal income taxes paid to the City in connection with the Pataskala Corporate Park JEDD beginning in tax year 2020 and continuing through tax year 2039 (i.e., a total of twenty years), or if the City's income tax is approved after tax year 2020, for any remaining years falling within that range. Such payments shall be in the following amounts: (1) 16.00% of the total income taxes collected by the City in connection with the Pataskala Corporate Park JEDD shall be paid to the Board of Education of the Southwest Licking Local School District to be used for general educational purposes, including but not limited to educational purposes that benefit the JEDD; and (2) 16.00% of the total income taxes collected by the City in connection with the Pataskala Corporate Park JEDD shall be paid to the Board of Education of the Licking Heights Local School District to be used for general educational purposes, including but not limited to educational purposes that benefit the JEDD. Such payments shall take place no later than 15 days after the end of each calendar quarter.

- **Construction of the Public Infrastructure**— Pursuant to the DC Agreement and the PICR Agreements, ProLogis shall expend approximately \$8,000,000 to construct or cause to be constructed, or to contribute toward the construction of, public infrastructure improvements (as defined in R.C. 5709.40(A)(7)) that are within the JEDD, that are contiguous to the JEDD, or that benefit the JEDD, including, but not limited to, the extension of Etna Parkway and related infrastructure through the site of the JEDD.

Recognizing that the County may incur costs related to the construction of public infrastructure improvements (as defined in R.C. 5709.40(A)(7)), including, but not limited to, costs related to the operation of the JEDD and costs related to the extension of Etna Parkway, the DC Agreement and the PICR Agreements will require the City, Newark, and Harrison to cause the JEDD Board to negotiate in good faith with the County to enter into an agreement among the JEDD Board, Pataskala and ProLogis that will reimburse the County for its agreed-upon public infrastructure improvement costs as determined by the parties.

The reimbursement of the County and ProLogis shall be from a combination of JEDD Income Tax revenues deposited into the JEDD Improvements Account, TIF service payments in lieu of taxes ("TIF Service Payments") and JRS Grant proceeds, and shall take place in accordance with the following:

- a. the net TIF Service Payments (after a portion of the TIF Service Payments are paid to the School Districts as provided in the ordinance of the City's council implementing a TIF arrangement by the City and the resolution of the County's board of county commissioners implementing a TIF arrangement by the County (together, the "TIF Legislation")) shall be deposited into the Pataskala Public Improvement Tax Increment Equivalent Fund and Pataskala Redevelopment Tax Equivalent Fund (collectively, the "TIF Funds") to be created in the TIF Legislation. The net TIF Service Payments deposited into the TIF Funds shall be used to make public infrastructure improvements (as defined in R.C. 5709.40(A)(7)) that directly benefit the parcels comprising the JEDD, including but not limited to improvements to State Route 310 in the vicinity of the JEDD and public infrastructure improvements to be constructed by the County and by ProLogis in accordance with the DC Agreement and the PICR Agreements.
- b. with respect to the amounts paid to ProLogis by the JEDD from amounts deposited into the JEDD Improvements Account and by the City and the County from amounts deposited into the TIF Funds, until the County is fully reimbursed for its public infrastructure improvement costs: (i) the reimbursement paid to ProLogis by the JEDD Board in any one year shall be 60% of the amount received by the JEDD Board from the JEDD Improvements Account for that year, and the reimbursement paid to the County by the JEDD Board in any one year shall be 15% of the amount received by the JEDD Board from the JEDD Improvements Account for that year; (ii) the reimbursement paid to ProLogis by the City in any one year shall be 60% of the amount received by the City from its Pataskala Public Improvement Tax Increment Equivalent Fund, and the reimbursement paid to the County by the City in any one year shall be 15% of the amount received by the City from the Pataskala Public Improvement Tax Increment Equivalent

Fund; and (iii) with respect to TIF funds only, the reimbursement paid to ProLogis by the County in any one year shall be 60% of the amount received by the County from the Pataskala Redevelopment Tax Equivalent Fund. The amount of reimbursement received by ProLogis from the County from JRS Grant proceeds in any year shall not be subject to the limitations discussed in this paragraph

After the County is fully reimbursed for its public infrastructure improvement costs, the amounts paid to ProLogis by the JEDD from amounts deposited into the JEDD Improvements Account and by the City and the County from amounts deposited into the TIF Funds, until ProLogis is fully reimbursed under the PICR Agreements, (i) the reimbursement paid to ProLogis by the JEDD Board in any one year shall be 75% of the amount received by the JEDD from the JEDD Improvements Account for that year, (ii) the reimbursement paid to ProLogis by the City in any one year shall be 75% of the amount received by the City from its Pataskala Public Improvement Tax Increment Equivalent Fund, and (iii) with respect to TIF funds only, the reimbursement paid to ProLogis by the County in any one year shall be 75% of the amount received by the County from its Pataskala Redevelopment Tax Equivalent Fund. The amount of reimbursement received by ProLogis from the County from JRS Grant proceeds in any year shall not be subject to the limitations discussed in this paragraph.

c. Except as described above with respect to public infrastructure improvements made by the County and by ProLogis, the JEDD shall have discretion to determine the improvements that will be made from amounts deposited into the JEDD Improvements Account.

- **CRA Exemptions** – Generally, 15 year, 100% CRA exemptions will be granted and assignable, so long as the assignees qualify under Ohio law and agree to be bound to the terms of the CRA agreements.

Schedule of Infrastructure Improvements and New Facilities

- **Infrastructure Improvements** – Although many of the specific infrastructure improvements have not yet been determined, with the revenues generated from the JEDD Income Tax, significant public infrastructure improvements will be constructed, including public infrastructure improvements outside the boundaries of the JEDD that serve the JEDD. In addition, significant public infrastructure improvements and private improvements are to be constructed by ProLogis or its designees, including those portions of public infrastructure improvements for which ProLogis may receive full or partial reimbursement.

A public improvement budget for the Pataskala Corporate Park JEDD has been proposed and is estimated as follows:

- Public Roadway Extensions \$
- Drainage Improvements \$
- Permit Design, Testing and Survey Cost \$

