

RESOLUTION NO. CR-64-96

A RESOLUTION TO AUTHORIZE THE MAYOR TO ENTER INTO AN AGREEMENT
WITH 7 STAR ENTERTAINMENT, INC. REGARDING TAX ABATEMENT

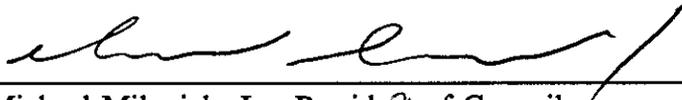
WHEREAS, the Ohio Revised Code requires that, prior to commencement of construction upon a tax abated property, the property owner, the School District, and the City must enter into an agreement(s) addressing said abatements; and

WHEREAS, said agreements have been reached with 7 Star Entertainment, Inc. for a theater to be located on Parkmead Drive.

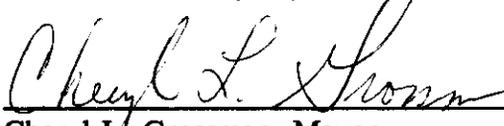
NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GROVE CITY, STATE OF OHIO, THAT:

SECTION 1. The Mayor is hereby authorized to sign the attached Exhibits "A" & "B", being a Tax Abatement Agreement and Reimbursement Agreement, respectfully.

SECTION 2. This resolution shall take effect at the earliest opportunity allowed by law.



Michael Milovich, Jr., President of Council



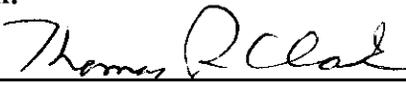
Cheryl L. Grossman, Mayor

Passed: 10-21-96
Effective: 10-21-96

Attest: 

Tami K. Kelly, Clerk of Council

I Certify that this resolution is correct as to form.



Thomas R. Clark, Director of Law

CE-64-96
EXHIBIT "B"

REIMBURSEMENT AGREEMENT

This Reimbursement Agreement is made and entered into by and among **South-Western City School District**, 2975 Kingston Avenue, Grove City, Ohio 43123 ("South-Western"); the **City of Grove City, Ohio**, City Hall, 4035 Broadway, Grove City, Ohio 43213 ("Grove City"), and **7 Star Entertainment, Inc.**, 211 Harry Sauner, Hillsborough, Ohio 45133 ("Star Theater").

RECITALS

- I. Star Theater desires to construct and operate an eight screen theater in Grove City on a 4.745 acre parcel (parcel no. 5711) and a 0.952 acre parcel (parcel no. 5652) (collectively, the "Property").
- II. Grove City desires to encourage Star Theater to construct and operate a theater in the City of Grove City, Ohio through exemption from taxation on real property pursuant to Ohio Revised Code Sections 3725.66 *et seq.* for a period of fifteen years.
- III. Grove City has enacted legislation for the extension of Community Reinvestment Area #2 to include those parcels on which the theater will be located.
- IV. Star Theater has entered into an agreement with Grove City pursuant to which Grove City has agreed to exempt the Property from taxation for fifteen years (the "Abatement Agreement").

NOW, THEREFORE, in consideration of the covenants contained herein, the parties agree as follows:

Section 1. Reimbursement of South-Western.

1.1. In accordance with Ohio Revised Code Section 5709.82, the parties agree that for the term of the Abatement Agreement, Star Theater shall reimburse South-Western for the tax revenue that South-Western would have received had the Property not been exempt from taxation.

1.2. Annually, South-Western shall send to Star Theater a statement of the amount due to South-Western based on the amount of tax revenue that South-Western would have received in the prior year had the property not been exempted from taxation. Star Theater shall pay South-Western the amount due within ten days after receipt of the statement.

17. If Star Theater ceases to use the subject property as a theater, or fails to comply with any of the provisions established with the School District agreement or this agreement, Grove City has the authority to terminate or modify the tax abatement as it deems advisable, for the remainder of the abatement period as defined in this agreement.

The parties have hereunto set their hands by their respective authorized representatives on the day and year first above stated.

The City of Grove City

By _____

7 Star Entertainment, Inc.

By _____

Approved as to form:

Thomas R. Clark
Director of Law

agreement is fraudulent, Grove City may terminate or modify the exemptions from taxation granted under this agreement.

12. Star Theater shall provide to the proper tax incentive review council any information reasonably required by the council to evaluate the applicant's compliance with the agreement, including returns filed pursuant to Section 5711.02 of the Ohio Revised Code if requested by the council.

13. This agreement is not transferable or assignable without the express, written approval of Grove City.

14. Exemptions from taxation granted under this agreement shall be revoked if it is determined that Star Theater, any successor to that person, or any related member (as those terms are defined in division (E) of Section 3735.671 [3735.67.1] of the Ohio Revised Code) has violated the prohibition against entering into this agreement under division (E) of Section 3735.671 [3735.67.1] or Section 5709.62 or 5709.63 of the Ohio Revised Code prior to the time prescribed by the division or either of those sections.

15. Star Theater and Grove City acknowledge that this agreement must be approved by formal action of the legislative authority of Grove City as a condition for the agreement to take effect. This agreement takes effect upon such approval.

16. Star Theater agrees to pay an annual fee to Grove City, equal to the greater of one per cent (1%) of the amount of taxes exempted under this agreement or Five Hundred Dollars (\$500.00), which ever is greater.

taxing authority of the State of Ohio, and does not owe delinquent taxes for which Star Theater is liable under Chapter 5733, 5735, 5739, 5741, 5743, 5747 or 5753 of the Ohio Revised Code, or, if such delinquent taxes are owed Star Theater currently is paying the delinquent taxes pursuant to an undertaking enforceable by the State of Ohio or an agent or instrumentality thereof, has filed a petition in bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has been filed against Star Theater. For the purposes of this 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.

9. Grove City 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.

10. If for any reason Grove City revokes the designation of the area, entitlements granted under this agreement shall continue for the number of years specified under this agreement, unless Star Theater materially fails to fulfill its obligations under this agreement, and Grove City terminates or modifies the exemptions from taxation pursuant to this agreement.

11. If Star Theater materially fails to fulfill its obligations under this agreement, or if Grove City determines that the certification as to delinquent taxes required by this

4. Upon completion of said theater, Star Theater proposes to employ three (3) full-time employees and twenty (20) part-time employees, at a yearly payroll of approximately \$160,000.00.

5. The Star Theater anticipates start of construction upon the proposed theater will commence in the month of October or November, 1996, and be completed by March 1997.

6. The percentage of the assessed valuation of the real property to be exempted from taxation shall equal 100% of the assessed building valuations, with the abatement period totalling 15 years. The exemption shall commence the first year for which the real property would first be taxable, were that property not exempted from taxation. No exemption shall commence after January 1, 1998 nor extend for a period greater than 15 years.

7. Star Theater shall pay such real 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 Star Theater fails to pay such taxes or file such returns and reports, exemptions from taxation 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.

8. Star Theater hereby certifies that at the time this agreement is executed, Star Theater does not owe any delinquent real or tangible personal property taxes to any

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EXHIBIT "A"

TAX ABATEMENT AGREEMENT

This agreement is entered into this _____ day of _____, 1996 by and between The City of Grove City, hereinafter known as Grove City, and 7 Star Entertainment, Inc., hereinafter known as Star Theater, and;

WHEREAS, Grove City Council enacted an Ordinance (Ordinance No. C-68-96) whereby Grove City would include certain real property for tax abatement purposes, including property owned by Star Theater, and;

WHEREAS, the parties hereto desire to enter into an agreement pursuant to the provisions established in the ordinance, establishing their rights and responsibilities concerning the tax abated real property area in question, and;

NOW THEREFORE, the parties hereto agree as follows:

1. Star Theater shall enter into an agreement with Southwestern City Schools whereby Star Theater agrees to reimburse the District for the portion of the property taxes the District would have received if no abatement was granted.

2. The description of the property proposed for tax abatement is attached hereto and marked "Exhibit A". (Parcel No. 090-5711 and 5652)

3. The Star Theater proposed to construct upon said proposed tax abated territory a Theater of approximately 25,000 square feet, with related parking facilities, at a cost of approximately \$2,200,000.00.