

**BOARD OF PUBLIC WORKS AND SAFETY
OF THE CITY OF HOBART, INDIANA**

RESOLUTION NO. 2018- 06

**A Resolution to Approve and Authorize the Execution of a
Development Agreement between the City of Hobart and Wynright Corporation**

WHEREAS, the Common Council (“Council”) of the City of Hobart, Lake County, Indiana (“City”) adopted Resolution No. 2018-14 on August 1, 2018 declaring that the area commonly known as 6300 North Wind Parkway, Hobart, Lake County, Indiana 46342, as more particularly described in Exhibit “A” attached to said Resolution, is an Economic Revitalization Area for the purpose of encouraging development and occupancy therein by providing real and personal property tax abatements in accordance with I.C. 6-1.1-12.1, *et seq.*; and

WHEREAS, said Resolution was adopted pursuant to the application of Wynright Corporation (“Wynright”) for the construction of a manufacturing facility in the City, and the Council will likely adopt its Resolution No. 2018-15 on August 15, 2018, after public hearing duly noticed in the manner required by law, confirming such designation and abatements; and

WHEREAS, pursuant to said Confirmatory Resolution of the Council, the City of Hobart and Wynright have negotiated and preliminarily approved a Development Agreement governing the covenants, terms and conditions under which the project will be constructed, and

WHEREAS, the Board of Public Works and Safety (“Board”) of the City is a party to the Agreement which is attached to this Resolution, and the Board also acts as the City’s contracting entity pursuant to law; and

WHEREAS, the Board now desires to approve and adopt said Agreement and to authorize its execution for itself and the City.

NOW, THEREFORE, BE IT RESOLVED by the Board of Public Works and Safety of the City of Hobart as follows:

1. The Development Agreement by and between the City and Wynright Corporation, which is attached hereto, is hereby approved and adopted.
2. The Mayor of the City and the City Clerk-Treasurer, upon adoption by the Common Council of the above-referenced Confirmatory Resolution are authorized to execute and to attest to the execution of the Agreement, respectively.

ALL OF WHICH IS ADOPTED on this 15th day of August, 2018 by the BOARD OF PUBLIC WORKS AND SAFETY of the City of Hobart, Indiana.


BRIAN R. SNEDECOR, Presiding Officer

ATTEST: 
DEBORAH A. LONGER, Clerk-Treasurer

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DEVELOPMENT AGREEMENT

by and between

THE CITY OF HOBART, INDIANA,

**THE CITY OF HOBART BOARD OF
PUBLIC WORKS AND SAFETY**

and

WYNRIGHT CORPORATION

August 15, 2018

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132 **DEVELOPMENT AGREEMENT**

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134 THIS AGREEMENT is made and entered into on the 15th day of August, 2018 by and
135 between WYNRIGHT CORPORATION, an Illinois Corporation admitted to do business as a
136 foreign corporation in the State of Indiana with principal offices located at 2500 York Road, Elk
137 Grove Village, Illinois 60007 (“Wynright” or the “Company”), the CITY OF HOBART,
138 INDIANA, a municipal corporation organized and existing under the laws of the State of Indiana
139 with principal offices at 414 Main Street, Hobart, Indiana 46342 (the “City”), and the BOARD
140 OF PUBLIC WORKS AND SAFETY OF THE CITY OF HOBART, an instrumentality of the
141 City, with offices at the same address (“Board”). The City and Board are collectively referred to
142 as the “City Parties.”
143

144 **Recitals**

145
146 WHEREAS, the Company is in the business of designing, manufacturing, assembling,
147 distributing and installing material handling and intralogistical systems and systems components
148 for commerce, business and industry. The Company currently owns and operates facilities in Elk
149 Grove Village, Illinois and Oak Lawn, Illinois, and will be relocating operations from those
150 locations to a new facility to be constructed in Hobart, Indiana; and
151

152 WHEREAS, the Company is seeking financial incentives from the City in the form of
153 real and personal property tax abatements to construct a 320,400 square foot light manufacturing
154 and distribution building of pre-cast concrete construction, 32 feet clear, with loading docks
155 (some recessed), related paved drives and parking, and 24,000 square feet of office space,
156 located in NorthWind Crossings upon real estate commonly known as 6300 NorthWind
157 Parkway, Hobart, Indiana 46342 and legally described as follows:
158

159 Lot 1 in North Wind Crossings—Unit Two, an Addition to the City of Hobart,
160 Lake County, Indiana, per plat thereof recorded in Play Book 100, page 89, as
161 document number 2007-005993, in the Office of the Recorder of Lake County,
162 Indiana,
163

164 and the cost of construction is estimated at \$18.76 million; and
165

166 WHEREAS, the Company is acquiring and installing new IT equipment and new
167 manufacturing equipment as well as transferring used manufacturing equipment from its Illinois
168 facility to be used in producing intralogistics products and solutions including industry leading
169 conveyor and sortation systems at an estimated cost of \$8.1 million. The proposed building and
170 accompanying equipment is referred to herein as the “new facility” or “project,” and
171

172 WHEREAS, the City is an Indiana municipality of approximately 30,000 persons,
173 strategically situated in Lake County along I-65 near its junction with Interstate Highways 80,
174 90, 94 and several rail lines. The Board is an instrumentality of the City empowered to issue and
175 approve City contracts and to supervise the City’s Public Works and emergency services
176 departments; and
177

178 WHEREAS, the Company's new facility will occupy a site of approximately 44.382
179 acres in NorthWind Crossings, a Class A industrial park, very near the interchange of I-65 and
180 61st Avenue in the City. In connection with the construction of the facility, the Company has
181 engaged the services of Becknell Industrial, the developer and operator of NorthWind Crossings,
182 and has applied to the City for the grant of real estate and personal property tax abatements under
183 I.C. §6-1.1-12.1-1, *et seq.*; and
184

185 WHEREAS, the City and the Company have reached agreement upon the promises,
186 terms and conditions upon which the City will grant such abatements to the Company, which
187 abatements are important to the Company in assuring the financial viability of the project and its
188 subsequent profitability, and the parties now wish to document their agreements in this
189 instrument.
190

191 THEREFORE, IN CONSIDERATION of the mutual promises, terms and conditions
192 hereinafter set forth and intending themselves to be legally bound, the parties agree as follows:
193

194 **1. Duties of the Company.** The Company, for itself and for its officers,
195 directors and employees, agrees to undertake and perform the following duties:
196

197 a. Timely complete the purchase of and close the transfer of title to
198 the above described real estate on or before August 20, 2018;
199

200 b. Cause the construction and operation of its proposed new facility
201 in Hobart, Indiana in substantial and material conformance to the written
202 applications, Statements of Benefit forms, plans and specifications submitted to
203 and approved by the City, and in conformance to the site plan for the project
204 which is attached hereto as Exhibit "A;"
205

206 c. Comply with all applicable requirements of the City's Zoning
207 Ordinance, particularly the site review process as applied to Planned Unit
208 Developments for Manufacturing, Office Service or Planned Business Parks as
209 required by Hobart Municipal Code (HMC) §154.296 (B) and the design
210 guidelines appearing in HMC §154.308, the City's Building Codes, and the orders
211 and actions of the City Plan Commission, Board of Zoning Appeals and Common
212 Council;
213

214 d. Comply with the requirements of the City of Hobart Responsible
215 Bidding Practices Ordinance, as amended, (HMC §§33.200 through 207) as to
216 any contractor and subcontractor engaged by the Company, unless the application
217 of such Ordinance is waived by the Common Council of the City;
218

219 e. Pay in full, when required, all City fees prescribed by ordinance in
220 connection with the construction of its facility and the tax deduction and
221 abatement process, including, but not limited to building permit fees, abatement
222 application and exaction fees, financial impact and analysis fees and compliance
223 review fee;

224
225 f. Make all filings of applications, Forms SB-1 and CF-1 when due
226 under I.C. §6-1.1-12.1-1, *et seq.*, particularly I.C. §§6-1.1-12.1-3, 3.5, 5, 5.6 and
227 5.3;
228

229 g. Pay all property taxes levied upon the real and personal property of
230 the Company in connection with the facility when due subject only to Section 3
231 (b) below on tax appeals. The Company shall pay in full, when due, the amount
232 of any real and personal property taxes resulting from partial or interim
233 assessments for tax years prior to the commencement of the effective period of
234 the real and personal property abatements as specified in Section 2 (b), below;
235

236 h. Within 30 days of the taking effect of this Agreement, sign and
237 deliver to the City a sworn affidavit pursuant to I.C. §22-5-1.7-11 that affirms that
238 the Company has enrolled and is participating in the E-Verify program, provides
239 documentation to the City that the Company is participating in the E-
240 Verify program, and signs an affidavit affirming that the Company does not
241 knowingly employ an unauthorized alien;
242

243 i. Refrain from any discrimination in employment on account of
244 race, religion, gender, color, national origin, sexual orientation, disability or age
245 under Title VII of the Civil Rights Act of 1964, the Age Discrimination in
246 Employment Act, the Americans with Disabilities Act, and any other federal law,
247 similar state law or local ordinance applicable to the Company's operations at the
248 new facility;
249

250 j. Comply with all applicable laws of the City of Hobart, the State of
251 Indiana and the United States in the construction, operation and maintenance of
252 the Company's business and property at the new facility;
253

254 k. Record this fully-executed Agreement in the Office of the Lake
255 County Recorder, Crown Point, Indiana at the Company's expense, and deliver
256 copies of the recorded Agreement to the City Clerk-Treasurer and the City
257 Department of Development. This Agreement shall take effect upon its execution
258 and said recordation; and
259

260 l. Comply with all provisions of this Agreement.
261

262 **2. Duties and Representations of the City.** The City, the Board, their
263 officials and employees make the following representations and agree to undertake and perform
264 the following duties:
265

266 a. Approve the designation of the site of the new facility as an
267 Economic Revitalization Area pursuant to I.C. §6-1.1-12.1-1, *et seq.*, for the
268 purpose of qualifying the new facility for the grant of real and personal property
269 tax abatement. The parties agree that the abatements to be granted by the City

270 will conform to the following terms. These tax years are based upon information
271 provided by the Company. The tax abatement period will commence on January
272 1 of the year the new facility is fully assessed for taxes payable the following
273 year. The Company expects the new facility to be fully complete and assessed for
274 2020 taxes payable in 2021. The Company agrees to notify the City in writing if
275 construction completion or equipment installation is delayed or accelerated, which
276 may affect the tax years in the following tables:
277

278 Real Property:

279
280 Estimated Cost \$ 18,752,832.00
281 Estimated Assessed Value: 15,939,907.00
282

283 Deduction Period: Five Years¹
284

285 Deduction Schedule: Year One 100%
286 Year Two 95%
287 Year Three 80%
288 Year Four 65%
289 Year Five 50%
290

291 Personal Property

292
293 Total Estimated Amount of Equipment to be Purchased: \$ 8,100,000.00
294

295 Deduction Period: Ten Years
296

297 Deduction Schedule: Year One 100%
298 Year Two 90%
299 Year Three 80%
300 Year Four 70%
301 Year Five 60%
302 Year Six 50%
303 Year Seven 40%
304 Year Eight 30%
305 Year Nine 20%
306 Year Ten 10%
307

308 b. Provide assistance, advice, and guidance to the Company at its
309 request concerning any of the matters discussed in this Agreement. Such
310 guidance shall be provided to the Company at no cost unless the City is required
311 to consult persons not employed by the City in assisting the Company. The

¹ The Deduction period for real property tax abatement is subject to enlargement by action of the Common Council of the City pursuant to Section 4 (e) below.

312 Company will pay the reasonable cost of the City's employee's time in consulting
313 with others.

314
315 c. Provide all City services customarily provided by the City to
316 businesses similar to the Company located in Ross Township including, but not
317 limited to, police, fire prevention and suppression, storm water management,
318 street and infrastructure management of City thoroughfares.

319 The Company understands that:

320
321 (i) Waste water collection, treatment and disposal is not the
322 responsibility of the City of Hobart, but of the Merrillville Conservancy
323 District, and that water service is the responsibility of Indiana American
324 Water Company, a privately-owned public utility; and
325

326 (ii) The assessment of real and personal property is the
327 responsibility of the Ross Township Assessor, the application of the
328 deduction to the Company's assessed value is the responsibility of the
329 Lake County Auditor, and personal property assessment, including the
330 calculation and application of deductions, is the responsibility of the
331 Company.
332

333 d. All necessary action has been or will be taken to authorize the
334 City's execution of this Agreement and the performance of the City's obligations
335 hereunder, the City has the power and authority under all federal, state and local
336 law to enter into this Agreement and perform its obligations hereunder, and this
337 Agreement constitutes a legal, valid and binding obligation enforceable against
338 the City according to its terms;
339

340 e. Neither the execution and delivery by the City of this Agreement, the
341 consummation of the transactions contemplated herein, nor compliance with the
342 provisions hereof violates, breaches, contravenes, conflicts with, or causes a default
343 under any provision of any statute or regulation of the State of Indiana or the United
344 States governing the City, or any provision of any existing contract, bond, indenture,
345 license, lease, instrument, decree, order or judgment to which the Company is a party or
346 by which it may be bound or affected;
347

348 f. The City will cooperate reasonably with Company's effort to
349 obtain all applicable permits, reviews, licenses, actions, consents, and approvals
350 and submitting all applications necessary for the construction;
351

352 g. There is no action, suit, proceeding, or investigation, at law or in
353 equity or by or before any United States court, arbitrator, administrative agency or
354 other federal, state or local government authority, pending or, to the actual
355 knowledge or the City, threatened against the City, wherein an unfavorable
356 decision, ruling or finding would have a material adverse effect on the validity of

357 this Agreement or material adverse effect on the transactions contemplated
358 hereby.
359

360 **3. Additional Covenants and Representations of the Company.** In
361 addition to the duties of the Company specified in Section 1 above, the Company agrees to
362 adhere to and carry out the following commitments and representations:
363

364 a. **EMPLOYMENT**

365
366 (i) *Construction of Project*
367

368 A. Construction Total Payroll. The Company agrees that total
369 payroll for construction personnel shall amount to at least \$4.17
370 million during the period of the construction of the new facility.
371 Work is estimated to commence on August 31, 2018 and to be
372 completed by August 31, 2019. This is an estimated figure based
373 on forty percent (40%) of the total cost of construction.
374

375
376 B. Determination of Compliance. Compliance with the
377 construction employment commitment of the Company will be
378 determined solely by calculating 40% of the total actual
379 construction cost for the new facility at the conclusion of
380 construction, and comparing that figure to the above-estimated
381 total construction payroll of \$4.17 million, irrespective of the
382 actual number of retained jobs achieved.² If the actual 40% of
383 construction costs meets or exceeds the estimate, compliance has
384 been made. If less by a factor of 5.0 %, or more, the provisions of
385 Subsection 4 (b) (i) shall be applied to determine the appropriate
386 sanction for non-compliance.
387

388 (ii) *Operation of New Facility*
389

390 A. Definitions. For the purposes of this sub-subsection (ii),
391 the following terms are defined as follows:
392

393 *Full-time job.* An employment position requiring the
394 employee to work 40 hours per week, excluding periods of
395 vacation, illness or personal time off.
396

² The Company expects that the project will yield approximately 146 retained construction jobs. This estimate is subject to considerable variance due to the individual hiring and assignment decisions of subcontractors and the necessities of meeting the construction schedule. Accordingly, compliance with the construction employment commitment is based on payroll, not retained jobs.

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Fabrication/Assembly. An employment position requiring direct performance of production of manufactured or assembled items.

Support functions. Employment positions which include material handling, inventory, shipping, receiving and quality control.

Supervisors/Leads. Employment positions consisting of direct supervision of fabrication/assembly and support function personnel.

Manufacturing Professionals. Employment positions consisting of persons involved in manufacturing engineering, production control, and production engineering.

Management. Upper level directorial, executive and supervisory personnel.

B. Employment Commitments. The Company represents and agrees that the number of full-time jobs at the new facility shall meet or exceed the following in each of the specified time periods:

Commissioning to December 31, 2019:

Job Category	Number of Positions
Fabrication/Assembly	114
Support Functions	57
Supervision/Leads	13
Manufacturing Professionals	47
Management	13
Total	244

January 1, 2020 to December 31, 2020:

Job Category	Number of Positions
Fabrication/Assembly	130
Support Functions	76
Supervision/Leads	16
Manufacturing Professionals	50
Management	13
Total	285

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January 1, 2021 to December 31, 2021:

Job Category	Number of Positions
Fabrication/Assembly	147
Support Functions	95
Supervision/Leads	19
Manufacturing Professionals	53
Management	14
Total	328

Annually, as of December 31st from January 1, 2022 to December 31, 2024:

Job Category	Number of Positions
Fabrication/Assembly	164
Support Functions	115
Supervision/Leads	21
Manufacturing Professionals	55
Management	14
Total	369

C. Reporting Requirements. The Company agrees to deliver a written report of the number of persons employed by the company in each of the above-specified categories to the City Department of Economic Development as of December 31, 2019, and thereafter as of the end of each calendar year through and including December 31, 2024, and for subsequent years thereafter in the event that the deduction period is extended pursuant to Section 4 (e). Such report shall be made upon the form specified by the Department and attached hereto as Exhibit "B," and shall be delivered not later than fifteen days after the conclusion of the annual period for which the report is made. Determination of compliance with the employment commitments made in Sub-subsection (a) (ii) above shall be made in accordance with Section 4 (b) below.

iii. *Local Contractors*

The Company further represents and agrees that during the period of the tax abatement incentives granted by the City pursuant to this Agreement, any local suppliers or contractors based in the City of Hobart or Lake,

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County, Indiana, with competitive bids shall be preferred for all work contracted by the Company at the Hobart location. Local suppliers and local contractors are defined as contractors and suppliers primarily engaged, reside in or have their principal office in Hobart or Lake County, or employ a significant number of Lake County residents.

iv. *Union Labor*

The Company's contractor has represented that it will employ union labor in the construction of the new facility.

b. **TAX PAYMENTS AND APPEALS**

The Company shall pay, when due, all real and personal property taxes assessed for the new facility. Property tax appeals shall be governed by the following requirements:

(i) *Real Estate Property Tax Appeals:* The Company agrees to refrain from filing or otherwise pursuing any real property tax appeal regarding the new facility for any year in which the real property tax abatement granted under this Agreement is in effect, and which would have the effect of reducing the net real estate property taxes payable for the new facility for that year below the amounts stated in the following table, provided that, the assessed value of the real property improvements for the new facility reaches \$ 15,939,907.00. In the event that the assessed value of the real property of the new facility is less than \$ 15,939,907.00, the amount indicated in the table below for that year will be reduced by the percentage by which the actual valuation is less than \$ 15,939,907.00, so that the net taxes to be paid under this no appeal agreement are reduced proportionately:

Taxes Payable Year	Property Taxes to be Paid on the Proposed Real Property Investment (per the July 10, 2018 analysis by H.J. Umbaugh & Company Certified Public Accountants, LLP attached as Exhibit "C")
2021	\$ 0
2022	20,660.00
2023	82,630.00
2024	144,600.00
2025	206,570.00
2026*	268,530.00
2027*	268,530.00
2028*	268,530.00

535
 536 *Only applies if real property tax abatement period and deduction is
 537 extended pursuant to Section 4 (c), below.
 538

539 (ii) *Personal Property Tax Appeals:* The Company agrees to refrain
 540 from materially reducing the reported acquisition cost, acquisition year or
 541 depreciation pool (currently assumed to be Pool No. 2 as per Umbaugh analysis of
 542 July 10, 2018 attached as Exhibit “C” to this Agreement) for the new equipment for
 543 any year in which the personal property tax abatement granted under this
 544 Agreement is in effect which would have the effect of reducing the net personal
 545 property taxes payable for the new manufacturing equipment for that year below the
 546 amounts as stated in the following table below, provided that the acquisition cost of
 547 the personal property is greater than or equal to \$8,100,000.00. In the event that the
 548 acquisition cost of the proposed personal property investment is less than
 549 \$8,100,000.00, the amount indicated in the table below for that year will be
 550 reduced, so that the net taxes to be paid under this Agreement are reduced
 551 accordingly. The types of equipment to be installed, the timing of installation, and
 552 the estimated cost of each group of equipment is specified upon Exhibit “D”
 553 which is attached hereto and made a part hereof.
 554

Taxes Payable Year	Property Taxes to be paid on the Proposed Personal Property Investment (per the July 10, 2018 Analysis by H.J. Umbaugh & Company Certified Public Accountants, LLP attached as Exhibit “C”)
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2021	\$ 0
2022	6,000.00
2023	10,870.00
2024	15,380.00
2025	21,760.00
2026	28,130.00
2027	34,680.00
2028	41,380.00
2029	47,860.00
2030	54,160.00

571
 572 (iii) *Notice and Copy of Appeals and Related Documents:* The
 573 company represents and affirms that, at the time of its execution of this
 574 Agreement, there are no appeals currently pending or anticipated to be filed by the
 575 Company or affiliated companies for any property owned within the City of
 576 Hobart by the Company or affiliated companies now or to be acquired during the
 577 next twelve (12) months. With respect to any appeal to be filed by the Company
 578 or its affiliated companies for property located in the City within the ten-year
 579 period commencing with the taking effect of this Agreement, the Company agrees
 580 to provide to the City through its Mayor and Director of Development, fifteen

581 (15) days in advance of filing any real or personal property tax appeal, a written
582 explanation as to why the appeal is being filed, along with complete copies of the
583 appeal documents, including all schedules and exhibits. Likewise, the Company
584 shall give written notice to the City fifteen (15) days in advance of making or
585 filing any material changes in the reporting of the acquisition cost, acquisition
586 year, depreciation classification or other characteristic of the existing and
587 proposed personal property investment that may affect the net assessed value of
588 personal property, including a filing of an amended personal property tax return.
589 If any of the changes described in the preceding sentence are made, a copy of the
590 personal property assessment forms shall be provided to the City together with a
591 description of the changes.
592

593 (iv) *Compliance Review Fee for Personal Property Tax Abatement and*
594 *Reimbursement Agreement:* The Company agrees to pay the compliance review
595 fee required by HMC §32.002 (B) which states that: "An applicant for personal
596 property tax abatement pursuant to I.C. 6-1.1-12.1, or a party that has been
597 previously granted a personal property tax abatement under that chapter of the
598 Indiana Code, prior to the action of the Common Council finalizing the abatement
599 or approving annual compliance, for as long as the abatement remains in effect,
600 shall annually pay to the Clerk-Treasurer of the City a fee in the amount of \$1,500
601 for the services of the City's financial consultant in reviewing the documents and
602 supporting information submitted by the applicant or party holding a personal
603 property abatement, to determine whether the minimum assessed valuation
604 requirements and the resulting personal property tax payments of the abatement
605 have been satisfied." With respect to real property tax abatement, the Company
606 agrees to execute a Reimbursement Agreement pursuant to HMC §155.01, *et seq.*,
607 on an annual basis when required by the staff of the City Department of
608 Development if needed by the City to defray the cost of the services required of
609 the City's financial advisor to review compliance with the minimum tax payments
610 prescribed in sub-subsection (b) (i), in an amount not to exceed \$1,500.00 in any
611 year.
612

613 (v) *Representations and Agreements Incorporated by Reference.* The
614 material representations and agreements made by the Company and contained in
615 its Applications for Tax Abatement, forms SB-1, CF-1, and all exhibits and
616 schedules attached thereto or referenced therein shall be deemed to be
617 incorporated into this Agreement by reference and made an integral part hereof.
618

619 c. OTHER REPRESENTATIONS OF THE COMPANY.
620

621 The Company hereby makes the following representations and warranties, and
622 acknowledges and agrees that such representations and warranties have been material to
623 the City Parties' decisions to enter into this Agreement, and further agrees that each
624 representation and warranty shall be true, accurate and complete as of the execution of
625 this Agreement and throughout its term:
626

627 (i) The Company is a corporation validly organized and existing under the
628 laws of the State of Illinois and is admitted to do business as a foreign business
629 organization in the State of Indiana;
630

631 (ii) All necessary action has been taken to authorize the Company's execution
632 of this Agreement; the Company possesses the requisite power to enter into this
633 Agreement and all other agreements contemplated hereby, and to perform its obligations
634 hereunder; and this Agreement constitutes a legal, valid and binding obligation of the
635 Company enforceable against it in accordance with its terms, subject to bankruptcy,
636 insolvency, reorganization, moratorium and other similar laws affecting creditors rights
637 heretofore or hereafter enacted and subject to the exercise of judicial discretion in
638 accordance with general principles of equity;
639

640 (iii) Neither the execution and delivery by the Company of this Agreement, the
641 consummation of the transactions contemplated herein, nor compliance with the
642 provisions hereof violates, breaches, contravenes, conflicts with, or causes a default
643 under any provision of the Articles of Incorporation, By-Laws or any shareholder
644 agreement of the Company or any provision of any existing note, bond, mortgage,
645 debenture, indenture, trust, license, lease, instrument, decree, order, judgment or
646 agreement to which the Company is a party or by which it or its assets may be bound or
647 affected;
648

649 (iv) No litigation or proceeding in any court or before any other governmental
650 authority or other person or entity is currently pending or, to the best knowledge of the
651 Company, threatened, which seeks to enjoin the Company from entering into this
652 Agreement or any of the transactions contemplated hereby; and
653

654 (v) The Company is entering into this Agreement for the sole purpose of
655 providing for the development of the new facility on the site described above subject to
656 and in accordance with the terms and conditions of this Agreement.
657

658 (vi) The Company represents that it has engaged Becknell Industrial, Inc. as
659 general contractor for the construction of the new facility.
660

661 **4. Imposition of Sanctions.** Upon the grant of the real and personal property tax
662 deductions by the Council described in Section 2, above, and from and after their implementation
663 by the taxing authorities of Lake County, in whole or in part, and such grant results in the
664 reduction of the amount of such real estate and personal property taxes for which the Company
665 would otherwise have been liable in any year in which such deduction or deductions were in
666 effect, then the Company, its successors by merger or acquisition, or its assigns shall be subject
667 to the following sanctions, in the form of the cash repayment to the City in an amount equal to
668 the actual amount of the reduction of the real and personal property tax deductions granted
669 herein, multiplied by the percentage of the sanction specified below upon the occurrence of any
670 one or more than one of the events stated below in Sub-Section (a):
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a. **EVENTS REQUIRING IMPOSITION OF SANCTIONS**

The City may, at its sole discretion, determine the cash payment to be made by the Company as a sanction upon the occurrence of any one or more than one of the following events:

(i) The closure or suspension of manufacturing operations in the new facility for a period of more than 180 consecutive days during the term of this agreement;

(ii) The closing of sale of the building for which deduction was granted by the City to a buyer who converts the building to a use substantially different from the use for which the Company employed the building and who fails to maintain not less than the promised number of employees identified in Section 3 (a) (ii) above in the new facility.

(iii) The seizure, attachment or foreclosure of the new facility which results in suspension or cessation of manufacturing operations for a period of more than 180 consecutive days during the term of this agreement.

(iv) Failure to comply with the employment commitments contained in Section 3 (a) (i) or (ii) of this Agreement; and

(v) Failure to comply with the tax payment and appeals provisions contained in Section 3 (b) of this Agreement.

b. **AMOUNT OF SANCTIONS TO BE APPLIED.**

(i) *Construction Employment.* In the event that total construction payroll, as measured by the product of multiplying the total cost of construction of the new facility by forty percent (40%) does not meet or exceed the amount of \$4,170,000.00, then the amount of the sanction to be applied by the Common Council of the City shall be determined as follows:

<u>40% of actual cost of construction</u>	<u>Sanction: (% of abatement savings, both real and personal, actually received in first year of deduction period to be repaid in cash to City)</u>
\$ 4,170,000.00 to 3,961,500.00	5.0 %
3,960,499.99 to 3,544,500.00	10.0 %

719	3,544,499.99 to 2,710,500.00	35.0 %
720		
721	2,710,499.99 or less	100.0 %
722		
723		

(ii) *Operating Employment in New Facility.* The total number of employment positions at the company's new facility will be reported annually by the Company within fifteen (15) days of the end of the calendar year pursuant to Section 3 (a) (ii) (C), and also on its Form CF-1, which is filed with the City in the Spring of the subsequent year, and will be used by the Common Council of the City to judge compliance with the employment commitment contained in Section 3 (a) (ii) (B). Such positions shall be full-time, and not temporary. A temporary employee is one who is hired with a term of employment intended by the employer to end within one year. Any sanction that is imposed will be applied to reduce the real and personal property taxes for the year reported, due and payable in the following year.

No sanctions will be applied for failure to comply with the operating employment commitments for the period between commissioning of the new facility beginning August 31, 2019 and ending on December 31, 2019.

Percentage (and number) of the Promised Total of Jobs Actually Reported for the Year 2020	Sanction: (% of abatement savings actually received for reported year of deduction <u>period to be repaid in cash to City</u>)
100 % to 95% (285 to 270)	0
94% to 90% (269 to 256)	15%
89% to 85% (255 to 242)	30%
84% to 80% (241 to 228)	45%
Less than 80% (227 or fewer)	100%

Percentage (and number) of the Promised Total of Jobs Actually Reported for the Year 2021	Sanction: (% of abatement savings actually received for reported year of deduction <u>period to be repaid in cash to City</u>)

765	100 % to 95%	(328 to 311)	0
766			
767	94% to 90%	(310 to 295)	15%
768			
769	89% to 85%	(294 to 278)	30%
770			
771	84% to 80%	(277 to 262)	45%
772			
773	Less than 80%	(261 or fewer)	100%
774			
775	Percentage (and number) of the Promised		Sanction: (% of abatement savings actually received for reported year of deduction <u>period to be repaid in cash to City</u>)
776	Total of Jobs Actually Reported for the		
777	Year 2022 and 2023		
778			
779			
780			
781	100 % to 95%	(369 to 350)	0
782			
783	94% to 90%	(349 to 332)	15%
784			
785	89% to 85%	(331 to 313)	30%
786			
787	84% to 80%	(312 to 295)	45%
788			
789	Less than 80%	(294 or fewer)	100%
790			

791 After tax year 2024 payable in 2025 (employment reporting year 2023),
792 there shall be no sanctions applied to abatement of personal property taxes.
793

794 (iii) *Tax Payments and Appeals.* Violation of the requirements
795 contained in in Section 3 (b) on Tax Payments and Appeals may result in
796 the imposition by the Common Council of the City of a percentage
797 repayment to the City in cash in an amount equal to the percentage
798 multiplied by the actual amount of tax abatement saving for real and
799 personal property for the year or years appealed up to or equal to the full
800 amount of the tax reduction sought by the Company through the appeal,
801 provided the Company seeks reduction below the anticipated assessed
802 value in Section 3 (b) (i).
803

804 (iv) *Closure, Suspension of Operations, Sale, Seizure,*
805 *Foreclosure or Attachment of the New Facility.* In the event of the
806 occurrence of any one or more than one of the events described in Section
807 4 (a) (i) through (iii) above, the Common Council of the City, in its sole
808 discretion, may reduce, suspend or terminate the amount of the real and
809 personal property deductions granted pursuant to this Agreement. Any
810 such reduction, suspension or termination shall be effective as of the date

811 of such determination and shall not apply retroactively to any real and
812 personal property deductions granted pursuant to this Agreement.
813

814 c. EXTENSION OF REAL PROPERTY ABATEMENT PERIOD AND
815 ADDITIONAL REAL PROPERTY ABATEMENT DEDUCTIONS
816

817 In the event that the company, at the new facility, employs a total of 540 or more
818 full-time, non-temporary positions at the end of 2024, as reflected upon its annual
819 report to the City and its Form CF-1, the City, acting through its Common
820 Council, will enact one or more resolutions amending the real property deduction
821 period to add an additional year of tax abatement at an abatement percentage
822 which will yield tax savings for such year to the company of \$144,600.00. In the
823 event that the company, employs a total of 540 or more full-time, non-temporary
824 positions at the end of 2025, as reflected upon its annual report to the City and its
825 Form CF-1, the City, acting through its Common Council, will enact one or more
826 resolutions amending the real property deduction period to add an additional year
827 of tax abatement at an abatement percentage which will yield tax savings for such
828 year to the company of \$144,600.00. In the event that the company, employs a
829 total of 540 or more full-time, non-temporary positions at the end of 2026, as
830 reflected upon its annual report to the City and its Form CF-1, the City, acting
831 through its Common Council, will enact one or more resolutions amending the
832 real property deduction period to add an additional year of tax abatement at an
833 abatement percentage which will yield tax savings for such year to the company
834 of \$144,600.00. The failure of the company to achieve the employment of at least
835 540 persons in full-time, non-temporary positions in one or two of the above years
836 (2024, 2025 and 2026) shall not disqualify the company from the grant of such
837 additional abatement in any one of said years.
838

839 The grant of additional years of abatement savings under this sub-section is
840 conditioned upon the company paying the City's tax abatement amendment fee as
841 specified in the City's adopted fee schedule, then in effect and the execution of a
842 Reimbursement Agreement under HMC §155.01, *et seq.*, to cover the expense of
843 the City's financial advisors to calculate the exact deduction percentage required
844 to grant the tax savings set out for each additional year of abatement specified
845 above.
846

847 d. TERMS AND MANNER OF PAYMENT
848

849 When the City determines that sanctions under this section are due from the
850 Company, the City Clerk-Treasurer shall prepare a written invoice containing the
851 amount due and a description of the method used in determining said amount, and
852 shall transmit such invoice to the person or persons in the Company designated to
853 receive notices and demands under Section 18 of this Agreement. The full
854 amount of the invoice is due fifteen (15) days from the date of receipt, and
855 payment shall be made to the Clerk-Treasurer, City of Hobart, 414 Main Street,

856 Hobart, Indiana 46342. The determination of the City with respect to sanctions
857 under this section shall be final and binding.
858

859 e. **TERMINATION OF SECTION 4.**
860

861 The effectiveness of the provisions of this Section 4 shall expire two (2) years
862 after the end of the abatement periods (or extended abatement periods) granted
863 under this Agreement.
864

865 **5. Reporting Obligations during Construction.**
866

867 a. Upon substantial completion of the Project, the Company agrees to report
868 or cause to be reported to the City, the total number of local contractors or sub-
869 contractors (as defined in Section 3(a) (iii) above) involved in the Project. As
870 used herein, the term "local" is defined to mean Lake County, Indiana.
871

872 b. Not more than twice during construction of the Project, the Company,
873 upon a written request from the City, will deliver to the City a written report
874 which shall include the following information: (i) a general status report of the
875 construction completed to date and (ii) an update on the project schedule. Upon
876 the Project's completion, the Company will report the total cost of construction
877 for the Project.
878

879 **6. Community Engagement.** The Company, as a Hobart business,
880 acknowledges and agrees that it will fully engage with the community of Hobart, and support
881 groups, organizations, initiatives and institutions that contribute to the improvement of the
882 quality of life in Hobart and the betterment of the City. Such engagement and support may
883 include, but is not limited to, financial contributions, volunteering of time, and/or participating
884 in social, cultural, civic and religious events within the City. As a part of its annual filing of
885 form CF-1, the Company shall include an overview outlining those actions the Company and its
886 employees have undertaken to meet the Company's obligation under this section.
887

888 **7. Material Consideration.** The Company acknowledges and agrees that its
889 agreements to perform and abide by the covenants and obligations set forth in this Agreement are
890 material consideration for the commitments of the City Parties to perform and abide by their
891 covenants and obligations contained in this Agreement.
892

893 **8. Mutual Assistance.**
894

895 a. The Parties agree, subject to further proceedings required by law, to take
896 such actions, including the execution and delivery of such reports, documents,
897 instruments, petitions and certifications as may be necessary or appropriate in
898 good faith, from time to time, to carry out the terms, provisions, and intent of this
899 Agreement and to aid and assist each other in carrying out said terms, provisions,
900 and intent.
901

902 b. The Company agrees to convey to the City, or to obtain the conveyance to
903 the City by the prior landowner, of two (2) small strips of real estate within the
904 project site at the Northeast corner of 62nd Avenue and NorthWind Parkway, and
905 at the Northwest corner of 62nd Avenue and Marcella Boulevard to accommodate
906 the future installation of turning lanes and roundabout as substantially depicted
907 upon the conceptual traffic management drawings attached hereto as Exhibit "E."
908 Such conveyances shall be made without consideration from the City.
909

910 **9. Cooperation.** In the event of any administrative, legal or equitable action or
911 other proceeding instituted by any person not a party to this Agreement challenging its validity
912 or the validity of any provision thereof, the Parties shall cooperate in defending such action or
913 proceeding to settlement or final judgment including all appeals. Each Party shall select its own
914 legal counsel and retain such counsel at its own expense, and in no event shall the City Parties be
915 required to bear the fees and costs of the Company's attorneys nor shall the Company be required
916 to bear the fees and costs of the City Parties' attorneys. The Parties agree that this Section 8
917 shall constitute a separate agreement entered into concurrently with this Agreement, and that, if
918 any other provision of this Agreement, or this Agreement as a whole is invalidated, rendered
919 null, or set aside by a court of competent jurisdiction, the Parties agree to be bound by the terms
920 of this Section 9, which shall survive such invalidation, nullification, or setting aside.

921 **10. Enforcement and Attorney Fees.** The provisions of this agreement may be
922 enforced by either of the City Parties or the Company through any and all remedies available at
923 law or in equity. In the event of any litigation or arbitration between or among the Parties
924 regarding an alleged breach of this Agreement, the prevailing party will be entitled to recover its
925 reasonable attorney fees and expenses of litigation.

926 **11. No Agency, Joint Venture or Partnership.** It is specifically understood and
927 agreed to by and between the Parties that the Project is a private development. The City Parties
928 and the Company hereby renounce the existence of any form of agency relationship, joint
929 venture or partnership between them and agree that nothing contained herein or in any document
930 executed in connection herewith shall be construed as creating any such relationship between the
931 Parties.

932 **12. Conflict of Interest; Representatives of City Parties Not Individually**
933 **Liable.** No member, official, or employee of the City Parties shall have any personal interest,
934 direct or indirect, in this Agreement, nor shall any such member, official, or employee participate
935 in any decision relating to this Agreement which affects his personal interests or the interests of
936 any corporation, partnership, or association in which he or she is, directly or indirectly,
937 interested. No member, official, or employee of the City Parties shall be personally liable to the
938 Company or to any successor in interest, in the event of any default or breach by the City Parties
939 or for any amount which may become due to the Company or their successors or assigns, on any
940 obligations under the terms of the Agreement. No member, employee or agent of the Company
941 or the Company's successors shall be personally liable to the City Parties or to each other under
942 this Agreement.

943 **13. Future Acts and Good Faith.** The Parties acknowledge and understand that
944 (a) the Parties must take future actions to implement and maintain their respective obligations
945 under this Agreement, and (b) certain of the representations, performance of the covenants, and
946 agreements of the City Parties are subject to and contingent upon compliance with and
947 completion of applicable statutory and administrative procedures, including, without limitation,
948 any applicable public notice and public hearing requirements, official actions by governing
949 bodies, and any remonstrance and appeal rights. Subject to compliance with and to the fullest
950 extent permitted by applicable laws, each of the City Parties covenants that it shall diligently
951 pursue and use its best efforts to do all things lawfully within its power, to take such future
952 actions and to comply with all applicable statutory and administrative proceedings at such times
953 and in such manner as to effectuate and implement the provisions and intent of this Agreement to
954 the fullest extent possible in accordance with the time limits set forth herein, time being of the
955 essence.

956 **14. Waiver of Jury Trial.** The parties acknowledge that disputes arising under this
957 Agreement are likely to be complex and they desire to streamline and minimize the cost of
958 resolving same. Each party irrevocably waives the right to trial by jury in any action,
959 counterclaim, dispute or proceeding based upon, or related to the subject matter of this
960 Agreement. This waiver applies to all claims against all parties to such actions and proceedings.
961 This waiver is knowingly, intentionally and voluntarily made by all parties.

962 **15. Severability.** If any one or more than one of the covenants, terms or conditions
963 of this Agreement should be determined by a court of competent jurisdiction to be unenforceable
964 or contrary to law, such covenant, term or condition shall be null and void and shall be deemed
965 separate from the remaining covenants and agreements herein contained and the remaining
966 provisions of this Agreement shall be given effect to the extent practicable. Notwithstanding the
967 foregoing, in the event any provision of this Agreement is determined to be invalid under any
968 applicable law and therefore deemed void hereunder, and such voided provision prevents the
969 Company or the City Parties from realizing the intended benefits of this Agreement, then the
970 Company and the City Parties agree to modify this Agreement in a manner that allows each of
971 the Parties to realize the originally intended benefits of this Agreement to the greatest extent
972 possible. If the Agreement cannot be so modified or amended to allow the Parties to realize the
973 originally intended benefits of this Agreement, then the Company and the City Parties shall have
974 the right to terminate this Agreement and upon such termination all rights and obligations under
975 this Agreement shall be extinguished, and the Parties agree to execute such releases or other
976 evidence of the extinguishment of such obligations as may be necessary.

977 **16. No Other Agreement.** With the exception of any written side agreements
978 between the Company and the City concerning the reimbursement of expenses incurred by the
979 City Parties prior to the execution of this Agreement, and as otherwise expressly provided herein,
980 this agreement supersedes all prior agreements, negotiations and discussions relative to the
981 subject matter hereof and is a full integration of the agreement of the parties.

982 **17. Counterparts.** This Agreement may be executed in any number of
983 counterparts, each of which shall be deemed an original and all of which together shall constitute

984 one and the same instrument. Any telecopied or digitally transmitted version of a manually
985 executed original shall be deemed a manually executed original.

986 **18. Notices and Demands.** A notice, demand, or other communication under this
987 Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by
988 registered or certified mail, postage prepaid, return receipt requested, or delivered personally,
989 and in the case of the Company, is addressed to or delivered personally to:
990

991 Company: Scott Shepherd
992 Executive Vice President – Corporate
993 Services
994 Wynright Corporation
995 2500 York Road
996 Elk Grove, IL 60007
997

998 With a copy to: Michael J. Farley
999 General Counsel
1000 Wynright Corporation
1001 30100 Cabot Drive
1002 Novi, MI 48377
1003

1004 In the case of the City Parties or either of them addressed to or delivered personally to:

1005 City: Mayor Brian K. Snedecor
1006 City of Hobart
1007 414 Main Street
1008 Hobart, IN 46342
1009

1010 With copies to: Denarie Kane
1011 Director of Development,
1012 City of Hobart
1013 414 Main Street
1014 Hobart, IN 46342
1015
1016 Anthony DeBonis, Jr.
1017 City Attorney
1018 Anthony DeBonis, Jr. & Associates
1019 214 Main Street
1020 Hobart, IN 46342
1021 Attn: Anthony DeBonis, Jr.
1022

1023 or at such other address with respect to such Party as that Party may, from time to time, designate
1024 in writing and forward to the other parties as provided in this section.

1025 **19. Governing Law.** This Agreement shall be construed and enforced under the
1026 laws of the State of Indiana. The Parties agree to submit to the exclusive jurisdiction and venue

1027 of the courts of the State of Indiana sitting in Lake County, Indiana and the U.S. District Court
1028 for the Northern District of Indiana, Hammond Division.

1029 **20. Authority.** The undersigned persons executing and delivering this Agreement on
1030 behalf of each of the Parties represent and certify that they are the duly authorized officers of
1031 such Party and have been fully empowered to execute and deliver this Agreement on behalf of
1032 such Party and that all necessary actions to execute and deliver this Agreement have been taken
1033 by such Party.

1034 **21. No Third-Party Beneficiaries.** Nothing in this Agreement, express or
1035 implied, is intended or shall be construed to confer upon any person, firm, or corporation other
1036 than the parties hereto and their respective successors or assigns, any remedy or claim under or
1037 by reason of this Agreement or any term, covenant, or condition hereof, as third-party
1038 beneficiaries or otherwise, and all of the terms, covenants, and conditions hereof shall be for the
1039 sole and exclusive benefit of the Parties.

1040 **22. Assignment.** Upon written consent of the City Parties, the Company may
1041 assign its rights and obligations under this Agreement to another party capable of performing all
1042 covenants and terms of this Agreement binding upon the Company. Such consent shall not, in
1043 such case, be unreasonably withheld, conditioned or delayed.

1044 **23. Amendments.** This Agreement may be amended from time to time, in whole or
1045 in part, only by a written agreement executed by the parties and adopted in like manner as this
1046 Agreement.

1047 **24. Default.** Any material failure by any Party to perform any term or provision of
1048 this Agreement, which failure continues uncured for a period of thirty (30) days following
1049 written notice of such failure provided to the defaulting party from another Party, unless such
1050 period is extended by written mutual consent (but any extension is at the non-defaulting Party's
1051 sole discretion), shall constitute a default under this Agreement ("Default"). Any notice given
1052 pursuant to the preceding sentence shall specify the nature of the alleged failure and, where
1053 appropriate, the manner in which said failure satisfactorily may be cured. If the nature of the
1054 alleged failure is such that it cannot reasonably be cured within such thirty-day period (provided
1055 economic considerations may not be a factor in such delay), then the commencement of the cure
1056 within such time period, and the diligent prosecution to completion of the cure thereafter, shall
1057 be deemed to be a cure within such applicable period. Upon the occurrence of a Default, a non-
1058 defaulting Party may institute legal proceedings at law or in equity (including any action to
1059 compel specific performance) to enforce the observance and performance of any covenant,
1060 condition, obligation, or agreement of the defaulting party under this Agreement; provided, that,
1061 in no event shall any Party have the right to terminate this Agreement. If the Default is cured,
1062 then no Default shall exist and the noticing Party shall take no further action.

1063 **25. Permitted Delays.** The parties shall use all due diligence and take all necessary
1064 measures in good faith to perform their respective obligations under this Agreement. If a party's
1065 performance of an obligation imposed by this Agreement is delayed or prevented by reason of
1066 acts of God, war, civil commotion, riots, destruction or significant damage to the Company's
1067 facility or damage to work in progress by reason of fire, flood, or severe weather events,

STATE OF ILLINOIS)
) ss:
COOK COUNTY)

BEFORE ME, a duly appointed Notary Public in and for said county and state, appeared KEVIN AMBROSE, President of Wynright Corporation, a party to the above instrument and a person known to me, who acknowledged execution of same in such capacity, as his free and voluntary act, for the uses and purposes stated therein.

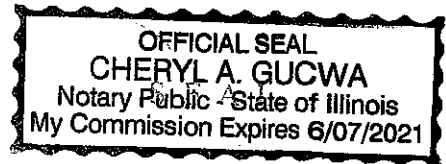
IN WITNESS WHEREOF, I have affixed my signature and official seal on this 13 day of August, 2018.

Cheryl A Gucwa
Notary Public

Name Printed: CHERYL A GUCWA

County of Residence: COOK

My Commission Expires: 6-7-2021



STATE OF INDIANA)
) ss:
LAKE COUNTY)

BEFORE ME, a duly appointed Notary Public in and for said county and state, appeared BRIAN K. SNEDECOR and DEBORAH A. LONGER, Mayor-Presiding Officer of the City of Hobart Board of Public Works and Safety and Clerk-Treasurer of the City of Hobart, Indiana, respectively, signatories to the above instrument and persons known to me, who acknowledged execution of same in such capacities on behalf of said City, as their free and voluntary acts, for the uses and purposes stated therein.

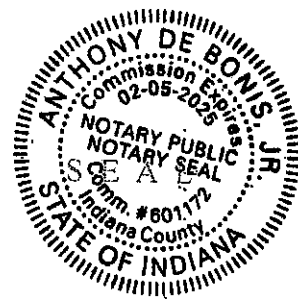
IN WITNESS WHEREOF, I have affixed my signature and official seal on this 15TH day of August, 2018.

Anthony De Bonis, Jr.
Notary Public

Name Printed: ANTHONY DE BONIS, JR.

County of Residence: LAKE


My Commission Expires: 2/5/2025



1160 STATE OF INDIANA)
1161) ss:
1162 LAKE COUNTY)
1163)

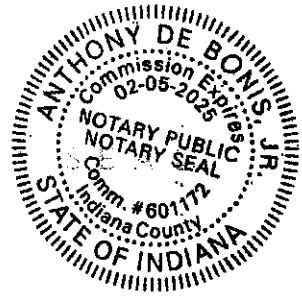
1164 BEFORE ME, a duly appointed Notary Public in and for said county and state, appeared
1165 THOMAS EHRHARDT and RICH LAIN, Members of the Board of Public Works and Safety of
1166 the City of Hobart, Indiana, signatories to the above instrument and persons known to me, who
1167 acknowledged execution of same in such capacities on behalf of said Board, as their free and
1168 voluntary acts, for the uses and purposes stated therein.
1169

1170 IN WITNESS WHEREOF, I have affixed my signature and official seal on this 15th
1171 day of August, 2018.
1172

1173
1174
1175
1176 
1177 Notary Public

1178 Name Printed: ANTHONY DeBONIS, JR.
1179

1180 County of Residence: LAKE
1181 My Commission Expires: 2/5/2025
1182

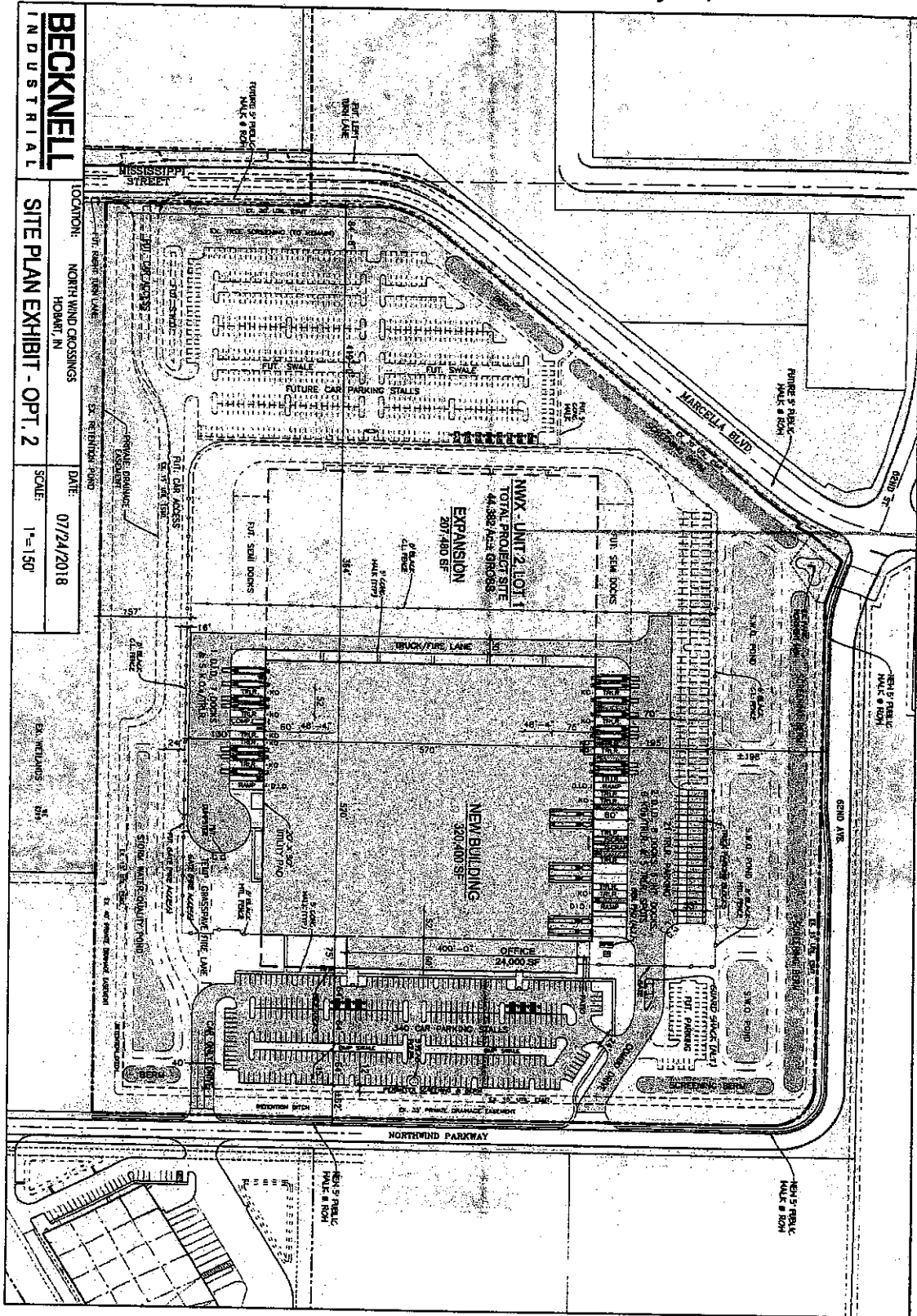


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I affirm under the penalty for perjury that I have taken reasonable care to redact each Social Security number in this document unless required by law. Anthony DeBonis, Jr.

*This Instrument prepared by Anthony DeBonis, Jr., Hobart City Attorney,
ANTHONY DeBONIS, JR. & ASSOCIATES ATTORNEYS AT LAW, LLC,
214 Main Street, Hobart, Indiana 46342
(219) 940-9963; Facsimile (219) 940-9965*

EXHIBIT "A"--Project Site Plan Dated July 24, 2018



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EXHIBIT "B"

Annual Employment Reporting Form

CALENDAR YEAR 20 _____

<u>JOB CATEGORY</u>	<u># of Jobs</u>
Fabrication/Assembly	_____
Support Functions	_____
Supervision/Leads	_____
Manufacturing Professionals	_____
Management	_____

Total number of Jobs as of December 31st of the reporting year: _____

Prepared by:

Name

Title

Signature

Date

EXHIBIT "C"—UMBAUGH REPORTS

UMBAUGH

H. J. Umbaugh & Associates
Certified Public Accountants, LLP
111 Main Street, Suite 100
Hobart, IN 46342-4444
Phone: 847.444.0178
Fax: 847.444.0508
www.umbough.com

July 10, 2018

Ms. Denarie Kane, Director of Development
City of Hobart
414 Main Street
Hobart, IN 46342-4444

Re: Project TB12 –
Assumes 8-year Real Property and 10-year Personal Property Tax Abatements

Dear Ms. Kane:

Per your request, we have prepared this preliminary incentive analysis to assist you in the discussion and consideration of incentives for Project TB12. The attached schedules (listed below) present unaudited and limited information. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

<u>Page</u>	
2	Assumptions
3	Illustrative Property Tax Liability for the Proposed Investment in Real Property
4	Illustrative Property Tax Liability for the Proposed Investment in Personal Property
5	Illustrative Annual Combined Tax Abatement Savings

In the preparation of these schedules, certain assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion thereon nor do we have a responsibility to prepare subsequent reports.

We would appreciate your questions or comments on this information and would provide additional information upon request.

Very truly yours,

UMBAUGH



Matthew R. Eckerle

CITY OF HOBART, INDIANA

Project TB12

ASSUMPTIONS

The following investment assumptions are based on information provided by Company representatives

	<u>Estimated Cost</u>
Real Property (1):	
New Building Construction	
- First assessed January 1, 2020 for taxes payable in 2021	\$18,752,832
Depreciable Personal Property (1):	
Pool #2 (2)	
New Machinery & Equipment	
- First assessed January 1, 2020 for taxes payable in 2021 (3)	\$3,600,000
- First assessed January 1, 2021 for taxes payable in 2022	750,000
- First assessed January 1, 2022 for taxes payable in 2023	750,000
Transferred Machinery & Equipment (4)	
- First assessed January 1, 2020 for taxes payable in 2021	2,000,000
- First assessed January 1, 2021 for taxes payable in 2022	1,000,000
Subtotal	8,100,000
Total Investment	\$26,852,832

- (1) Per information provided by Company representatives.
- (2) It is assumed that the equipment will be depreciated in Pool #2 (5-8 year useful life) for property tax purposes. Once installed, the Company may report the depreciation in a different pool, which may have a material effect on the resulting tax increment calculations. No assumption has been made for future equipment retirement/replacement.
- (3) Includes \$100,000 of Information Technology Equipment.
- (4) It is assumed that the transferred equipment is from a site outside the State of Indiana and is thus eligible for personal property tax abatement. Assumes the transferred used equipment has already been fully depreciated for property tax purposes.

Property Tax Rates	
Certified Pay 2018 Tax Rate - Hobart Corp. - Ross Twp.	\$2.9791

Note: Indiana Code 6-1.1-20.6 provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property (the "Circuit Breaker Tax Credit"). For commercial and industrial property, the Circuit Breaker Tax Credit reduces a taxpayer's tax liability to 3% of their property's gross assessed value. The Indiana property tax caps, in combination with other potential future changes, such as increases in budgets and tax rates of overlapping taxing units, a loss of a major taxpayer, the adoption of local option income tax for property tax relief purposes, or future changes in Indiana property tax law and regulations, could affect the actual assessed value of the proposed development and the applicable property tax rates, and cause the actual property tax liability to differ significantly from the estimates shown in these schedules.

(Subject to the attached letter dated July 10, 2018)
 (Preliminary - Subject to Change)
 (For Internal Use Only)

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CITY OF HOBART, INDIANA

Project TB12

ILLUSTRATIVE PROPERTY TAX LIABILITY FOR THE PROPOSED INVESTMENT IN REAL PROPERTY

Taxes Payable Year	Illustrative Net Assessed Value (1)			Illustrative Property Tax Liability						Illustrative Abatement Savings
	With Proposed Abatement (2)	Without Proposed Abatement	Net Tax Rate (3)	With Proposed Abatement			Without Proposed Abatement			
				Gross Taxes	Circuit Breaker (4)	Net Taxes	Gross Taxes	Circuit Breaker	Net Taxes	
2021	\$0	\$15,939,907	\$2.5918	\$0	\$0	\$0	\$413,130	\$0	\$413,130	\$413,130
2022	796,995	15,939,907	2.5918	20,660	0	20,660	413,130	0	413,130	392,470
2023	3,187,981	15,939,907	2.5918	82,630	0	82,630	413,130	0	413,130	330,500
2024	5,578,967	15,939,907	2.5918	144,600	0	144,600	413,130	0	413,130	268,530
2025	7,969,953	15,939,907	2.5918	206,570	0	206,570	413,130	0	413,130	206,560
2026	10,360,939 (5)	15,939,907	2.5918	268,530	0	268,530	413,130	0	413,130	144,600
2027	10,360,939 (5)	15,939,907	2.5918	268,530	0	268,530	413,130	0	413,130	144,600
2028	10,360,939 (5)	15,939,907	2.5918	268,530	0	268,530	413,130	0	413,130	144,600
2029	15,939,907	15,939,907	2.5918	413,130	0	413,130	413,130	0	413,130	0
2030	15,939,907	15,939,907	2.5918	413,130	0	413,130	413,130	0	413,130	0
Totals				\$2,086,310	\$0	\$2,086,310	\$4,131,300	\$0	\$4,131,300	\$2,044,990

- (1) Assumes the new building is assessed at 85% of its estimated cost. The actual assessed value will be determined by the Lake County Assessor upon completion, and the actual value may vary materially from the value assumed in this analysis.
- (2) Assumes a 5-year real property tax abatement with the following percentages: 100%, 95%, 80%, 65%, 50%.
- (3) Represents the certified pay 2018 tax rate for the Hobart Corp.-Ross Twp. taxing district of \$2.9791. Accounts for the application of the pay 2018 LIT PTRC of 13.0011%.
- (4) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for an industrial parcel, is applied.
- (5) Assumes the company will be eligible for additional real property tax abatement for up to three years through meeting certain criteria defined in the Development Agreement. Annual savings for the additional three years are to equal approximately \$144,600 based upon assessed value and tax rate information available at that time. For the purposes of this analysis the assumed abatement percentages for years 6-8 are 35%, 35%, and 35%.

Note: Changes to the assumptions outlined on page 2 and above may have a material effect on the property tax liability estimates contained in this analysis.

(Subject to the attached letter dated July 10, 2018)
(Preliminary - Subject to Change)
(For Internal Use Only)

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CITY OF HOBART, INDIANA

Project TB12

ILLUSTRATIVE PROPERTY TAX LIABILITY FOR THE PROPOSED INVESTMENT IN PERSONAL PROPERTY

Taxes Payable Year	Illustrative Net Assessed Value (1)			Illustrative Property Tax Liability						Illustrative Abatement Savings
	With Proposed Abatement (2)	Without Proposed Abatement	Net Tax Rate (3)	With Proposed Abatement			Without Proposed Abatement			
				Gross Taxes	Circuit Breaker	Net Taxes	Gross Taxes	Circuit Breaker (4)	Net Taxes	
2021	\$0	\$1,740,000	2.5918	\$0	\$0	\$0	\$45,100	\$0	\$45,100	\$45,100
2022	231,600	2,766,000	2.5918	6,000	0	6,000	71,690	0	71,690	65,690
2023	419,400	2,682,000	2.5918	10,870	0	10,870	69,510	0	69,510	58,640
2024	593,314	2,430,000	2.5918	15,380	0	15,380	62,980	0	62,980	47,600
2025	839,384	2,430,000	2.5918	21,760	0	21,760	62,980	0	62,980	41,220
2026	1,085,336	2,430,000	2.5918	28,130	0	28,130	62,980	0	62,980	34,850
2027	1,337,896	2,430,000	2.5918	34,680	0	34,680	62,980	0	62,980	28,300
2028	1,596,434	2,430,000	2.5918	41,380	0	41,380	62,980	0	62,980	21,600
2029	1,846,500	2,430,000	2.5918	47,860	0	47,860	62,980	0	62,980	15,120
2030	2,089,500	2,430,000	2.5918	54,160	0	54,160	62,980	0	62,980	8,820
Totals				\$260,220	\$0	\$260,220	\$627,160	\$0	\$627,160	\$366,940

- (1) Assumes the transferred equipment has already been fully depreciated for property tax purposes.
- (2) Assumes a 10-year personal property tax abatement with the following percentages: 100%, 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20% and 10%. Assumes the transferred equipment is from a site outside the State of Indiana and is thus eligible for personal property tax abatement.
- (3) Represents the certified pay 2018 tax rate for the Hobart Corp.-Ross Twp. taxing district of 2.9791. Accounts for the application of the pay 2018 LIT PTRC of 13.0011%.
- (4) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for an industrial parcel, is applied.

Note: Changes to the assumptions outlined on page 2 and above may have a material effect on the property tax liability estimates contained in this analysis.

(Subject to the attached letter dated July 10, 2018)
(Preliminary - Subject to Change)
(For Internal Use Only)

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CITY OF HOBART, INDIANA

Project TB12

ILLUSTRATIVE ANNUAL COMBINED TAX ABATEMENT SAVINGS

Taxes Payable Year	Illustrative Abatement Savings		
	Real Property (1)	Personal Property (2)	Total
2021	\$413,130	\$45,100	\$458,230
2022	392,470	65,690	458,160
2023	330,500	58,640	389,140
2024	268,530	47,600	316,130
2025	206,560	41,220	247,780
2026	144,600	34,850	179,450
2027	144,600	28,300	172,900
2028	144,600	21,600	166,200
2029		15,120	15,120
2030		8,820	8,820
Totals	\$2,044,990	\$366,940	\$2,411,930

(1) See page 3.

(2) See page 4.

Note: This illustration does not account for the property tax abatement exaction fee imposed by the City of Hobart upon recipients of real and personal property tax abatement.

(Subject to the attached letter dated July 10, 2018)
(Preliminary - Subject to Change)
(For Internal Use Only)

UMBAUGH

H. J. Umbaugh & Associates
Certified Public Accountants, LLP

117 Main Street
Hobart, IN 46342-4444

Phone: (219) 941-5115

Fax: (219) 941-5025

www.umbaugh.com

July 10, 2018

Ms. Denarie Kane, Director of Development
City of Hobart
414 Main Street
Hobart, IN 46342-4444

Re: Project TB12 –
Assumes 5-year Real Property and 10-year Personal Property Tax Abatements

Dear Ms. Kane:

Per your request, we have prepared this preliminary incentive analysis to assist you in the discussion and consideration of incentives for Project TB12. The attached schedules (listed below) present unaudited and limited information. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

<u>Page</u>	
2	Assumptions
3	Illustrative Property Tax Liability for the Proposed Investment in Real Property
4	Illustrative Property Tax Liability for the Proposed Investment in Personal Property
5	Illustrative Annual Combined Tax Abatement Savings

In the preparation of these schedules, certain assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion thereon nor do we have a responsibility to prepare subsequent reports.

We would appreciate your questions or comments on this information and would provide additional information upon request.

Very truly yours,

UMBAUGH



Matthew R. Eckerle

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CITY OF HOBART, INDIANA

Project TB12

ASSUMPTIONS

The following investment assumptions are based on information provided by Company representatives

	<u>Estimated Cost</u>
Real Property (1):	
New Building Construction	
- First assessed January 1, 2020 for taxes payable in 2021	\$18,752,832
Depreciable Personal Property (1):	
Pool #2 (2)	
New Machinery & Equipment	
- First assessed January 1, 2020 for taxes payable in 2021 (3)	\$3,600,000
- First assessed January 1, 2021 for taxes payable in 2022	750,000
- First assessed January 1, 2022 for taxes payable in 2023	750,000
Transferred Machinery & Equipment (4)	
- First assessed January 1, 2020 for taxes payable in 2021	2,000,000
- First assessed January 1, 2021 for taxes payable in 2022	1,000,000
Subtotal	8,100,000
Total Investment	\$26,852,832

- (1) Per information provided by Company representatives.
- (2) It is assumed that the equipment will be depreciated in Pool #2 (5-8 year useful life) for property tax purposes. Once installed, the Company may report the depreciation in a different pool, which may have a material effect on the resulting tax increment calculations. No assumption has been made for future equipment retirement/replacement.
- (3) Includes \$100,000 of Information Technology Equipment.
- (4) It is assumed that the transferred equipment is from a site outside the State of Indiana and is thus eligible for personal property tax abatement. Assumes the transferred used equipment has already been fully depreciated for property tax purposes.

Property Tax Rates	
Certified Pay 2018 Tax Rate - Hobart Corp. - Ross Twp.	\$2.9791

Note: Indiana Code 6-1.1-20.6 provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property (the "Circuit Breaker Tax Credit"). For commercial and industrial property, the Circuit Breaker Tax Credit reduces a taxpayer's tax liability to 3% of their property's gross assessed value. The Indiana property tax caps, in combination with other potential future changes, such as increases in budgets and tax rates of overlapping taxing units, a loss of a major taxpayer, the adoption of local option income tax for property tax relief purposes, or future changes in Indiana property tax law and regulations, could affect the actual assessed value of the proposed development and the applicable property tax rates, and cause the actual property tax liability to differ significantly from the estimates shown in these schedules.

(Subject to the attached letter dated July 10, 2018)
(Preliminary - Subject to Change)
(For Internal Use Only)

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CITY OF HOBART, INDIANA

Project TB12

ILLUSTRATIVE PROPERTY TAX LIABILITY FOR THE PROPOSED INVESTMENT IN REAL PROPERTY

Taxes Payable Year	Illustrative Net Assessed Value (1)			Illustrative Property Tax Liability						Illustrative Abatement Savings
	With Proposed Abatement (2)	Without Proposed Abatement	Net Tax Rate (3)	With Proposed Abatement			Without Proposed Abatement			
				Gross Taxes	Circuit Breaker (4)	Net Taxes	Gross Taxes	Circuit Breaker	Net Taxes	
2021	\$0	\$15,939,907	2.5918	\$0	\$0	\$0	\$413,130	\$0	\$413,130	\$413,130
2022	796,995	15,939,907	2.5918	20,660	0	20,660	413,130	0	413,130	392,470
2023	3,187,981	15,939,907	2.5918	82,630	0	82,630	413,130	0	413,130	330,500
2024	5,578,967	15,939,907	2.5918	144,600	0	144,600	413,130	0	413,130	268,530
2025	7,969,953	15,939,907	2.5918	206,570	0	206,570	413,130	0	413,130	206,560
2026	15,939,907	15,939,907	2.5918	413,130	0	413,130	413,130	0	413,130	0
2027	15,939,907	15,939,907	2.5918	413,130	0	413,130	413,130	0	413,130	0
2028	15,939,907	15,939,907	2.5918	413,130	0	413,130	413,130	0	413,130	0
2029	15,939,907	15,939,907	2.5918	413,130	0	413,130	413,130	0	413,130	0
2030	15,939,907	15,939,907	2.5918	413,130	0	413,130	413,130	0	413,130	0
Totals				\$2,520,110	\$0	\$2,520,110	\$4,131,300	\$0	\$4,131,300	\$1,611,190

- (1) Assumes the new building is assessed at 85% of its estimated cost. The actual assessed value will be determined by the Lake County Assessor upon completion, and the actual value may vary materially from the value assumed in this analysis.
- (2) Assumes a 5-year real property tax abatement with the following percentages: 100%, 95%, 80%, 65%, and 50%.
- (3) Represents the certified pay 2018 tax rate for the Hobart Corp.-Ross Twp. taxing district of \$2.9791. Accounts for the application of the pay 2018 LIT PTRC of 13.0011%.
- (4) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for an industrial parcel, is applied.

Note: Changes to the assumptions outlined on page 2 and above may have a material effect on the property tax liability estimates contained in this analysis.

(Subject to the attached letter dated July 10, 2018)
 (Preliminary - Subject to Change)
 (For Internal Use Only)

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CITY OF HOBART, INDIANA

Project TB12

ILLUSTRATIVE PROPERTY TAX LIABILITY FOR THE PROPOSED INVESTMENT IN PERSONAL PROPERTY

Taxes Payable Year	Illustrative Net Assessed Value (1)			Illustrative Property Tax Liability						Illustrative Abatement Savings
	With Proposed Abatement (2)	Without Proposed Abatement	Net Tax Rate (3)	With Proposed Abatement			Without Proposed Abatement			
				Gross Taxes	Circuit Breaker	Net Taxes	Gross Taxes	Circuit Breaker	Net Taxes	
2021	\$0	\$1,740,000	2.5918	\$0	\$0	\$0	\$45,100	\$0	\$45,100	\$45,100
2022	231,600	2,766,000	2.5918	6,000	0	6,000	71,690	0	71,690	65,690
2023	419,400	2,682,000	2.5918	10,870	0	10,870	69,510	0	69,510	58,640
2024	593,314	2,430,000	2.5918	15,380	0	15,380	62,980	0	62,980	47,600
2025	839,384	2,430,000	2.5918	21,760	0	21,760	62,980	0	62,980	41,220
2026	1,085,336	2,430,000	2.5918	28,130	0	28,130	62,980	0	62,980	34,850
2027	1,337,896	2,430,000	2.5918	34,680	0	34,680	62,980	0	62,980	28,300
2028	1,596,434	2,430,000	2.5918	41,380	0	41,380	62,980	0	62,980	21,600
2029	1,846,500	2,430,000	2.5918	47,860	0	47,860	62,980	0	62,980	15,120
2030	2,089,500	2,430,000	2.5918	54,160	0	54,160	62,980	0	62,980	8,820
Totals				\$260,220	\$0	\$260,220	\$627,160	\$0	\$627,160	\$366,940

- (1) Assumes the transferred equipment has already been fully depreciated for property tax purposes.
- (2) Assumes a 10-year personal property tax abatement with the following percentages: 100%, 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20% and 10%. Assumes the transferred equipment is from a site outside the State of Indiana and is thus eligible for personal property tax abatement.
- (3) Represents the certified pay 2018 tax rate for the Hobart Corp.-Ross Twp. taxing district of \$2.9791. Accounts for the application of the pay 2018 LIT PTRC of 13.0011%.
- (4) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for an industrial parcel, is applied.

Note: Changes to the assumptions outlined on page 2 and above may have a material effect on the property tax liability estimates contained in this analysis.

(Subject to the attached letter dated July 10, 2018)
 (Preliminary - Subject to Change)
 (For Internal Use Only)

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CITY OF HOBART, INDIANA

Project TB12

ILLUSTRATIVE ANNUAL COMBINED TAX ABATEMENT SAVINGS

Taxes Payable Year	Illustrative Abatement Savings		
	Real Property (1)	Personal Property (2)	Total
2021	\$413,130	\$45,100	\$458,230
2022	392,470	65,690	458,160
2023	330,500	58,640	389,140
2024	268,530	47,600	316,130
2025	206,560	41,220	247,780
2026		34,850	34,850
2027		28,300	28,300
2028		21,600	21,600
2029		15,120	15,120
2030		8,820	8,820
Totals	\$1,611,190	\$366,940	\$1,978,130

(1) See page 3.

(2) See page 4.

Note: This illustration does not account for the property tax abatement exaction fee imposed by the City of Hobart upon recipients of real and personal property tax abatement.

(Subject to the attached letter dated July 10, 2018)
(Preliminary - Subject to Change)
(For Internal Use Only)

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EXHIBIT "D"

Summary of Personal Property to be Installed

June 7, 2018

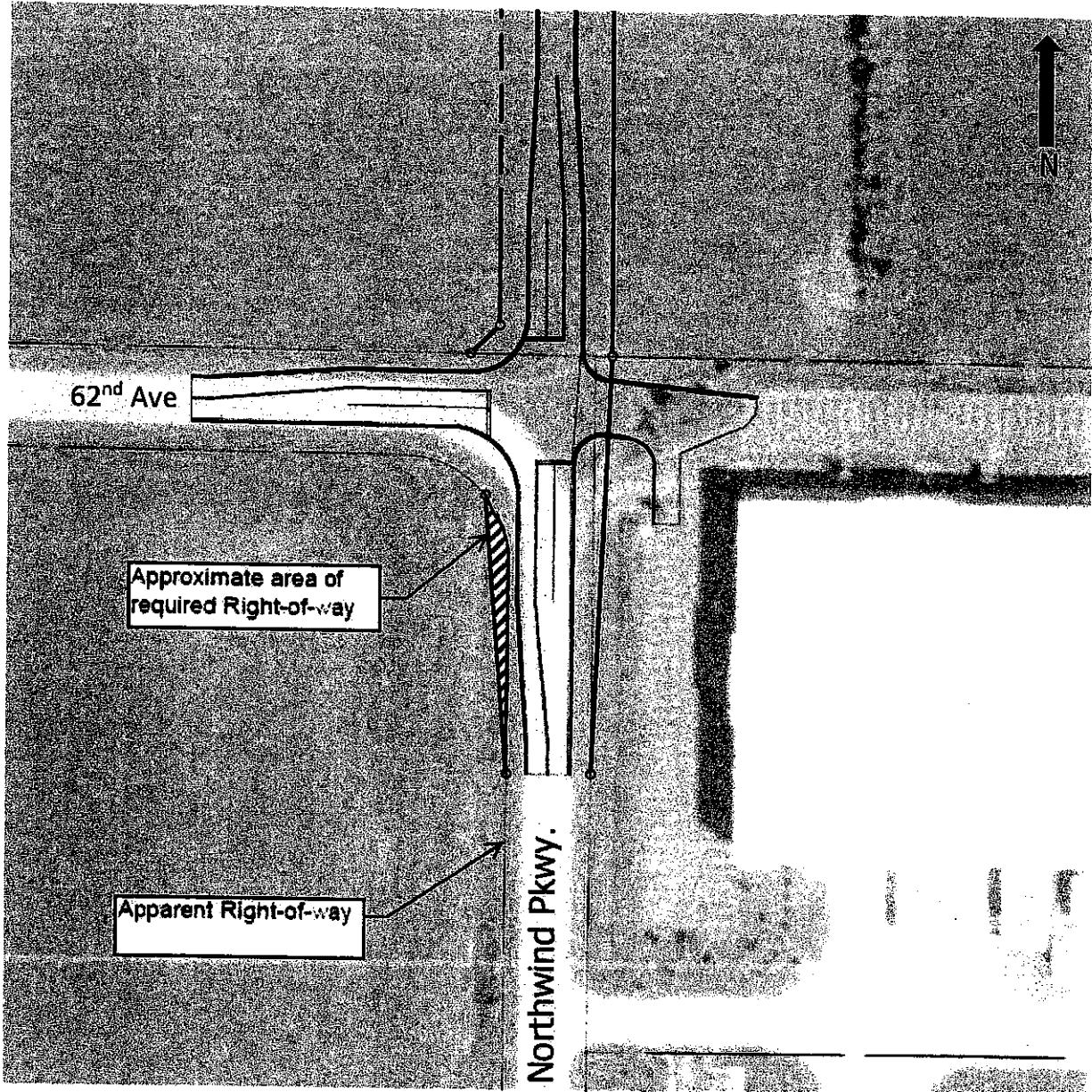
<u>Purpose</u>	<u>New Manufacturing Equipment</u>	<u>Estimated In-Service Date</u>	<u>Estimated Cost</u>
Paint	Powder Coat Paint Line	7/1/2019	\$ 1,500,000.00
Paint	Paint Booth	7/1/2019	\$ 1,000,000.00
Material Handling	Cranes	7/1/2019	\$ 1,000,000.00
Welding/Fabrication	Python	1/31/2020	\$ 750,000.00
Cutting Equipment	Laser	1/31/2021	\$ 750,000.00
	New Manufacturing Equipment Total:		\$ 5,000,000.00
<u>Purpose</u>	<u>Used Manufacturing Equipment</u>	<u>Estimated In-Service Date</u>	<u>Estimated Cost</u>
Cutting	Fiberoptic Laser	9/1/2019	\$ 638,491.50
Order Picking	Voice Scanners/Headsets	7/1/2019	\$ 523,999.95
Forming	Cincinnati Press Brake	9/1/2019	\$ 281,336.25
Forming	Cincinnati Press Brake	9/1/2019	\$ 144,394.06
Welding	Fume Extractors	9/1/2019	\$ 90,586.34
Forming	Cincinnati Press Brake	9/1/2019	\$ 105,539.74
Forming	Starmetec OCP - 45 Press	10/1/2019	\$ 62,166.50
Welding	Fixture Tables	10/1/2019	\$ 58,570.54
Forming	Pres Brake - Sheet Follower	10/1/2019	\$ 47,720.21
Forming	Press Brake Tooling	10/1/2019	\$ 47,194.91
Assembly	AS-30 Fixures	1/15/2020	\$ 54,193.33
Cutting	DOALL MODEL 500-SNC MITE	1/15/2020	\$ 43,671.18
Material Handling	Bridge Cranes	1/31/2020	\$ 245,805.75
Order Picking	Voice Scanners/Headsets	1/31/2020	\$ 380,000.00
Assembly	Misc Tables, tools, & Fixtures	1/31/2020	\$ 246,000.00
Tooling	CSC Tooling	1/31/2020	\$ 30,329.74
	Used Manufacturing Equipment Total:		\$ 3,000,000.00
<u>Purpose</u>	<u>New Information Technology (IT) Equipment</u>	<u>Estimated In-Service Date</u>	<u>Estimated Cost</u>
Computer Hardware	Servers, etc	8/1/2019	\$ 30,000.00
Computer Hardware	Workstations	10/1/2019	\$ 70,000.00
	New IT Equipment Total:		\$ 100,000.00
TOTAL of ALL NEW and USED EQUIPMENT:			\$ 8,100,000.00

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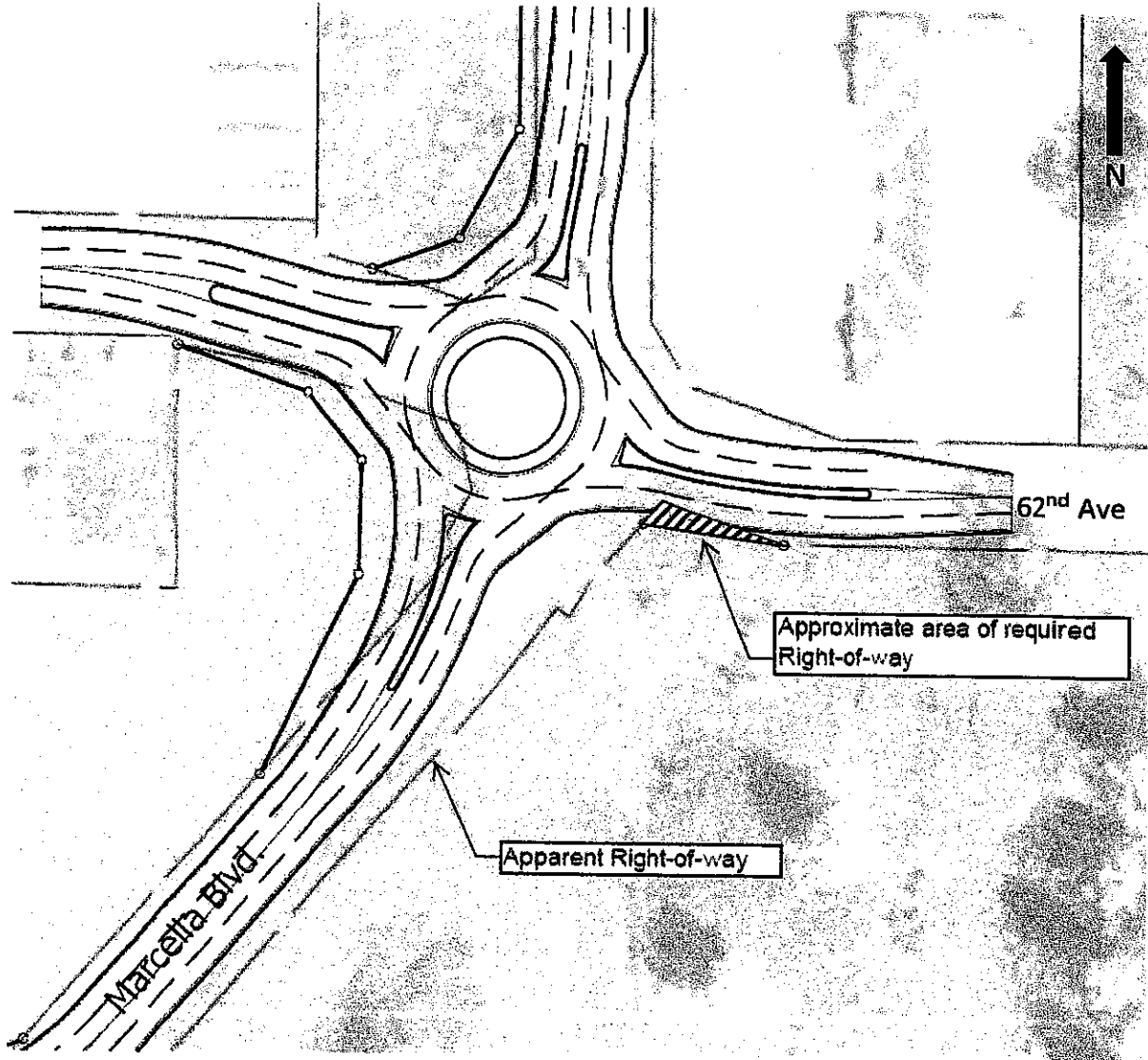
EXHIBIT "E"

Traffic Management Diagrams



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