

**COMMUNITY REINVESTMENT AREA  
COMPENSATION AGREEMENT**

This Compensation Agreement (this “Agreement”) between the **CITY OF COLUMBUS** (the “City”), a municipal corporation duly organized and validly existing under the Constitution and laws of the State of Ohio and its Charter, with its main offices located at 90 West Broad Street, Columbus, Ohio 43215 and the **COLUMBUS CITY SCHOOL DISTRICT** (the “School District”), a public school district with its principal offices at 270 E. State Street, Columbus, Ohio 43215, specifies the manner and procedure to be used pursuant Ohio Revised Code (“O.R.C.”) Section 5709.82 authorizing general compensation and income tax revenue sharing on new municipal income tax revenues relating to the Hamilton Crossing BL LLC (“Owner”) and Big Lots, Inc. (“Big Lots”) Community Reinvestment Area project.

**WITNESSETH:**

**WHEREAS**, the Ohio Community Reinvestment Area Program, pursuant to O.R.C. Section 3735.66 authorizes municipalities to grant real property tax exemptions on eligible new investments; and

**WHEREAS**, the Columbus City Council (hereinafter “Council”) by its Ordinance Number 2849-2015, adopted November 23, 2015, has determined to encourage the development of real property and the acquisition of personal property located in the area and has designated the area as the “Hamilton-161 Community Reinvestment Area” pursuant to O.R.C. Chapter 3735; and

**WHEREAS**, effective December 17, 2015, the Director of the Ohio Development Services Agency determined that the aforementioned area designated in the aforementioned Council Ordinance contained the characteristics set forth in O.R.C. Section 3735.66 and confirmed that area as a “Community Reinvestment Area” pursuant to said Chapter 3735; and

**WHEREAS**, the Owner intends to construct a new approximately 300,000 square foot facility and one or more associated parking structures (hereinafter collectively referred to as the “Project”) at Parcel ID: 010-221377 and as depicted in Exhibit 1 (hereinafter referred to as the “Project Site”) within the boundaries of the School District to be used as the corporate headquarters facility for Big Lots, an Ohio corporation, provided that certain economic development incentives are granted to support the construction of the Project; and

**WHEREAS**, the proposed Project will be located within the Haimilton-161 Community Reinvestment Area; and

**WHEREAS**, the City, as an incentive for the Owner and Big Lots to construct the Project, has indicated willingness to provide a one-hundred percent (100%) real property tax exemption for a period of ten (10) consecutive taxable years for the value of the real property improvements constructed as part of the Project (the “CRA Exemption”); and

"Base Project Site Employees" shall include all employees located at the Project Site immediately prior to the finalization of the CRA Agreement.

"Base Project Site Payroll" shall be the annualized salary of all employees located at the Project Site immediately prior to the finalization of the CRA Agreement.

"Base Employees" shall include all employees who are first employed by Big Lots, Inc. *before* the date on which Council passes an Ordinance authorizing the CRA Exemption and who have been subject to the City of Columbus municipal income tax within the previous two years on income derived from employment with Big Lots, Inc. prior to being employed at the Project Site.

As per the CRA Agreement, Big Lots estimates that it will retain and relocate approximately seven hundred fifty (750) existing full-time permanent employment positions.

"Base Payroll" shall be the annualized salary of all Base Employees immediately prior to the finalization of the CRA Agreement.

As per the CRA Agreement, Big Lots estimates that the Base Payroll associated with the seven hundred fifty (750) existing full-time permanent employment positions to be retained and relocated is \$65,000,000.

"Property Tax Amount" shall mean the amount of real and/or tangible personal property tax payments derived each Exemption Year from a Project which the School District would have received but for the City's authorizing for that Project any of the tax exemption authorized under O.R.C. Chapter 3735.

**Section 2. Amount of Municipal Payments.** During any Exemption Year in which the Project receives a tax exemption pursuant to the CRA Agreement executed by the City, the Owner, and Big Lots, the City shall pay the Annual Payment Amount to the School District.

The Annual Payment Amount is to equal:

- (i) one-hundred percent (100%) of the annual municipal income tax revenues received by the City from its levy on the wages, salaries, commissions and other compensation of New Employees located at the Big Lots, Inc. Project Site as a result of the aforementioned CRA Agreement up to the first \$100,000 in annual municipal income tax revenues received by the City;

and

- (ii) fifty percent (50%) of all additional annual municipal income tax revenues in excess of the first \$100,000 received by the City from its levy on the

wages, salaries, commissions and other compensation of New Employees located at the Big Lots, Inc. Project Site as a result of the aforementioned CRA Agreement.

During any Exemption Year in which there is no payroll attributed to New Employees, the City is not required to make an Annual Payment Amount to the School District.

The intent of this Agreement is to reduce the impact of the real tax exemptions granted under the Community Reinvestment Area Program on the School District. The Agreement is intended to provide partial compensation for real property tax revenues foregone by the School District. Should the allocation of the income tax generated from the New Employee calculation exceed the amount of real property tax revenue the School District would have received from the project had the new investment not received an exemption, then the Annual Payment Amount shall not exceed the Property Tax Amount in any Exemption Year.

In addition to the Annual Payment Amount, the City shall compensate the School District for persons employed in the construction of real property exempted from taxation in accordance with O.R.C. Section 5709.82.

**Section 3. Timing of the Payments.** It is the intention of the City to provide the School District the required Annual Payment Amount only after Big Lots relocates headquarter operations to the Project Site and no later than October 1 of the following calendar year. The payment will include an itemization of the municipal income tax collections attributed to New Employees employed as a result of the CRA Agreement for the Exemption Year for which payment is made. Should all income tax revenue collections not be collected by October 1, the City shall make a partial payment, as well as provide an estimate of the revenues to be collected and the date payment will be finalized. All previous year payments will be completed by October 1 or the City will make a "summary estimate" of the payment balance due and complete the payment on the following October 1. Should the "summary estimate" vary from the final payment due, the corrective adjustment will be made upon final verifications.

**Section 4. Annual Payment Amount Calculation Procedure.** Big Lots does not currently have any Base Project Site Employees within the Community Reinvestment Area; therefore Big Lots, Inc. has no Base Project Site Payroll attributed to the Community Reinvestment Area.

Big Lots shall provide annual information as detailed in the CRA Agreement, the format of which will be determined by the City, which will include the documentation of the number of employees and the total annual payroll and income tax withholdings for the preceding Exemption Year for the Community Reinvestment Area Project Site.

**WHEREAS**, the City provided the Columbus City Board of Education (the "Board") notice of the Project prior to approving the exemption as required within O.R.C. Sections 3735.671 (A)(1) and 5709.83; and

**WHEREAS**, pursuant to O.R.C. Section 3735.671, a draft Community Reinvestment Area Agreement (the "CRA Agreement") has been provided to the School District; and

**WHEREAS**, the real property improvements making up the Project are to be one hundred percent (100%) exempt from real property taxes which would otherwise be payable to the School District and the other political subdivisions within which the Project is located; and

**WHEREAS**, in order for the City to grant the CRA Exemption to the Owner for a percentage greater than 50%, the approval of the Board of the School District is required; and

**WHEREAS**, in connection with obtaining such approval from the Board, the City has agreed to compensate the School District in connection with the execution of the CRA Agreement for the Project; and

**WHEREAS**, pursuant to a Resolution adopted on May 17, 2016 (the "Resolution"), the Board has approved the terms of the CRA Agreement, conditioned upon the execution of this Agreement;

**NOW, THEREFORE**, in consideration of the premises and covenants contained herein, and to induce the Owner and Big Lots to proceed with the construction of the Project, the City and the School District agree as follows:

**Section 1. Definitions.** As used in this agreement. The following shall have the meanings set forth below:

"Annual Payment Amount" shall mean the amount paid directly by the City to the School District under Section 2 of this agreement.

"Exemption Year" shall mean any calendar year in which the Project would be taxable but for the municipal authorization and execution of a Community Reinvestment Area Agreement as outlined in Divisions (B) and (D) of Ohio Revised Code Section 3735.67. As per the CRA Agreement, no tax exemption shall commence after tax year 2020 nor extend beyond tax year 2029; therefore, it is expected that the first Exemption Year will be no later than tax year 2020 and that the final Exemption Year will not be later than tax year 2029.

"New Employee" shall include all employees who are first employed by Big Lots, Inc. at the Project Site *after* the date on which Council passes an Ordinance authorizing the CRA Exemption and who have not been subject to the City of Columbus municipal income tax within the previous two years on income derived from employment with Big Lots, Inc. prior to being employed at the Project Site. "New employee" does not include any person hired to replace a person who is not a New Employee.

A calculation of the Annual Payment Amount for the applicable Exemption Years shall be determined as follows:

The first \$100,000 of Columbus income tax withheld from New Employees during the Exemption Year multiplied by one-hundred percent (100%) = (“A”)

+

The remaining amount of Columbus income tax withheld from New Employees during the Exemption Year in excess of the first \$100,000 multiplied by fifty percent (50%) = (“B”)

“A” + “B” = Annual Payment Amount

Notwithstanding any other provision of this Agreement, the City’s payment obligations herein shall be limited to the monies available through payroll and income tax withholdings from Big Lots, Inc. paid to the City and do not constitute an indebtedness of the City within the provisions and limitations of the laws and the Constitution of the State of Ohio.

**Section 5. Determination of Retained Positions.** The following policy applies regarding the calculation of the job retention baseline: At the end of a given reporting year, should the total number of retained positions be less than that which was committed to be retained, the difference in the total retained positions will be backfilled by employees hired after the defined new hire date, beginning with the oldest hire dates. Should an annual report be received by the City which reports fewer retained jobs than the number committed to in the agreement, the City will then reclassify new employee hires, with the oldest hire dates backfilling any needed retained positions.

**Section 6. Amendments.** This Agreement may be amended or modified by the parties, only in writing, signed by all parties to the Agreement or as required by applicable state law changes.

**Section 7. Entire Agreement.** This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter contained herein and merges and supersedes all prior discussions, agreements, and undertakings of every kind and nature between the parties with respect to the subject matter of this Agreement.

**Section 8. Notices.** All payments, certificates, reports and notices which are required to or may be given pursuant to the provisions of this Agreement shall be sent by the United States ordinary mail, postage prepaid, and shall be deemed to have been given or delivered when so mailed to the following addresses:

If to the Municipality: City of Columbus  
Department of Development  
50 W. Gay Street, 3<sup>rd</sup> Floor  
Columbus, Ohio 43215  
Attention: Director

If to the School District: Columbus City School District  
270 E. State Street  
Columbus, Ohio 43215  
Attention: Treasurer

Any party may change its contact or address for receiving notices and reports by giving written notice of such change to the other parties.

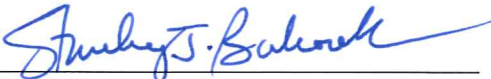
**Section 9. Severability of Provisions.** The invalidity of any provision of this Agreement shall not affect the other provisions of this Agreement, and this Agreement shall be construed in all respects as if any invalid portions were omitted.


**Section 10. Counterparts.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party to this Agreement may execute this Agreement by signing any such counterpart.

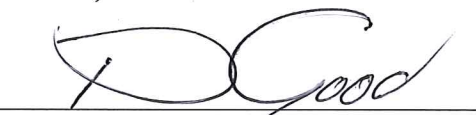
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IN WITNESS WHEREOF, the City and the School District have caused this Agreement to be executed in their respective names by their duly authorized officers or representatives, as of the date hereinabove written.

**COLUMBUS CITY SCHOOL DISTRICT**

By:   
Stanley J. Bahorek  
Treasurer/CFO, Board of Education

By:   
Gary L. Baker, II  
President, Board of Education

By:   
J. Daniel Good, Ph.D.  
Superintendent

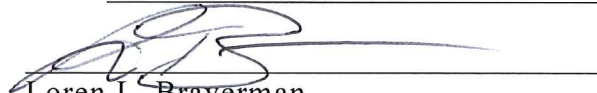
**CITY OF COLUMBUS**

By: \_\_\_\_\_  
Steven R. Schoeny, Director  
Department of Development

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Richard C. Pfeiffer, Jr.  
City Attorney

Date: \_\_\_\_\_

  
Loren L. Braverman  
General Counsel  
Columbus City Schools

Date: 6-11-16

Exhibit 1

