

City of Mason/The Procter and Gamble Company Economic Participation Agreement

THIS ECONOMIC PARTICIPATION AGREEMENT (the “Agreement”), effective as of the ____ day of March, 2015, by and between the City of Mason, Ohio, an Ohio municipal corporation having an address of 6000 Mason-Montgomery Road, Mason, Ohio 45040 (“Mason”), and The Procter and Gamble Company, an Ohio corporation, (“P&G”) having an address of 1 Procter and Gamble Plaza, Cincinnati, OH 45202 under the following circumstances:

ASSUMPTIONS

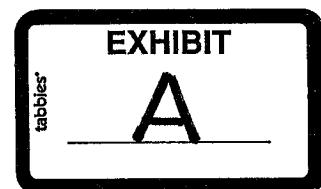
The terms of this Agreement are based on P&G constructing new and renovated facilities, investing approximately \$300 to \$350 million, approximately \$150 million in new real estate, an estimated 500,000 square foot for the purpose of housing the Global Beauty Innovation Center, combining the Beauty and Health technical communities including business, science, research and development operations (the, “Project”), as further defined and outlined in Exhibit “A” attached hereto. The Project creates 1350 jobs and an annual payroll of \$160 million at Project completion anticipated in 2019. This development builds on the current 1.5 million square foot healthcare and research and development facility on the 240 acre Mason Business Center Campus, located at 8700 Mason Montgomery Road, Mason, Ohio 45040. If P&G determines that they are unable to grow operations at their current location in City of Blue Ash, Ohio, (“Current Location”) Mason and Mason Port Authority propose the following:

RECITALS

A. Mason and P&G have a mutual interest in the future development of business within P&G’s Innovation sector with Mason, that is specifically focused on attracting high tech, research and development, health, medical, corporate and innovation investment and jobs.

B. P&G’s expansion development is expected to facilitate additional stages for company divisions, recognizing the need for scalability, high profile presence, access to a highly educated, technical workforce, a roadway and infrastructure network and a business park environment focused on the innovation and technology sectors, like the Mason Business Center Campus, all aimed to support current and future waves of company growth.

C. P&G’s expansion development represents a key part of the overall Mason economic development strategy: to recruit investment, and to create jobs and partnerships that uniquely fit the overall acute focus of Mason and to find and partner with the top successful and innovative companies that have defined national and international expertise and that will benefit from Mason and P&G’s mutual commitment to health, wellness, innovation and public/private partnerships.



D. Communication of the competitive advantages within target business attraction sectors is critical for Mason to gain economic development momentum within the Cincinnati USA Region and nationally. A commitment to define ways of sharing the innovations of P&G's healthcare, beauty care and other health and beauty-related areas, headquartered in the City of Mason, Ohio will secure certain advantages and objectives toward that positioning.

E. Mason has proposed to P&G a financial package coupled with an Economic Participation Agreement to achieve mutual project goals and long-term economic strategic partnership goals.

NOW, THEREFORE, in consideration of the premises and mutual covenants and promises contained herein, the sufficiency of which is hereby acknowledged by the parties, Mason and P&G hereby agree as follows:

PROPOSED FINANCIAL & CONTRACTUAL CONCEPT

1. P&G will construct new and renovated facilities, invest a total of approximately \$300 to \$350 million, approximately \$150 million in new real estate, and estimated 500,000 square feet for the purpose of housing the Global Beauty and Health Innovation Division headquarters, associated health and beauty care operations and research and development (the, "Project"), as defined and outlined in Exhibit "A" attached hereto, with 1350 jobs and an annual payroll of \$160 million at Project completion anticipated in 2019. This development builds on the current 1.5 million square foot healthcare and research and development facility on the 240 acre Mason Business Center Campus, located at 8700 Mason Montgomery Road, Mason, Ohio 45040.

2. P&G and Mason will establish a Mason Recruitment Partnership and further define P&G's "Contribution," within this Agreement, to help grow the Mason I-71 Innovation Corridor in the City of Mason, Ohio with like companies that are companion type uses to complement the overall development.

3. Based on P&G's commitments, Mason and the Mason Port Authority will offer an incentive package with a value of approximately **\$34 million** in direct incentives benefitting the Project and indirect infrastructure improvements possible future site savings, and workforce and wellness benefits to P&G.

4. P&G and Mason will foster the approvals necessary for the purpose of carrying through mutual commitments which will be further defined.

5. Mason's Contribution is outlined below:

MASON CONTRIBUTION

The City of Mason, Ohio proposes a total **15-17 Year Tax Incentive** through a combination of the Tax Increment Financing (TIF) District Incentive, the Mason Community Reinvestment Area

(CRA) Tax Abatement Program, an Economic Development Incentive Grant, and a Mason Port Authority Incentive using structured financing as follows:

A. **2017 – 2019* Bridge Incentive.** Mason, in conjunction with Warren County, will offer an annual Bridge Incentive payment to P&G in the first years of the incentive during which the remaining Warren County/P&G TIF generates new tax revenue, which will end upon the first full year of the CRA Agreement (approximately 2019). The Bridge Incentive payment will be calculated at 50% of the real estate tax generated that year from the new real estate investment up to \$2 million annually and may be payable from funds made available or allocated by the Warren County Board of Commissioners pursuant to an agreement or Resolution duly authorized by the Board of Commissioners, as proposed in Exhibit “B” attached hereto. The rights and duties of the parties, including the commitment to pay the Bridge Incentive, shall be set forth in a separate agreement between the parties and shall be facilitated by Mason. (*Date ranges are driven by the project timeframe and timing that taxable investment begins to come online and will be subject to reasonable adjustment.)

Estimated Annual Value Range - up to \$2,000,000.

Estimated Total Value Range – up to \$6,000,000.

i. **Certification of Bridge Incentive Payment.** By April 1 of each year during which the Bridge Incentive is in effective, P&G shall certify to Mason and the Mason Port Authority the amount of the Bridge Incentive Payment due to P&G and shall provide calculations as to how the amount was derived, certified by the P&G company representative, the Mason City Finance Director and the Mason Port Authority Project Representative as outlined below:

For P&G: Carol Railey

For City of Mason: Joe Reigeslberger, Finance Director

For Mason Port Authority: Kimberly Satzger, GBR

ii. **Payment of Bridge Incentive.** Within thirty (30) days after Mason and the Mason Port Authority receives the certification with respect to the new real estate improvements (Exhibit A) and the final settlement real estate tax settlement statements from the County Auditor, Mason shall pay to P&G the amount of the Bridge Incentive Payment.

B. **2019*-2033 CRA Incentive.** Mason will offer 100% abatement on real property taxes for 15 years (based on current financial information available) under the Community Reinvestment Area (CRA) Program, the maximum allowed by law. The law requires the abatement to begin January 1st of the first full year that the new, qualified real estate is eligible, estimated to be 2019. Mason will certify the abatement with the County upon authorization with this Agreement. The company savings is estimated to begin as early as tax year 2019, collection year 2020. This revised tax abatement offer contemplates the CRA taking

affect at an earlier date than originally anticipated and providing additional value in the first full taxable year, not formerly available with the Warren County/TIF in effect for this Project phase. Mason requires that P&G make an annual reimbursement to the Mason City School District equivalent to the amount the Mason City School District would have received without the abatement. The value of this incentive assumes a taxable real estate value of approximately \$150,000,000 at current tax rates and a Mason City School District payment by P&G of approximately 50% of the full tax due. The rights and duties of the parties, including P&G's commitment to participate to pay the tax liability related to the Mason City School District, shall be set forth in a separate agreement between the parties and shall be facilitated by Mason. (*CRA start date of the CRA Tax Abatement is estimated and will start on the first full taxable year of the new real estate estimated to be 2019.)

Estimated Annual Value Range - \$1,748,288.

Estimated Total Value - \$26,314,000

C. **Mason Customized Grant.** Mason will provide a customized Tax Incentive Grant in the amount of \$375,000 to the Mason Port Authority at the time of the Mason Port Authority Bond Issue Closing to further support the investment and preservation and creation of jobs at the Project site as outlined herein. This Grant payment will be applied to the total Mason Port Fee, as outlined by separate agreement, owed by P&G for the Port financing transaction costs, including legal fees, bond issuance, administration and other reimbursements for services associated with this Project.

Total Value - \$375,000.

D. **Mason Economic Development Partnership.** The Mason Economic Development Partnership is structured to facilitate the commitments outlined within this Agreement and will include the development of strategies and action steps focused on Mason's long term commitment to growing innovation and entrepreneurial companies and ideas regionally. The Economic Development Partnership may be further used toward the development of a Healthcare and Biohealth Cluster, attracting the attention of top high tech, research and development and possible healthcare related industry sectors to the City of Mason, Ohio, and the Region. This extended economic incentive may be applied through a variety of methods, including, but not limited to a combination of:

i. Contribution toward the marketing and promotion of reuse efforts for the Current Location in an amount not to exceed **\$500,000.**

ii. Contribution for a period of years to facilitate economic development recruitment funds to benefit the development of healthcare and biohealth initiatives, outreach and P3 efforts with a value to be determined.

iii. Public improvements necessary to support the project with a value to be determined.

E. **Mason Port Authority Financing.** Mason will utilize the Mason Port Authority to offer customized financing for the Project and structure financial advantages

through. the use of a Capital Lease for new construction and sales tax exemption, providing substantial savings. The terms of the Port Authority Financing are outlined in a separate agreement between the Mason Port Authority and P&G.

Estimated Value - \$4,200,000.

F. **Reporting.** The CRA Tax Abatement and Customized Grant require P&G to submit annual reporting figures including Full Time Jobs and Payroll, in the first quarter of the City of Mason, Ohio fiscal year. P&G will also provide notification of outside, non P&G corporate entities operating within the Mason Business Center Facility for the purpose of jobs and tax calculations.

G. **City of Mason, Ohio Location Advantage.** The City of Mason, Ohio will continue to provide peripheral investments, in conjunction with local, County and State partnerships, to provide solutions to reduce or eliminate costs for additional public infrastructure improvements in the area of the P&G campus. Infrastructure assistance will be determined on an ongoing basis. The area surrounding the Project site has been the focus of millions in infrastructure upgrades since 1998 including Master Planning of the thoroughfare, bike, and trails systems and planned connections between all major arteries including Mason-Montgomery Road, and both I-71 and I-75.

6. P&G's Contribution is outlined below:

P&G's CONTRIBUTION

A. As a leader in the science of Beauty, Hair and Personal care and best-in-class supply chain management, P&G has opportunity to leverage its expanded presence in Mason to grow the bioscience cluster in the region and, in turn, gain further efficiencies and cost savings. P&G and Mason leadership may meet periodically to discuss, define in more detail, and approve any mutually agreed upon action steps, to be incorporated herein, to participate in a Beauty, Hair and Personal Care Recruitment Partnership and to further Mason's objective to grow the BioScience Cluster, attracting formulation science, basic science and research and development within the health and beauty care industries closely aligned with P&G supply chain to Mason. Proposed contributions are set forth in items (i) through (vi) below will require some further discussion between Mason and P&G and will be performed at the sole discretion of both parties..
:

(i) Collaborate with P&G and/or other recommended complementary beauty, hair and personal care science, pharmaceutical or like-industry companies to increase exposure and opportunities to create advanced laboratory space, supply chain and talent attraction opportunities within the City of Mason, Ohio.

(ii) Collaborate, as appropriate, on marketing and recruitment opportunities to promote Mason as an attractive location for healthcare and bioscience companies, including exposure of P&G's relocation of its Beauty, Hair and Personal Care operations to its Science and Technology Campus in the City of Mason (using a Mason, Ohio dateline) and other P&G collateral information cited/date stamped as a Mason, Ohio, location.

(iii) Identify key milestone celebrations or internal supply chain events for P&G that might be relevant (conferences, grand opening, industry recognition, etc.) where Mason can support and complement celebration activities, including City of Mason and/or State of Ohio recognition and participation, co-branded media relations opportunities and industry awareness as determined available for partnership.

(iv) During the term of this Economic Participation Agreement, work to define Mason's involvement in certain relevant trade show, customer/supply chain, and Beauty, Hair and Personal Care industry innovations domestically and internationally, taking into consideration P&G's objectives and any confidentiality requirements of the Company.

(vi) P&G and Mason will work in good faith to establish and meet the goals of such partnership, and any additional financial contributions or commitment, not specifically set forth in this Agreement, must be approved in the discretion of the party who is requested to make the financial contribution or commitment.

7. **Notices.** Any notice or consent required or permitted to be given by or on behalf of either party to the other shall be given by mailing such notice or consent by United States certified or registered mail, postage prepaid and return receipt requested, or via a reputable express overnight mail service which provides proof of delivery addressed to the parties as set forth below or at such other address as may be specified from time to time in writing delivered to the other party. Notices shall be effective upon receipt or refusal, as the case may be.

If to P&G:

The Procter & Gamble Company
One Procter and Gamble Plaza
Cincinnati, Ohio 45201
Attn: Carol Railey

If to Mason:

City of Mason
6000 Mason-Montgomery Road
Mason, Ohio 45040
Attn: Mr. Eric Hansen

8. **Miscellaneous.**

A. **Conflict of Interest; Representatives of Mason Not Individually Liable.**

No official or employee of Mason shall have any personal interest, direct or indirect, in this Agreement, nor shall any such official or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interest of any corporation, partnership, or association in which he or she is, directly or indirectly, interested. No official or employee of Mason shall be personally liable to the P&G, or any successor in interest, in the event of any default or breach by Mason or for any amount or amounts which may become due

to the P&G or any successor to P&G or on any obligations under the terms and conditions of this Agreement.

B. **Severability.** In the event that any portions, sections or subsections of this Agreement are rendered invalid by the decision of any court or by the enactment of any law, ordinance or regulation, such provision of this Agreement will be deemed to have never been included therein and the balance of the Agreement shall continue in full force and effect.

C. **Duration.** The term of this Agreement shall commence on the date set forth above and shall remain in effect and as a continuing obligation of the Parties, for a term co-terminus with the CRA Tax Abatement, Mason Port Authority Incentive Agreement, and Mason Port Authority Financing but not exceeding a term of 20 years, unless otherwise agreed to and extended by the Parties. This Agreement shall terminate in the event that the P&G ...

D. **Waiver.** No consent or waiver, expressed or implied, by either party to or of any breach of any covenant, condition, or duty of the other party shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty to be observed by the other party.

E. **Authority.** Each party to this Agreement hereby represents and warrants that it is executing this Agreement with the full and proper authority and that the parties whose names appear hereon are duly authorized and empowered to make and execute this Agreement.

F. **Assignment.** This Agreement shall be binding on the parties hereto and their respective successors and assigns. In the event the P&G assigns this Agreement, written notice of such assignment shall be provided to Mason at least fifteen (15) business days in advance of such assignment. Any such assignment may only be made to a person or entity financially capable of completing terms of this Agreement and the Project and shall expressly provide that the approved assignee shall comply with all the terms and requirements of this Agreement.

G. **Merger and Amendment.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the Project to be completed thereon, and contains all of the covenants, agreements, and other terms and conditions between the parties hereto with respect to the same. No waivers, alterations or modifications of this Agreement or any agreements in connection therewith shall be valid unless in writing and duly executed by all parties hereto. Any substantial waivers, alterations, or modifications of this Agreement will require the adoption of legislation by the Council of the City of Mason, Ohio which it exercises in its sole discretion and legislative prerogative.

H. **Governing Law.** This Agreement shall be governed by the laws of the State of Ohio.

J. **Language.** The language in all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning and not strictly for nor against either Mason or P&G. Section headings in this Agreement are for convenience only and are not to be construed as a part of this Agreement or in any way defining, limiting or amplifying the provisions hereof. The parties agree that in the event any term, covenant, or condition herein contained is held to be invalid or void by any court of competent jurisdiction, the invalidity of

such term, covenant, or condition shall in no way affect any other term, covenant, or condition herein contained.

P&G has caused this Agreement to be duly executed by _____ its _____, on the _____ day of March, 2015; and Mason has caused this Agreement to be duly executed by Eric Hansen, its City Manager, on the _____ day of March, 2015, as authorized by Ordinance No. _____.

THIS SPACE IS INTENTIONALLY LEFT BLANK

CITY OF MASON, OHIO

By: _____
Name: Eric Hansen
Title: City Manager

**THE PROCTER AND GAMBLE
COMPANY**

By: _____
Name:
Title:

STATE OF _____)
) SS:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015, by _____, as _____ of The Procter & Gamble Company, an Ohio corporation, as duly authorized.

Notary Public

STATE OF OHIO)
) SS:
COUNTY OF WARREN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015, by Eric Hansen, City Manager of the City of Mason, Ohio, an Ohio municipal corporation, on behalf of the municipal corporation.

Notary Public

APPROVED AS TO FORM FOR MASON BY:

Jeffrey D. Forbes, Law Director

EXHIBITS TABLE OF CONTENTS

Exhibit A –Project Description & Site Map

Exhibit B – Warren County Resolution – Economic Partnership

EXHIBIT “A”

Project Description & Site Map

P & G will create the new Beauty Innovation Center at Mason Business Center. This move will bring the whole Cincinnati based Beauty technical community together (today they are split at SWIC) in a creative, dynamic environment that will drive capability and inspire innovation for decades to come. This also means our Beauty and Health technical communities will be at the same site. The Project will create 1,350 jobs and an annual payroll of \$160 million at Project completion anticipated in 2019. This development builds on the current 1.5 million square foot healthcare and research and development facility on the 240 acre Mason Business Center Campus, located at 8700 Mason Montgomery Road, Mason, Ohio 45040.

The Phases for the Existing Mason Business Center Campus

- Phase 1: Development Building (A)
 Central Utility Plant (B)
 Pilot Plant (C)
 Central Function (D)
 Central Function including cafeteria (E)

- Phase 2: Discovery Building (F)

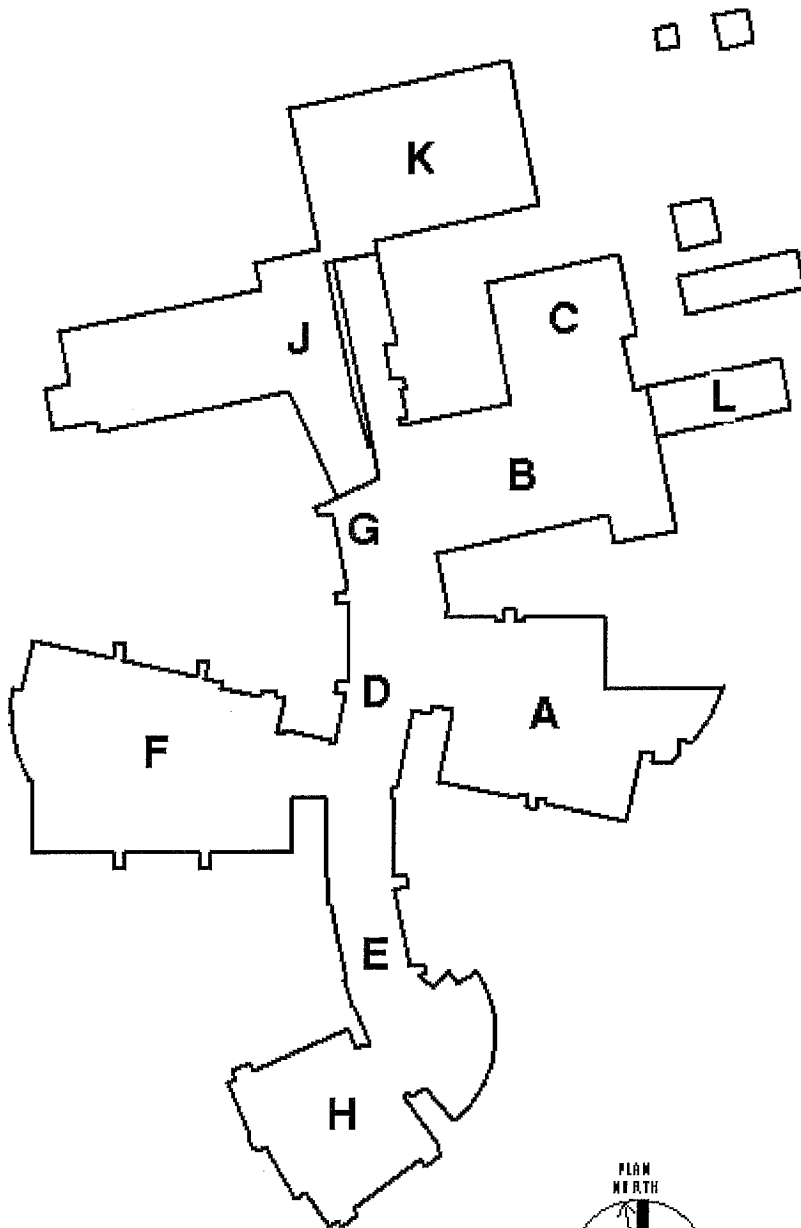
- Phase 3: Central Function, Building 6 (G)
 South Office Building (H)

- Phase 4: Split parcel for Tide Dry Cleaning (I) (not on key plan)

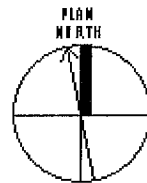
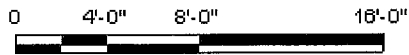
Project for Future Improvement

Buildings J, K and L are the new buildings that will be constructed as part of the Beauty Innovation Center.

- Central Functions 7 & 8 + Innovation Building (J)
- Process Transformation Building (K)
- Stability Rooms Building (L)



KEY PLAN



BOARD OF COUNTY COMMISSIONERS

WARREN COUNTY, OHIO

Resolution

Number _____

Adopted Date _____

CONSENTING TO A CERTAIN TAX EXEMPTION AUTHORIZED UNDER R.C. 3735.65 ET SEQ. TO HAVE PRIORITY OVER AN EXISTING TIF EXEMPTION AND COMMITTING FUNDS FROM THE WARREN COUNTY/P&G TIF TO PUBLIC IMPROVEMENTS IN THE CITY OF MASON, OHIO AND

WHEREAS, Warren County has in place a certain Tax Increment Financing Real Property Tax Exemption pursuant to County Resolution No. _____ and Section 5709.78 of the Ohio Revised Code, known as the Warren County/P&G TIF; and

WHEREAS, Warren County wants to assist in providing an economic development incentive for future improvements on a portion of the exempted property; and

WHEREAS, Warren County wants to encourage financial support to Mason City Schools when economic development incentives are utilized; and

WHEREAS, the property owner, at the time of the TIF exemption, applied for the TIF exemption and signed the DTE application form; said property owner is still the property owner; and

WHEREAS, the Board of County Commissioners of Warren County, Ohio has the authority, under Ohio Revised Code Section 5709.911, to consent to another property tax exemption taking priority over the TIF exemption; and

WHEREAS, it is the intent of the Board of County Commissioners of Warren County, Ohio (the "County") to allow a certain property tax exemption, authorized pursuant to Ohio Revised Code Section 3735.65 et seq. and to be granted by the City Council of Mason, Ohio to have priority over the TIF exemption; and

WHEREAS, pursuant to Resolution No. _____ the County established the P&G TIF Redevelopment Tax Equivalent Fund, the proceeds in said TIF fund shall be used for public improvements for the benefit of the exempted property, which exempted property has been annexed into the City of Mason, Ohio (the "City"); and

WHEREAS, the County and the City of Mason have determined that future public improvement projects are necessary for the benefit of the exempted property; and

WHEREAS, it is the intent of the Board of County of Commissioners of Warren County, Ohio to commit current and future funds from the Warren County/P&G TIF to pay for public improvements within the City of Mason for the benefit of the exempted property.

NOW THEREFORE BE IT RESOLVED, as follows:

1. The Board of County Commissioners of Warren County, Ohio, hereby waives the priority for the Warren County/P&G TIF property tax exemption and hereby consents to allow a certain property tax exemption, authorized pursuant to Ohio Revised Code Section 3735.65 et seq. to be granted by the City Council of the City of Mason, to take priority over the TIF exemption.
2. The Board of County Commissioners of Warren County, Ohio, hereby determines that prior to such time as the Warren County/P&G TIF expires in tax year 2021, it is necessary to pay, from current and/or future funds in the Warren County/P&G TIF fund, the cost of additional public infrastructure improvements to be located in the City of Mason, which improvements shall benefit the exempted property; the specific improvements shall be determined by mutual agreement of the County and the City and shall be in an amount, not to exceed \$2,500,000, as determined by mutual agreement of the parties.

_____ moved for adoption of the foregoing resolution, being seconded by _____ . Upon call of the roll, the following vote resulted:

Mr. Young –

Mr. Grossmann –

Mrs. South –

Resolution adopted this _____ day of _____, 2015.

BOARD OF COUNTY COMMISSIONERS

Tina Davis Clerk