

**5-YR ECONOMIC DEVELOPMENT SUBSIDY REPORT
PURSUANT TO GOVERNMENT CODE SECTION 53083**

**FOR AN OPERATING COVENANT AGREEMENT
BY AND BETWEEN
CITY OF ONTARIO
AND
SIGMAnet INTERNET, INC.**

The purpose of this report is to provide the information required pursuant to Government Code Section 53083(d) in regard to the Agreement. This report shall remain available to the public and posted on the City's website until the end date of the economic development subsidy, as further described in number 2 below.

- 1. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy.**

The original Agreement is with SigmaNet, Inc. a California corporation which was acquired by ConvergeOne and is now the sole beneficiary of the economic development subsidy.

ConvergeOne, Inc,
10900 Nesbitt Avenue S
Bloomington, MN 55437

- 2. The start and end dates and schedule, if applicable, for the economic development subsidy.**

The start date of this subsidy was December 15, 2015 and will remain active as long as the business remains active in the City.

- 3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.**

The economic development subsidy shall be fifty percent (50%) of the Sales Tax Revenues attributable to the Property in excess of the Base Sales Tax Amount of forty-five thousand dollars (\$45,000) quarterly for each computation quarter during the eligibility period. Through the first quarter of 2020, the full amount paid by the City to SigmaNet/ ConvergeOne is \$361,875.25.

- 4. A statement of the public purposes for the economic development subsidy.**

ConvergeOne, Inc. a California corporation has an existing distribution center and warehouse located in the City of Ontario. Because of changing market trends and business development issues, ConvergeOne considered moving out of Ontario. By

entering into this Agreement ConvergeOne maintained a facility sales office within the City and expanded into a new facility in 2019.

The public purpose of the economic development subsidy maintained and created jobs and stimulated the economic recovery of the Inland Empire. Further, the commitment to stay in Ontario and expand operations served the additional public purpose of fostering a business and civic environment that may attract additional businesses and investment in the community due to the availability of the increased public and private services and economic activity resulting therefrom, thereby assisting the City in its goal of furthering the development of the community.

5. The net tax revenue to the local agency as a result of the economic development subsidy.

\$2,682,717.72 in net Sales and Business License Tax revenues.

6. The number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

By staying in the City, ConvergeOne hired the following employees between 1/1/2016 – 12/31/2019:

- 57 full-time
- 3 part-time