

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

**FOR AN OPERATING COVENANT AGREEMENT
BY AND BETWEEN
CITY OF ONTARIO
AND
PAG ONTARIO B1, INC.**

The purpose of this report is to provide the information required pursuant to Government Code Section 53083(d) regarding 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 Agreement is with PAG Ontario B1, Inc., who owns and operates two existing businesses: MINI of Ontario and BMW of Ontario. PAG Ontario B1, Inc. is a subsidiary of Penske Automotive Group, Inc.

PAG Ontario B1, Inc.
2555 Telegraph Road
Bloomfield Hills, MI 48302

Penske Automotive Group, Inc.
2555 Telegraph Road
Bloomfield Hills, MI 48302

MINI of Ontario
1251 Auto Center Drive
Ontario, CA 91761

BMW of Ontario
1301 Auto Center Drive
Ontario, CA 91761

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

The start date of the economic development subsidy was on February 18, 2014 and the end date will be no later than 10 years after the state date, on or around February 18, 2024. The end date may occur earlier than 10 years from the effective date upon payment of the economic development subsidy in the aggregate amount of \$2,000,000.

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 is equal to fifty percent (50%) of the sales tax revenue received by the City in excess of \$650,000 for each year, not to exceed a total aggregate payment amount of Two Million Dollars (\$2,000,000). Through the first quarter of 2020, no subsidy payments have been made or are due to be paid.

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

At the time the Agreement was entered into, PAG Ontario B1, Inc. leased property located at 1251 Auto Center Drive and 1301 Auto Center Drive, in the City of Ontario, on which it operates two automobile dealerships and service businesses known as MINI of Ontario and BMW of Ontario. PAG Ontario B1, Inc. desired to lease additional property located across the street from MINI of Ontario and BMW of Ontario, at 1350 S. Auto Center Drive, to provide expanded services for these businesses. However, doing so was not financially feasible for PAG Ontario B1, Inc. at that time based on the market rental value of 1350 S. Auto Center Drive.

PAG Ontario B1, Inc. was able to lease 1350 S. Auto Center Drive and use it to expand MINI of Ontario and BMW of Ontario and it resulted in substantial benefits to the City and its citizens including, without limitation, the creation of significant new numbers of employment opportunities, property tax revenues, sales tax revenues and other ancillary benefits.

Further, the expansion of MINI of Ontario and BMW of Ontario 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.

\$3,350,561.38 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.

- 151 full-time employees