

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

**FOR AN OPERATING COVENANT AGREEMENT
BY AND BETWEEN
CITY OF ONTARIO
AND
HENRY SCHEIN, 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 Agreement is with HENRY SCHEIN, Inc. a Delaware corporation which is the sole beneficiary of the economic development subsidy.

Henry Schein, Inc.
135 Duryea Road
Melville, NY 11747

- 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. The end date will be no later than 20 years after the start date, on or around December 31, 2035, unless extended pursuant to the terms of the Agreement. If the extended term is exercised, the subsidy shall continue for an additional 20 years and will end no later than December 31, 2055.

- 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 calculated based on Henry Schein, Inc.'s sales tax revenue received by the City during a Computation Quarter in an amount equal to the sum of fifty percent (50%) of the Sales Tax Revenues attributable to annual taxable sales. Through the first quarter of 2020, the full amount paid by the City to Henry Schein is \$7,145,571.

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

Henry Schein, Inc., is a worldwide retailer of health care equipment and merchandise to office-based dental, animal health and medical practitioners. Before this Agreement

Henry Schein, Inc. did not have a warehouse, sales office, or other physical presence in California for their merchandise. Through this Agreement, Henry Schein, Inc., committed to open and operate a Regional Sales Office in the City for transacting merchandise sales. In addition, Henry Schein opened a distribution center in the City in 2019.

The public purpose of the economic development subsidy was to have a company with international distribution establish a physical presence in the City and California which would, in turn, create jobs and stimulate the economic recovery of the Inland Empire. Additionally, by having a company like Henry Schein, Inc. establish a physical presence in California, and particularly the City, we added diversity to and generated new opportunities for economic growth. Henry Schein, Inc., is a socially and environmentally responsible company that works to expand access to health care for underserved and at-risk populations around the world by promoting wellness, prevention, treatment and education; providing emergency preparedness and relief; and building health care capacity. Henry Schein, Inc., embraces the principles of environmental stewardship by minimizing its consumption of resources and reducing negative environmental impacts. They also promote environmental sustainability among their customers by encouraging the “greening” of health professionals’ offices.

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

\$7,316,191.10 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.

- 15 full-time
- 0 part-time