

ORDINANCE NO. 21-113

AN ORDINANCE APPROVING A COMPENSATION AGREEMENT WITH SANDUSKY CITY SCHOOL DISTRICT RELATING TO IMPROVEMENT FUNDS ESTABLISHED FOR THE COOKE BUILDING TIF AREA; AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE THE COMPENSATION AGREEMENT; AND DECLARING THAT THIS ORDINANCE SHALL TAKE IMMEDIATE EFFECT IN ACCORDANCE WITH SECTION 14 OF THE CITY CHARTER.

WHEREAS, the City and the School District desire to cooperate to foster economic development of and investment in the City; and

WHEREAS, Sections 5709.41, 5709.42 and 5709.43 of the Ohio Revised Code provide that the City Commission may declare improvements to parcels of real property located in the City to be a public purpose, thereby exempting those improvements from real property taxation for a period of time; specify improvements, as that term is defined in Revised Code Section 5709.41, to be made to benefit the parcels; provide for the making of service payments in lieu of taxes by the owners thereof; provide for payments to the School District; and establish a tax increment equivalent fund into which such service payments shall be deposited; and

WHEREAS, Section 5709.42 of the Ohio Revised Code further authorizes a municipality to require owners of improvements subject to TIF Exemptions to make an annual service payment to the municipality in lieu of taxes (a "Service Payment"), which Service Payment is approximately equivalent to the amount of real property tax that would be payable on the increase in the true value of the parcel of property but for the TIF Exemptions; and

WHEREAS, in companion legislation, this City Commission will consider declaring improvements to specific parcels area to be a public purpose, which parcels will be exempted from real estate taxes on the increase in assessed value, and will consider establishing a Tax Increment Equivalent Fund, referred to as the TIF Ordinance; and

WHEREAS, the City and the Sandusky City School District will derive substantial and significant benefits from the development and improvement to the Hogrefe-Cooke Building and desire to enter into this Compensation Agreement to facilitate the construction of improvements and to compensate the Sandusky City School District for a portion of the revenue that the School District would have received had the improvements been made and not been exempted from taxation; and

WHEREAS, the Sandusky City School District reviewed the Compensation Agreement and unanimously approved at their Board meeting on June 15, 2021; and

WHEREAS, this Ordinance should be passed as an emergency measure under suspension of the rules in accordance with Section 14 of the City Charter in

PAGE 2 - ORDINANCE NO. 21-113

order to execute the Compensation Agreement for the immediate preservation of the public peace, property, health and safety; and

WHEREAS, in that it is deemed necessary in order to provide for the immediate preservation of the public peace, property, health, and safety of the City of Sandusky, Ohio, and its citizens, and to provide for the efficient daily operation of the Municipal Departments of the City of Sandusky, Ohio, the City Commission of the City of Sandusky, Ohio, finds that an emergency exists regarding the aforesaid, and that it is advisable that this **Ordinance** be declared an emergency measure which will take immediate effect in accordance with Section 14 of the City Charter; and NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SANDUSKY, OHIO, THAT:

Section 1. This City Commission hereby approves the Compensation Agreement, a copy of which is on file in the office of the Clerk of the City Commission and attached to this Ordinance, marked Exhibit "1", and specifically incorporated as if fully rewritten herein, together with any revisions or additions as are approved by the Law Director as not being substantially adverse to the City and consistent with the objectives and requirements in carrying out the terms of this Ordinance.

Section 2. This City Commission authorizes and directs the City Manager to execute the Compensation Agreement relating to the Tax Increment Equivalent Fund established for the Cooke Building TIF area.

Section 3. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 4. This City Commission finds and determines that all formal actions of this City Commission concerning and relating to the passage of this Ordinance were taken in an open meeting of this City Commission and that all deliberations of this City Commission and of any of its committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

PAGE 3 - ORDINANCE NO. 21-113

Section 5. That for the reasons set forth in the preamble hereto, this Ordinance is hereby declared to be an emergency measure which shall take immediate effect in accordance with Section 14 of the City Charter after its adoption and due authentication by the President and the Clerk of the City Commission of the City of Sandusky, Ohio.



RICHARD R. BRADY
PRESIDENT OF THE CITY COMMISSION



ATTEST:

MCKENZIE E. SPRIGGS
CLERK OF THE CITY COMMISSION

Passed: July 12, 2021

SCHOOL COMPENSATION AGREEMENT

This School Compensation Agreement (the “Agreement”) is made and entered into as of July 12, 2021, by and between the CITY OF SANDUSKY, OHIO (the “City”), a municipal corporation organized and existing under the constitution and the laws of the State of Ohio and its Charter with its principal offices at 240 Columbus Avenue, Sandusky, OH 44870, and the SANDUSKY CITY SCHOOL DISTRICT (the “School District”), a public school district with its principal offices located at 407 Decatur Street, Sandusky, OH 44870.

WITNESSETH:

WHEREAS, Sections 5709.40 et seq. of the Ohio Revised Code, including Sections 5709.40 and 5709.41, authorizes municipalities to declare improvements to real property to be for a public purpose and to grant real property tax exemptions (a “TIF Exemptions”) for such improvements, and

WHEREAS, Section 5709.42 of the Ohio Revised Code further authorizes a municipality to require owners of improvements subject to TIF Exemptions to make an annual service payment to the municipality in lieu of taxes (a “Service Payment”), which Service Payment is approximately equivalent to the amount of real property tax that would be payable on the increase in the true value of the parcel of property but for the TIF Exemptions; and

WHEREAS, the City expects to pass an Ordinance (the “Cooke Building TIF Ordinance”) on or around June 14, 2021, granting a 100%, 30-year TIF Exemption to certain parcels of real property located in the City (the “Hogrefe-Cooke Project”) as further described in EXHIBIT A attached hereto; and

WHEREAS, the City anticipates authorizing additional TIF Exemptions (collectively, together with the Cooke Building TIF Ordinance, the “TIF Ordinances”) to certain parcels of real property located within the City, as further described in EXHIBIT B attached hereto (collectively, together with the Hogrefe-Cooke Project as the “Projects”);

WHEREAS, the School District and the City desire to cooperate to foster economic development of and investment in the City;

WHEREAS, the City expects that the owners of the Projects shall make, or cause to be made, improvements (each improvement having the meaning as set forth in Section 5709.40 or 5709.41 and collectively, referred to herein as the “Improvements”) to the Projects consistent with the objectives stated in the TIF Ordinances; and

WHEREAS, the City and the School District will derive substantial and significant benefits from the Improvements; and

WHEREAS, on or around June 2021, and prior to the passage of the Cooke Building TIF Ordinance, the Board of the School District adopted a resolution (the “School District Resolution”) granting its approval of this Agreement and the TIF Exemption as provided in the Cooke Building TIF Ordinance and all future TIF Ordinances related to the Projects and waived any further requirements of Sections 5709.40, 5709.41, 5709.82 and 5709.83 of the Ohio Revised Code on the condition that the City execute and deliver this Agreement; and

WHEREAS, to facilitate the construction of the Improvements and to compensate the School District for a portion of the tax revenue that the School District would have received had the Projects been improved and not been exempted from taxation, the City and the School District have determined to enter

into this Agreement, which Agreement is in the vital and best interest of the City and the School District and will improve the health, safety and welfare of the citizens of the City and the School District.

NOW, THEREFORE, in consideration of the premises and covenants contained herein the parties agree as follows:

Section 1. City Compensation Payment to School District. In consideration of the School District's approval of the TIF Exemptions and agreement, pursuant to the School District Resolution, to waive the application of Section 5709.82 of the Ohio Revised Code, the City hereby agrees to pay to the School District the compensation provided for below in this Agreement as set forth below.

The parties agree that, as consideration for the School District's agreement to approve the TIF Exemptions, the City shall pay to the School District, solely out of Service Payments, within 60 days following receipt by the City of each semiannual real property tax settlement, an amount equal to 12.5% of the Service Payments (collectively, the "Compensation Payment").

Section 2. Submission of Detailed Accounting to School District; Contest of Compensation Payment. The City shall submit semiannually to the School District, with the transmission of the Compensation Payment described in Section 1 above, a detailed accounting of its calculation of the Compensation Payment. In the event the School District disputes the amount of the Compensation Payment, as certified by the Director of Finance of the City (the "Director of Finance"), the School District shall certify, within 30 days of receipt of the accounting, the basis for the dispute and the amount that the School District claims is the correct amount of Compensation Payment to be paid to the School District. Within 10 days thereafter, the Director of Finance and the Treasurer of the School District (the "Treasurer") shall meet to discuss and resolve the dispute. In the event the Director of Finance and the Treasurer are unable to mutually agree on the amount of Compensation Payment, the City shall, within 15 days thereafter, pay the amount that it has, in good faith, determined is due under this Agreement; provided that nothing contained in this Section shall limit either the School District's ability, after payment and receipt of such Compensation Payment amount, to seek recovery of amounts deemed underpaid.

Section 3. Filing of Report with the School District. At such time that the City files the status report required under the Ohio Revised Code and pursuant to the provisions of the TIF Ordinances, to be filed with the Ohio Development Services Agency by March 31 of each year, the City shall also deliver of a copy of such status report to the School District.

Section 4. Application of Ohio Revised Code Section 5709.82. The School District acknowledges and agrees that this Agreement provides for the only compensation to be received by the School District from the City in connection with real property tax exemptions granted pursuant to the TIF Ordinances, and the compensation provided for herein is in lieu of any other compensation that may be provided for in Section 5709.82 of the Ohio Revised Code.

Section 5. Amendment. This Agreement may be amended or modified by the parties only in writing, signed by both parties to the Agreement.

Section 6. Entire Agreement, Waiver of Notice. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof, including without limitation all forms of compensation to be paid by the City to the School District pursuant to Section 5709.82, 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. The School District, by adoption of the School District Resolution and execution of this Agreement, hereby waives any notice

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, all as of the date hereinbefore written.

CITY OF SANDUSKY, OHIO

SANDUSKY CITY SCHOOL DISTRICT

By: _____

Its: City Manager

By: _____

Its: Superintendent

By: _____

Its: Treasurer

By: _____

Its: President, Board of Education

Approved as to form:

By: _____

Its: Law Director, City of Sandusky

EXHIBIT A

DESCRIPTION OF THE HOGREFE-COOKE PROJECT

Permanent Parcel Nos: 56-00527.000, 56-00528.000 and 56-00528.001

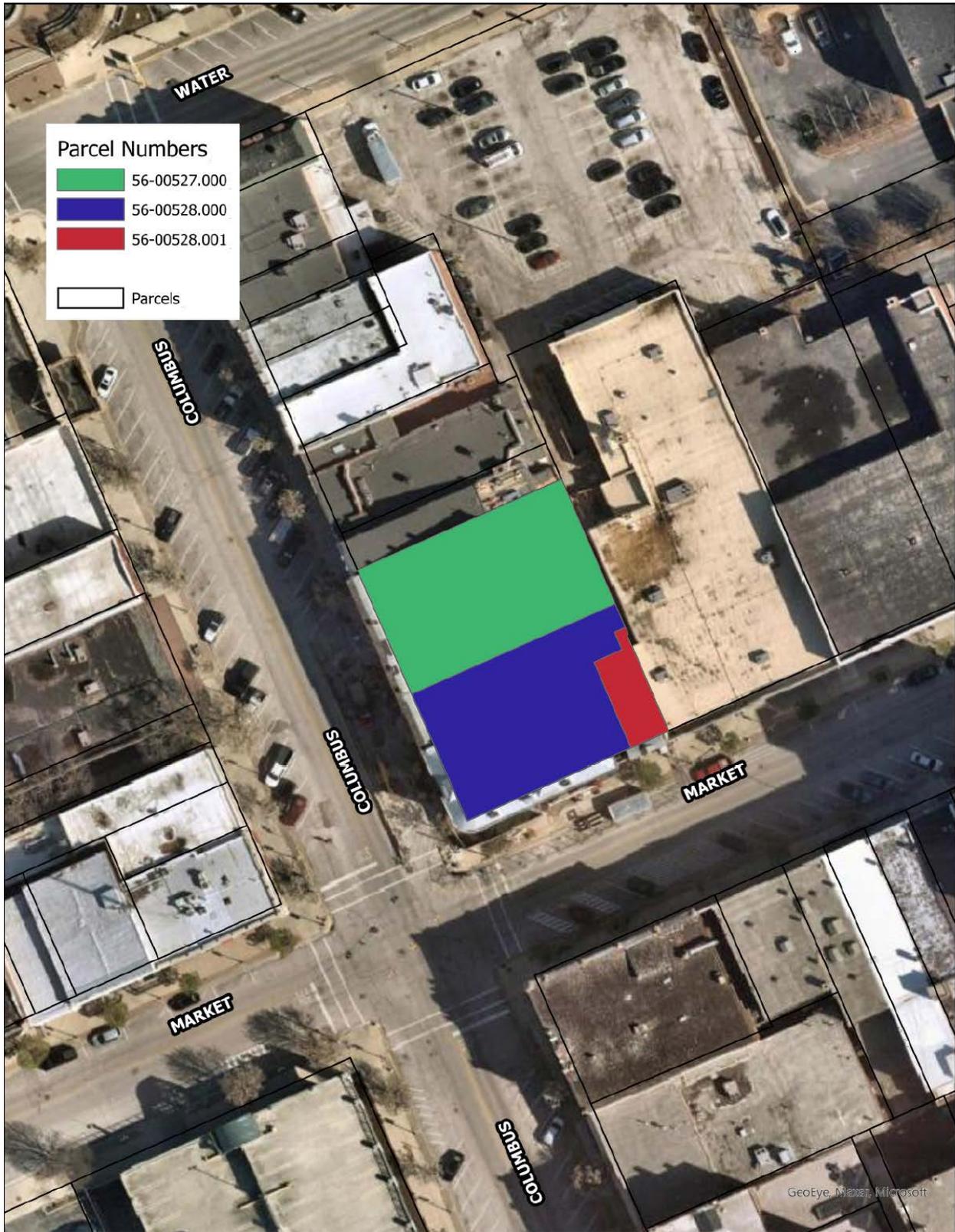


EXHIBIT B

DESCRIPTION OF THE ADDITIONAL PROJECTS

Parcel Number	Deeded Owner	Address
56-00174.000	CEDAR POINT PARK LLC	105 Shoreline Drive
56-00103.000	CITY OF SANDUSKY	134 Jackson Street
56-60104.000	CITY OF SANDUSKY	134 Jackson Street
56-60823.000	CITY OF SANDUSKY	134 Jackson Street
56-64001.000	CITY OF SANDUSKY	134 Jackson Street
56-64002.000	CITY OF SANDUSKY	134 Jackson Street
56-64003.000	CITY OF SANDUSKY	134 Jackson Street
56-64004.000	CITY OF SANDUSKY	134 Jackson Street
56-64032.000	CITY OF SANDUSKY	134 Jackson Street
56-64036.000	CITY OF SANDUSKY	134 Jackson Street
56-64037.000	CITY OF SANDUSKY	134 Jackson Street
56-64038.000	CITY OF SANDUSKY	134 Jackson Street
56-64039.000	CITY OF SANDUSKY	134 Jackson Street
56-64040.000	CITY OF SANDUSKY	134 Jackson Street
56-64043.000	CITY OF SANDUSKY	134 Jackson Street
56-64052.000	CITY OF SANDUSKY	134 Jackson Street

