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CONTACT: Jeannie Roberts, 440-885-8181

City, Phillips Edison reach development agreement on Shoppes at Parma

PARMA – The City of Parma has approved a public-private partnership with Phillips Edison & Co. to help finance the redevelopment of the Shoppes at Parma.

Monday night, Parma City Council approved a Tax Increment Financing (TIF) package for Phillips Edison, allowing the developer to utilize the increased property taxes to be created by the project to help finance a portion of the development.

Under the development agreement contained in the legislation, the City of Parma receives a completion guarantee of the project, a major priority for the City's administration. Phillips Edison is obligated to spend at least \$56 million on the redevelopment.

"Phillips Edison has a strong national reputation, and we expect nothing less than a highly successful redevelopment here," Mayor Tim DeGeeter said. "However, we have an obligation to our residents to ensure Phillips Edison's vision for the project becomes reality."

That vision - contained in the development agreement - includes demolition of the former Macy's building and other existing parts of the property, as well as construction of new entrances and new store spaces. Phillips Edison's plan also calls for significant renovations to the interior mall, the Marc's Strip Center, and the neighboring four-story medical office building.

Phillips Edison also agreed to the following terms under the development agreement:

- Create at least 15 new jobs in the medical office building.
- Provide \$150,000 to the City for the Fire Safety House program.

- Pay \$50,000 to relocate the City's Parks and Recreation Department, currently located in the mall.
- Relocate the Fire Training Center to another location in the site.
- Pay the City's legal fees.

As part of the deal, the city agreed to allow Phillips Edison to use the TIF package to pay debt service on bonds that will be used to help finance a portion of the costs of the redevelopment. On Wednesday, the Cleveland-Cuyahoga County Port Authority is expected to vote on the issuance of the bonds.

In the on-going negotiations with Phillips Edison, another top priority for the City was for the developer to reach an agreement with the Parma City School District. That agreement was finalized in August, and the schools will receive an upfront payment of \$2.35 million to help offset and recognize future taxes foregone as a result of the TIF package.

“We are nothing but pleased with how all parties involved – Phillips Edison, the City of Parma, the Parma School District, Cuyahoga County and the Port Authority – have worked together to create and implement a plan that could mean significant growth and opportunity for our city,” DeGeeter said. “Our City motto is Progress through Partnerships, and that is definitely applicable here.”