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ORDINANCE NO. 242-15

BY: **SCOTT TUMA**
(By Request – Mayor)

AN ORDINANCE CREATING A TAX INCREMENT FINANCE DISTRICT AND DECLARING THE IMPROVEMENT OF CERTAIN REAL PROPERTY LOCATED IN THE CROSSROADS OF PARMA TO BE A PUBLIC PURPOSE; DECLARING SUCH PROPERTY TO BE EXEMPT FROM REAL PROPERTY TAXATION; DESIGNATING IMPROVEMENTS TO BE MADE THAT WILL BENEFIT OR SERVE SUCH PROPERTY; REQUIRING THE OWNERS OF SUCH PROPERTY TO MAKE ANNUAL SERVICE PAYMENTS IN LIEU OF TAXES; ESTABLISHING THE DOWNTOWN PUBLIC IMPROVEMENT TAX INCREMENT EQUIVALENT FUND AND RELATED AUTHORIZATIONS PURSUANT TO OHIO REVISED CODE SECTIONS 5709.40(B), 5709.42 AND 5709.43; AND DECLARING AN EMERGENCY

WHEREAS, pursuant to Ohio Revised Code Sections 5709.40(B), 5709.42 and 5709.43 (the “TIF Statutes”) the City may utilize municipal tax increment financing to declare the improvement to certain parcels of real property located within the municipal corporation to be a public purpose and exempt from taxation, require the owner of each parcel to make service payments in lieu of taxes, provide for the distribution of the applicable portion of such service payments to the city, local or exempted village school district, establish a municipal public improvement tax increment equivalent fund for the deposit of the remainder of such service payments and specify public infrastructure improvements made, to be made or in the process of being made that directly benefit, or that once made will directly benefit, those parcels; and

WHEREAS, the parcels of real property identified and depicted in Exhibit A attached hereto are located in the City of Parma, Ohio (collectively, the “Property”), and this Council has determined to declare the Improvement (as defined in Section 2 of this Ordinance) to the Property to be a public purpose; and

WHEREAS, this Council has determined that it is necessary and appropriate and in the best interest of the City to exempt from taxation one hundred percent (100%) of the Improvement to the Property as permitted and provided in Section 5709.40(B) of the Ohio Revised Code for up to thirty (30) years (the “TIF Exemption”) and to simultaneously direct and require the current and future owner(s) of parcels (each such owner individually, an “Owner,” and collectively, the “Owners”) comprising the Property to make annual Service Payments (as defined in Section 3 of this Ordinance) with respect to the Property in lieu of real property tax payments, in the same amount as they would have made real property tax payments except for the exemption provided by this Ordinance; provided that the TIF Exemption and the obligation to make Service Payments is subject and subordinate to any tax exemptions applicable to the Improvement approved by the City pursuant to Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code; and

WHEREAS, the City has determined that a portion of the Service Payments shall be paid directly to the Parma City School District (the “School District”) in an amount equal to the real property taxes that the School District would have been paid if the Improvement to the Property located in the School District had not been exempt from taxation pursuant to this Ordinance; and

WHEREAS, pursuant to Section 5709.43(A) of the Ohio Revised Code, this Council has determined to establish a municipal public improvement tax increment equivalent fund for the Property, in which there shall be deposited the remaining Service Payments distributed to the City; and

WHEREAS, this Council has determined to provide for the construction of the public infrastructure improvements described in Exhibit B attached hereto (the "Public Infrastructure Improvements"), which, once made, will directly benefit the Property; and

WHEREAS, notice of this proposed Ordinance has been delivered to the Board of Education of the School District in accordance with and within the time periods prescribed in Sections 5709.40 and 5709.83 of the Ohio Revised Code; and

WHEREAS, an emergency exists in that this Ordinance is required to be immediately effective in order to facilitate the development of the Property, such immediate action being necessary for the preservation of the public health, peace, property and safety;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PARMA, STATE OF OHIO:

Section 1. Parcels of Real Property. The parcels of real property subject to the exemption granted by this Ordinance are identified and depicted in Exhibit A attached hereto and made a part hereof (collectively referred to herein as the "Property," with each parcel comprising the Property, as currently or subsequently configured, including any lot splits or consolidations, being referred to individually as a "Parcel"). In the event of a conflict between the outline of the Property shown in the map set forth in such exhibit and the legal description of the Property, the outline of the Property shown in the map shall control.

Section 2. Tax Exemption. Pursuant to and in accordance with the TIF Act, this Council hereby finds and determines that 100% of the increase in assessed value of each Parcel comprising of the Property (which increase in assessed value is also hereinafter referred to as the "Improvement" as defined in the TIF Act) is hereby declared to be a public purpose and shall be exempt from taxation for a period commencing for each Parcel with the first tax year that begins after the effective date of this Ordinance and in which an Improvement attributable to a new structure on that Parcel would first appear on the tax list and duplicate of real and public utility property were it not for the exemption granted by this Ordinance and ending on the earlier of (A) thirty (30) years after such commencement or (B) the date on which the Village can no longer require service payments in lieu of taxes, all in accordance with the requirements of the TIF Act. Notwithstanding any other provision of this Ordinance, the TIF Exemption granted pursuant to this Section 2 and the payment obligations established pursuant to Section 3 of this Ordinance are subject and subordinate to any tax exemptions applicable to the Improvement approved by the City pursuant to Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code.

Section 3. Service Payments and Property Tax Rollback Payments. Subject to any tax exemptions applicable to the Improvement approved by the City pursuant to Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code, and pursuant to Section 5709.42 of the Ohio Revised Code, the City hereby directs and requires the Owners of the Property to make annual Service Payments (as defined herein) in lieu of taxes with respect to the Improvement allocable thereto to the Fiscal Officer for Cuyahoga County on or before the final dates for payment of real property taxes. Each service payment in lieu of taxes, including any penalties and interest at the then current rate established under Sections 323.121(B)(1) and 5703.47

of the Ohio Revised Code (collectively, the "Service Payments") shall be charged and collected in the same manner and in the same amount as the real property taxes that would have been Pg. 3 of L-242-15 Ord. creating a Tax Increment Finance District located in the Crossroads of Parma, and declaring an emergency

charged and payable against the Improvement if it were not exempt from taxation pursuant to Section 2 of this Ordinance. The Service Payments, and any other payments with respect to the Improvement that are received by the Fiscal Officer for Cuyahoga County in connection with the reduction required by Sections 319.302, 321.24, 323.152 and 323.156 of the Ohio Revised Code, as the same may be amended from time to time, or any successor provisions thereto as the same may be amended from time to time (the "Property Tax Rollback Payments"), shall be allocated and distributed in accordance with Section 4 of this Ordinance. This Council further hereby authorizes and directs appropriate officers of the City to make such arrangements as are necessary and proper for collection of the Service Payments from the Owners, including the preparation and filing of any necessary exemption applications.

Section 4. Tax Increment Equivalent Fund. This Council hereby establishes, pursuant to and in accordance with the provisions of Section 5709.43 of the Ohio Revised Code, the Crossroads of Parma Public Improvement Tax Increment Equivalent Fund (the "TIF Fund"). The TIF Fund shall be maintained in the custody of the City and shall receive all distributions to be made to the City pursuant to Section 5 of this Ordinance. Those Service Payments and Property Tax Rollback Payments received by the City with respect to the Improvement of the Property and so deposited pursuant to Section 5709.42 of the Ohio Revised Code shall be used solely for the purposes authorized in the TIF Statutes or this Ordinance. The TIF Fund shall remain in existence so long as such Service Payments and Property Tax Rollback Payments are collected and used for the aforesaid purposes, after which time the TIF Fund shall be dissolved and any surplus funds remaining therein transferred to the City's General Fund, all in accordance with Section 5709.43 of the Ohio Revised Code.

Section 5. Distribution of Funds. Pursuant to the TIF Statutes, the Fiscal Officer for Cuyahoga County is requested to distribute the Service Payments and the Property Tax Rollback Payments as follows:

(i) to the School District, an amount equal to the amounts that the School District would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to the Property located within the School District's boundaries if the Improvement had not been exempt from taxation pursuant to this Ordinance; and

(ii) to the City, all remaining amounts for further deposit into the TIF Fund for payment of costs of the Public Infrastructure Improvements, including debt service on any securities issued to finance those costs.

Section 6. Public Infrastructure Improvements. The City hereby designates the Public Infrastructure Improvements described in Exhibit B attached hereto, and any other public infrastructure improvements hereafter designated by ordinance as public infrastructure improvements, as public infrastructure improvements made, to be made or in the process of being made by the City that directly benefit, or that once made will directly benefit, the Property.

Section 7. Further Authorizations. This Council hereby authorizes and directs the Director of the City's Department of Development, the City Clerk or other appropriate officers of the City to make such arrangements as are necessary and proper for collection of the Service Payments. This Council further authorizes the Director of the City's Department of Development, the City Clerk or other appropriate officers of the City to prepare and sign all agreements and instruments and to take any other actions as may be appropriate to implement this Ordinance.

Section 8. Filings with Ohio Development Services Agency. Pursuant to Section 5709.40(l) of the Ohio Revised Code, the City Clerk is hereby directed to deliver a copy of this Ordinance to the Director of the Development Services Agency (“DSA”) of Pg. 4 of L-242-15 Ord. creating a Tax Increment Finance District located in the Crossroads of Parma, and declaring an emergency

the State of Ohio within fifteen (15) days after its adoption. Further, on or before March 31 of each year that the exemption set forth in Section 2 of this Ordinance remains in effect, the Director of the City’s Department of Development shall prepare and submit to the Director of DSA the status report required under Section 5709.40(l) of the Ohio Revised Code.

Section 9. Tax Incentive Review Council. The City hereby creates the City of Parma, Ohio, Tax Incentive Review Council for the Property, with the membership of that Council to be constituted in accordance with Section 5709.85 of the Ohio Revised Code. That Council shall review annually all exemptions from taxation resulting from the declarations set forth in this Ordinance and any other such matters as may properly come before that Council, all in accordance with Section 5709.85 of the Ohio Revised Code.

Section 10. Regularity. That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Resolution were adopted in an open meeting of this Council; and that all deliberations of the Council and any of its committees that resulted in such formal action were meetings open to the public in compliance with all legal requirements.

Section 11. Effective Date. This Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public health, safety, and welfare of the City of Parma, and for the further reason that this measure is necessary in order to establish the base assessed valuation of the Property for the TIF Exemption as of the 2015 Tax Year, and this Ordinance shall become immediately effective upon receiving the affirmative vote of two-thirds of all members elected to Council and approval of the Mayor, otherwise from and after the earliest period allowed by law.

PASSED: _____
PRESIDENT OF COUNCIL

ATTEST: _____ APPROVED: _____
CLERK OF COUNCIL

FILED WITH
THE MAYOR: _____
MAYOR, CITY OF PARMA, OHIO

CERTIFICATE

The undersigned Clerk hereby certifies that the foregoing is a true copy of Ordinance No. ____ - 15 duly adopted by the Council of the City of Parma, Ohio on _____, 2015.

Clerk of Council
City of Parma, Ohio

EXHIBIT A

THE PROPERTY

The shaded area on the map below shows the boundaries of the Property. The listing on the following pages identifies all real property parcels that make up the Property. Both the map and the list constitute part of this Exhibit A.

EXHIBIT B

PUBLIC INFRASTRUCTURE IMPROVEMENTS

The Public Infrastructure Improvements include, but are not limited to, the following improvements and all related costs (as defined in Ohio Revised Code Section 133.15(B)):

1. Constructing, reconstructing, extending, opening, improving, widening, grading, draining, curbing and changing of the lines and traffic patterns of roads, highways, streets, railways, bridges (including roadway, railway, and pedestrian), existing roadways adjacent to and providing ingress and egress to the Property, sidewalks, bikeways, medians and viaducts, constructing and improving surface parking lots or parking structures and related improvements, providing lighting systems, together with all appurtenances therefore.
2. Constructing and reconstructing public parks or public greenspaces, including grading, trees, park plantings, park accessories and related improvements, together with all appurtenances thereto.
3. Constructing, reconstructing and installing of public utility improvements, water distribution lines (including necessary site grading therefore), storm and sanitary sewers (including necessary site grading therefore), water and fire protection systems, and all appurtenances thereto.
4. Constructing and installing streetscape improvements including trees, tree grates, curbs, sidewalks, street and sidewalk lighting, trash receptacles, benches, newspaper racks, burial of overhead utility lines and related improvements, together with all appurtenances thereto; design and traffic studies preliminary to the foregoing.
5. Designing, engineering, constructing, and improving the new infrastructure for electric, gas, telephone, and cable service (including fiber optics), including aid to construction fees for gas, aid to construction fees for electric, with related site improvements and appurtenances thereto.
6. Acquisition and development of property, including acquisition in aid of industry, commerce, distribution, or research, demolition of blighted, dilapidated, or functionally obsolete structures for redevelopment opportunities, including demolition on private property when determined to be necessary for economic development purposes.
7. Environmental studies and remediation.
8. Acquiring real estate or interests in real estate, including related right-of ways, necessary to accomplish the improvements enumerated in clauses 1 through 7.

9. Any on-going administrative expenses relating to the Public Infrastructure Improvements and maintaining the Service Payments, including but not limited to engineering, architectural, legal, and other consulting and professional services.
10. All inspection fees and other governmental fees related to the foregoing.
11. Any other costs of public infrastructure improvements as permitted by law.