

RESOLUTION NO. 10-2022

Introduced by Monty Tapp

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A SCHOOL COMPENSATION AGREEMENT BETWEEN THE CITY OF HURON AND THE HURON CITY SCHOOL DISTRICT.

WHEREAS, on July 13, 2021, Huron City Council adopted Resolution No. 42-2021 approving an Annexation Agreement with Huron Township relating to the City of Huron's annexation of Erie County, Ohio PPN's 39-01076.029, 39-01076.004, 39-01076.000, 39-01076.005, 39-00553.000, 39-00827.000, 39-00859.000, 39.00864.000 and 39-00864.001 (the "Annexed Parcels"); and

WHEREAS, as authorized by Section 5709.41(B) of the Ohio Revised Code, Huron City Council adopted Ordinance No. 2021-30 on August 24, ,2021 authorizing the acceptance of a conveyance of the Annexed Parcels; and

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

WHEREAS, Section 5709.42 of the Ohio Revised Code further authorizes a municipality to require owners of improvements subject to the TIF Exemption to make an annual service payment to the municipality in lieu of taxes (a "Service Payment"), which Service Payments shall be 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 Exemption; and

WHEREAS, the City expects to pass an Ordinance (the "TIF Ordinance") in the near future granting a 100%, 30-year TIF Exemption to the Annexed Parcels located in the City (the "Project") as further described in Exhibit A attached hereto; and

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

WHEREAS, the City expects that the owners of the Project 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 Project consistent with the objectives stated in the TIF Ordinance; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HURON, OHIO:

SECTION 1. That the City Manager is authorized and directed to enter into a School Compensation Agreement with Huron City School, which agreement shall be substantially in the form of Exhibit "A" attached hereto and made a part hereof.

SECTION 2. That this Council hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Council and that all deliberations of this Council and of its Committees, if any, which resulted in formal action, were taken in meetings open to the public in full compliance with applicable legal requirements, including O.R.C. §121.22.

SECTION 3. That this Resolution shall be in full force and effect from and immediately after its adoption.

ATTEST: Gerri Welkener
Clerk of Council

Monty Tapp
Monty Tapp, Mayor

ADOPTED: 11 JAN 2022



SCHOOL COMPENSATION AGREEMENT

This School Compensation Agreement (the "Agreement") is made and entered into as of July 20, 2021, by and between the CITY OF HURON, 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 417 Main Street, Huron, Ohio 44839, and the HURON CITY SCHOOL DISTRICT (the "School District"), a public school district with its principal offices located at 712 Cleveland Road East, Huron, Ohio 44839.

WITNESSETH:

WHEREAS, Sections 5709.40 et seq. of the Ohio Revised Code, including Section 5709.41, authorizes municipalities to declare improvements to real property to be for a public purpose and to grant a real property tax exemption (a "TIF Exemption") 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 Exemption to make an annual service payment to the municipality in lieu of taxes (a "Service Payment"), which Service Payments shall be 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 Exemption; and

WHEREAS, the City expects to pass an Ordinance (the "TIF Ordinance") on or around August 10, 2021, granting a 100%, 30-year TIF Exemption to certain parcels of real property located in the City (the "Project") as further described in EXHIBIT A attached hereto; and

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

WHEREAS, the City expects that the owners of the Project 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 Project consistent with the objectives stated in the TIF Ordinance; and

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

WHEREAS, on July 20, 2021, and prior to the passage of the 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 TIF Ordinance 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 Project 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 Exemption 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 Exemption, 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 25% 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 Finance Director of the City (the "Finance Director"), 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 Finance Director and the Treasurer of the School District (the "Treasurer") shall meet to discuss and resolve the dispute. In the event the Finance Director 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 Ordinance, to be filed with the Ohio Development Services Agency by March 31 of each year, the City shall also deliver 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 Ordinance, 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. The City and the School District acknowledge and agree that the terms of this Agreement are contingent upon the annexation of the Project into the City and that, in the event that the annexation is not complete by December 31, 2021, the City and the School District shall work cooperatively to terminate this 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 requirements set forth in Sections 5709.40, 5709.41, 5709.83 and 5715.27 of the Ohio Revised Code with respect to the TIF Exemption.

Section 7. Notices. All payments, certificates and notices which are required to or may be given pursuant to the provisions of this Agreement shall be sent by the United States ordinary mail, postage prepaid, and shall be deemed to have been given or delivered when so mailed to the following addresses:

If to the City: City of Huron
 417 Main St
 Huron, OH 44839
 Attn: City Manager

With a copy to: City of Huron
 417 Main St
 Huron, OH 44839
 Attn: Law Director

If to the School Board: Huron City School District
 712 Cleveland Road East
 Huron, OH 44839
 Attn: Treasurer

Either party may change its address for receiving notices and reports by giving written notice of such change to the other party.

Section 8. Severability of Provisions. This invalidity of any provision of this Agreement shall not affect the other provisions of this Agreement, and this Agreement shall be construed in all respects as if any invalid portions were omitted.


Section 9. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party to this Agreement may execute this Agreement by signing any such counterpart.

[Signature Page to Follow]

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 HURON, OHIO

HURON 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 Huron

EXHIBIT A

DESCRIPTION OF THE PROJECT

Permanent Parcel Nos: 39-01076.029, 39-01076.000, 39-01076.004, 39-01076.005, 39-00553.000, 39-00827.000, 39-00859.000, 39-00864.000, and 39-00864.001.