

RESOLUTION NO. 2018-38

A RESOLUTION ACCEPTING THE RECOMMENDATIONS OF THE ERIE COUNTY TAX INCENTIVE REVIEW COUNCIL RELATING TO THE CITY'S ENTERPRISE ZONE AGREEMENTS, TAX INCREMENT FINANCING AGREEMENTS AND COMMUNITY REINVESTMENT AREA ABATEMENTS

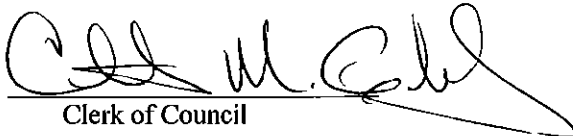
BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HURON, OHIO:

SECTION 1. That this Council hereby accepts the report and recommendations of the Erie County Tax Incentive Review Council as set forth in 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 the 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 of the Revised Code.

SECTION 3. This Resolution shall take effect and be in full force and effect immediately upon its passage.


Brad Hartung, Mayor

ATTEST: 
Clerk of Council

ADOPTED: 24 APR 2018

RICHARD H. JEFFREY
ERIE COUNTY AUDITOR

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April 3, 2018

Huron City Council
City of Huron, Ohio
417 Main Street
Huron, Ohio 44839

Re: Recommendations of the Tax Incentive Review Council to Huron City Council.

The City of Huron's Tax Incentive Review Council (TIRC) met on March 6, 2018 to review Enterprise Zone Agreements, the city's Tax Increment Financing Agreements and Community Reinvestment Area abatements that are currently in effect or have recently expired but still must be monitored.

This annual review is required by Ohio Revised Code Section 5709.85 (C)(1) with the TIRC required by law to make recommendations to City Council concerning the disposition of agreements in effect for the prior year. Reviews conducted in 2018 judge performance for the prior year and therefore recommendations regarding these agreements apply to the calendar year ending December 31, 2017.

Under Section 5709.85(E)(F) of the Ohio Revised Code, City Council must hold a meeting within sixty days of receipt of the TIRC's recommendations and may vote to accept, reject or modify all or any portion of these recommendations.

After City Council acts and approves appropriate legislation regarding the TIRC recommendations, the City's recommendations and legislation must be forwarded to the Erie County Commissioners for their consideration and appropriate legislation.

Draft minutes of the TIRC meeting are attached for your review. The following projects with active tax incentives within the City of Huron were recommended to be continued:

1. HURON PODIATRY/ANGTIN, LLC CRA (DR. LESNAK)
2. HUMANETICS INNOVATIVE SOLUTIONS, INC (DENTON) CRA
3. n2y (NEWS TO YOU / DJ CLARK, LLC) CRA
4. BRECKENRIDGE/CENTRAL OHIO PAPER AND PACKAGING, INC. CRA
5. SOUTH SHORE MARINE/THREE SEASONS PARTNERS, LLC CRA (Boat Storage)

6. **SOUTH SHORE MARINE/THREE SEASONS PARTNERS, LLC CRA (Showroom)**
7. **CLDH PROPERTIES, LTD/LABEL AIDE, INC. CRA**
8. **TIF'S BY ORDINANCE CONAGRA/SHOWBOAT AREA**

The following project with active tax incentives within the City of Huron were recommended to be **discontinued**:

1. **HURON SENIOR RESIDENCES CRA**

Please feel free to contact the undersigned with any questions regarding these recommendations.

Sincerely,

Richard Jeffrey
Erie County Auditor
Chairman of the Tax Incentive Review Council

Attachment: Minutes of the 3/06/18 TIRC meeting

CC: Andy White, Huron City Manager
Steve Poggiali, Erie County Enterprise Zone Manager

**CITY OF HURON, OHIO
TAX INCENTIVE REVIEW COUNCIL
MINUTES OF THE MARCH 6, 2018 MEETING**

The Tax Incentive Review Council for the City of Huron, Ohio met on Tuesday, March 6, 2018 in the Erie County Commission Chambers, 2900 Columbus Avenue, Sandusky Ohio. The following Council members were in attendance:

- Rick Jeffrey, Auditor, Erie County (Chair)
- Gary Lickfelt, Assistant Prosecutor, Erie County
- Pete Daniel, Administrator, Erie County
- Dawn Jacobs, Treasurer, Huron City Schools
- Steve Poggiali, Erie County Regional Planning

Also in attendance were:

- Dr. Martin Lesnak, Angtin LLC/Huron Podiatry
- John Rogers, Erie County Auditor's Office
- Toni Fritz, Erie County Auditor's Office
- Sharon Johnson, member of the general public
- Zach Rospert, Erie County Regional Planning

Chairman R. Jeffrey called the meeting to order at 2:04 P.M. with the following items reported on or discussed:

1. MINUTES OF THE MARCH 1, 2017 MEETING:

The minutes of the March 1, 2017 meeting were reviewed. On a motion by G. Lickfelt and second by S. Poggiali, the minutes were unanimously approved as presented.

2. APPOINTMENT OF A VICE-CHAIRMAN:

R. Jeffrey requested the appointment of a Vice-Chairman. P. Daniel made a motion to appoint Gary Lickfelt as Vice-Chairman. S. Poggiali seconded the motion, which was unanimously approved.

COMMUNITY REINVESTMENT AREAS

3. ANGTIN, LLC/HURON PODIATRY (In CRA #1):

Z. Rospert informed the Council that this 15-year, 100% abatement, with a 25% gift back to the Huron Local Schools will run from 2015 – 2029. The agreement called to create two new jobs in the first 36 months. At 12/31/17, one new full-time-equivalent was added. Rospert noted that the facility also has space that they are actively marketing for rent, and has the potential to phase in expansions, so continuing the abatement is advantageous.

P. Daniel made a motion to continue the abatement. S. Poggiali seconded the motion, which was unanimously approved.

4. HUMANETICS INNOVATIVE SOLUTIONS, INC (DENTON) (In CRA #1):

Z. Rospert informed the Council that this is an active 15-year, 100% abatement with a 25% gift back to Huron Local Schools which will run from 2010 - 2024. Z. Rospert noted that the 146 jobs held on 12/31/17 exceeded the goal of 80, and represented an increase of 13 jobs over last year.

G. Lickfelt made the motion to continue the Humanetics/Denton CRA abatement as currently constituted.

P. Daniel seconded the motion. In discussion, R. Jeffrey noted that this is a classic example of a successful venture. With no further discussion, a vote was taken, and was unanimously approved.

5. HURON SENIOR RESIDENCES (In CRA #2)

Z. Rospert informed the Council that this 15-year, 100% abatement runs from 2014 through 2028. There is a 25% gift back to Huron City Schools and 5% gift back to The City of Huron. Rospert reported that as of 12/31/17 the company maintained their job numbers goal of two employees.

S. Poggiali asked R. Jeffrey for a status update on the company's appeal to the State Board of Revisions. R. Jeffrey explained that it is currently in the Board of Tax Appeals hands, with a hearing scheduled a few months from now. R. Jeffrey further explained it is not right for the company to get both an abatement, and a reduction in the base value. He is now suggesting that all of the schools and local political jurisdictions set an agreed baseline value that will remain in place for the length of the abatement period. D. Jacobs indicated that the company has not lived up to the terms of the agreement with the school, as their payment has not been received by the deadline in any year of the agreement. She further explained that the payment due on 4/17/17 was just recently received.

R. Jeffrey indicated this committee cannot rescind the agreement, rather they can only make a recommendation, but suggested it was time to send a message to developers that they need to live up to the agreements and make payments by the agreed upon dates.

S. Poggiali questioned whether the abatement would have been approved by the involved parties, had they known the company would come in to seek a decrease in value. R. Jeffrey indicated this decrease in base value lowers the amount of the 25% payment to the schools, and 5% payment to the city. He further explained the 5% the city receives is used to offset the costs associated with ambulance runs from the facility.

G. Lickfelt asked if the options are to recommend to *continue* or *cease/discontinue* the abatement. Z. Rospert noted another option would be to *amend* the current terms. S. Poggiali suggested a recommendation to continue the abatement this year, and pending the verdict from the Board of Appeals hearing, consider a different action at the meeting next year. R. Jeffrey indicated this is a revaluation year, so this scenario could create a difficult situation.

R. Jeffrey stressed that it is major problem that the company is not following the due-date deadlines set forth in the agreement. P. Daniel noted he wished the city was represented to lead a motion, as he did not want to overstep our bounds within their territory, but suggested the prudent thing to do would be to discontinue.

P. Daniel made the motion to discontinue the Huron Senior Residences CRA abatement. G. Lickfelt seconded the motion, which was unanimously approved.

6. NEWS TO YOU/N2Y, LLC/DJ CLARK LLC (IN CRA 1)

Z. Rospert informed the Council that this 15 year, 100% abatement with 25% gift back to the schools began in 2015, and will run through 2029. As of 12/31/17 they had 74 employees, which exceeds their goal of 31 and represents an increase of 18 employees compared to 12/31/16.

P. Daniel made a motion to continue the DJ Clark/N2Y abatement. S. Poggiali seconded the motion, which was unanimously approved.

7. BRECKENRIDGE/CENTRAL OHIO PAPER AND PACKAGING, INC. (IN CRA 1)

Z. Rospert informed the Council that this 15 year, 100% abatement with 25% gift back to the schools will run from 2015 until 2029. As of 12/31/17 they had 24.5 employees, which represents an increase of 1.5 employees towards their goal of 5.

P. Daniel made a motion to continue the Breckenridge/Central Ohio Paper and Packaging abatement. G. Lickfelt seconded the motion, which was unanimously approved.

8. SOUTH SHORE MARINE/THREE SEASONS PARTNERS, LLC - BOAT STORAGE (CRA 1)

Z. Rospert informed the Council that this 15 year, 100% with 25% gift back will run from 2016 until 2030. The agreement called for the creation of five jobs by 2018. As of 12/31/17 they have created four new jobs.

S. Poggiali made a motion to continue the South Shore Marine/Three Seasons Partners, LLC Boat Storage abatement. G. Lickfelt seconded the motion, which was unanimously approved.

9. SOUTH SHORE MARINE/THREE SEASONS PARTNERS, LLC - SHOWROOM (CRA 1)

Z. Rospert informed the Council that this 15 year, 100% with 25% gift back to the schools was approved in 2017. The agreement called for the creation of 3 jobs within the first 3 years. As of 12/31/17 they have created two new jobs. Since the improvements were not added to the auditors' books in 2017, we will only report construction costs of \$1,765,573.

P. Daniel made a motion to continue the South Shore Marine/Three Seasons Partners, LLC Showroom abatement. S. Poggiali seconded the motion, which was unanimously approved.

10. CLDH PROPERTIES, LTD/LABEL AIDE, INC

Z. Rospert informed the Council that this 15 year, 100% with 50% gift back to the schools was agreed on in July 2016. This is the first year the improvements hit the books. The company committed to create 8 jobs over the first 3 years. As of 12/31/17 they have created 3, which is on schedule.

P. Daniel made a motion to continue the CLDH Properties, LTD/Label Aide, Inc. abatement. D. Jacobs seconded the motion, which was unanimously approved.

TAX INCREMENT FINANCING AREA

11. NEW CITY OF HURON TAX INCREMENT FINANCING (TIF) AREAS

Z. Rospert asked for a recommendation to continue the new TIF area. R. Jeffrey questioned if any activity has occurred in this area, with D. Jacobs indicating there has been discussions at finance meetings, but no activity has come to fruition to date.

P. Daniel made a motion to continue the new TIF Area. S. Poggiali seconded the motion, which was unanimously approved.

12. ADJOURNMENT:

With no further business to conduct, at 2:26 PM, R. Jeffrey declared the meeting adjourned.

zjr 03/09/18