



CITY COUNCIL SPECIAL MEETING

Monday, November 14, 2022 at 4:00 PM

1 Benjamin Franklin Way Franklin, Ohio 45005

www.FranklinOhio.org

CLERK'S JOURNAL

1. CALL TO ORDER

Mayor Centers called the meeting to order at 4:01 PM.

2. ROLL CALL

PRESENT

D. Denny Centers

Paul Ruppert

Vice Mayor Todd Hall

Mayor Brent Centers

Michael Aldridge

Debbie Fouts

Matt Wilcher

Mr. Westendorf, Mr. Yoder, Ms. Steed, Mr. Inman, Ms. Trice, Chief Riddiough, Ms. Chibis, Ms. Dunn and two guests were also in attendance.

3. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Mayor Centers.

4. EXECUTIVE SESSION

- A. To consider the employment and compensation of a public employee or official pursuant to ORC 121.22 (G)(1).

Motion to enter executive session made by Aldridge, Seconded by Fouts.

Voting Yea: D. Centers, Ruppert, Mayor Centers, Aldridge, Fouts, Wilcher

Voting Nay: Vice Mayor Hall

Motion passed. Council entered executive session at 4:03 PM.

Motion to exit executive session made by Ruppert, Seconded by Aldridge

Voting Yea: D. Centers, Ruppert, Mayor Centers, Aldridge, Fouts, Wilcher, Vice Mayor Hall

Motion passed. Council exited executive session at 4:29 PM.

5. NEW BUSINESS

A. Economic Development

Caleb Bell and Adam Seeley from Bricker & Eckler led the discussion regarding Economic Development tools for the City of Franklin. Some of the items discussed were:

- New Community Authorities (NCAs)
- Special Improvement Districts (SIDs)
- Property Assessed Clean Energy (PACE)
- Port Authorities
- Tax Increment Financing (TIFs)

After Mr. Bell's presentation, Council recessed at 5:43 PM and readjourned at 5:53 PM.

There was continued discussion regarding the economic development tools proposed by staff. Staff will layout a city policy regarding the proposed tools. Legislation will be brought to Council to approve. Council was open to using all the tools discussed as appropriate.

6. CITY MANAGER'S COMMENTS

Mr. Westendorf thanked Council. There has been a lot of work done to get to this point. There is a market demand and it is time to move. He appreciates the questions being asked and the dialogue that is occurring between staff and Council. We have the community support, and everyone is working together to build something better.

7. COUNCIL COMMENTS

Mr. Wilcher said the information was very useful and exciting. This gives the City several options on how to pay for the downtown and riverfront plans.

Mrs. Fouts appreciates the presentation. It was a lot of information to digest. She thanked staff and the Bricker team for their hard work.

Mr. Aldridge is proud of the work staff is doing and appreciates the consultants and their expertise. He liked Mr. Bell's comment on how return on investment can look different, and that permanence can be the return when making these changes. Dr. Sander reached out to him about the Save-A-Lot property. He had a good conversation with him about the use for that property. He suggested having a conversation about Dial Park, which has been mentioned in the past. Dr. Sander was on board and open to the idea.

Mr. D. Centers learned a lot about the tools available to the City. He has concerns about taking on too much and being too spread out. He wants to focus on Main Street before moving onto the Riverfront. Once the nucleolus is established, things will get rolling.

Mr. Ruppert said the meeting was very informative and helped him gain an understanding. He is impressed with progress that has been made and doesn't think there is another group that could have made so much progress in the same amount of time. He appreciates the work that has been done. It will make a difference to those in the community.

Vice Mayor Hall said this is new territory and he likes it. Thanked everyone for their work to get us here. This is the first time he has heard about many of these things during his tenure on council. He is excited.

Mayor Centers appreciates staff and the partnership with Bricker & Eckler. There is lots of work to do, and we have the right team in place.

8. ADJOURNMENT

Motion made by Vice Mayor Hall, Seconded by Fouts.

Voting Yea: D. Centers, Ruppert, Vice Mayor Hall, Mayor Centers, Aldridge, Fouts, Wilcher

Motion passed. The meeting adjourned at 7:07PM.

Brent Centers, Mayor

Khristi Dunn, Clerk of Council



City of Franklin- Building a Sustainable Downtown Economic Development Engine

J. Caleb Bell

Partner

Bricker & Eckler LLP

Adam Seeley

Associate

Bricker & Eckler LLP

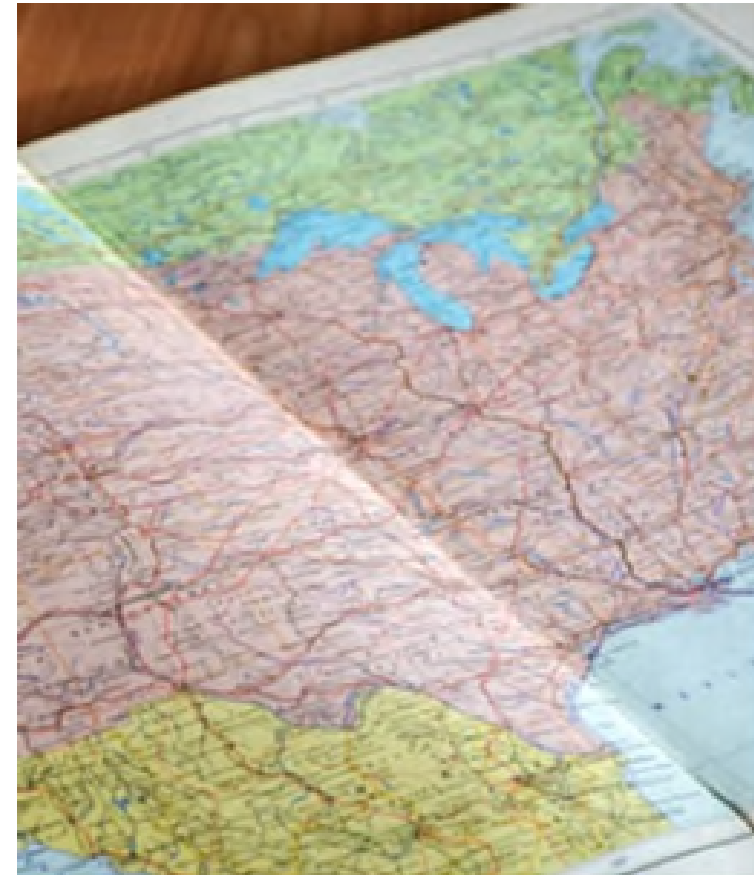


Bricker & Eckler
ATTORNEYS AT LAW

Key Economic Development Tools

Roadmap: What we'll talk about today

- New Community Authority (NCA)
- Tax Increment Financing (TIF)
- Special Improvement Districts
- PACE
- Port Authorities
- All within the context of the City's current Pre-1994 CRA Area 1—a unique fact pattern



Economic Development Incentive Tools

Incentives for Downtown Redevelopment perform three different functions:

I. ABATING Tax

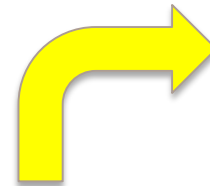
- ❖ *Community Reinvestment Area (CRA)*
- ❖ *Downtown CRA Area 1 – Pre-1994 100%*
- ❖ *Port Authorities*

II. DIVERTING Tax

- ❖ *Tax Increment Financing (TIF)*

III. ADDING Tax

- ❖ *New Community Authorities (NCAs)*
- ❖ *Special Improvement Districts*
- ❖ *PACE Financing (Assessments not Taxes)*



Adding Tax Items –



New Community Authorities (NCAs)

New Community Authorities (NCAs)

- Not diverting, not abating; instead we're ADDING tax assessments.
- Requirements set forth in Chapter 349 of the Ohio Revised Code.
- Development tool which can be used to finance and maintain broad categories of infrastructure and community assets.



NCA FUND\$ – Eligible Improvements

- ✓ *Parks, recreation, art, and cultural facilities.*
- ✓ *Public buildings, centers and plazas, auditoriums, day care centers.*
- ✓ *Streets, sidewalks, pathway and bikeway systems.*
- ✓ *Pedestrian underpasses and overpasses, lighting facilities, design amenities.*
- ✓ *Water, wastewater, health and sanitation, and drainage facilities.*
- ✓ *Acquisition of rights of way.*
- ✓ *Erection of fountains.*
- ✓ *Landscaping and other aesthetics (example: Christmas Tree).*
- ✓ *Parking facilities.*
- ✓ *And...*

NCA Concept - Enhancement



General Characteristics

- ❑ Separate governmental body organized to encourage the orderly development of an economically sound new community
- ❑ All acreage must be owned or controlled, through leases of at least 75 years' duration, options, or contracts to purchase
- ❑ “Developer” must be represented on NCA’s Board of Trustees, whether it’s a private entity or a political subdivision serving as the party driving the NCA development.
- ❑ *Until March 22, 2019* – large developments only – minimum 1,000 acres unless wholly within a municipality or at least half of territory is within JEDD.
- ❑ *After March 22, 2019* – no minimum acreage required regardless of location.

More General Characteristics

- ❑ Both a new taxing authority and a stand-alone entity that can impose a community development charge on land within the community authority's jurisdictional boundary lines.
- ❑ Revenue is “assessed” and collected in the same manner as real property taxes.
- ❑ NCAs may issue revenue bonds to support development within its boundaries.

Think: “Homeowner’s Association on Steroids!”

Distinct Advantages of NCAs

- ❖ Some of the same power to assess as cities and villages...but NCAs can be established when a development is still in the planning stages before an area has the number of residents required to incorporate as a municipality in Ohio.
- ❖ NCAs are not subject to competitive bidding requirements.
- ❖ NCAs do not have zoning or subdivision regulation powers or the power to provide fire or police protection. NCAs may only supply water or sewage treatment and disposal services if they cannot be obtained from existing political subdivisions.

More Advantages...

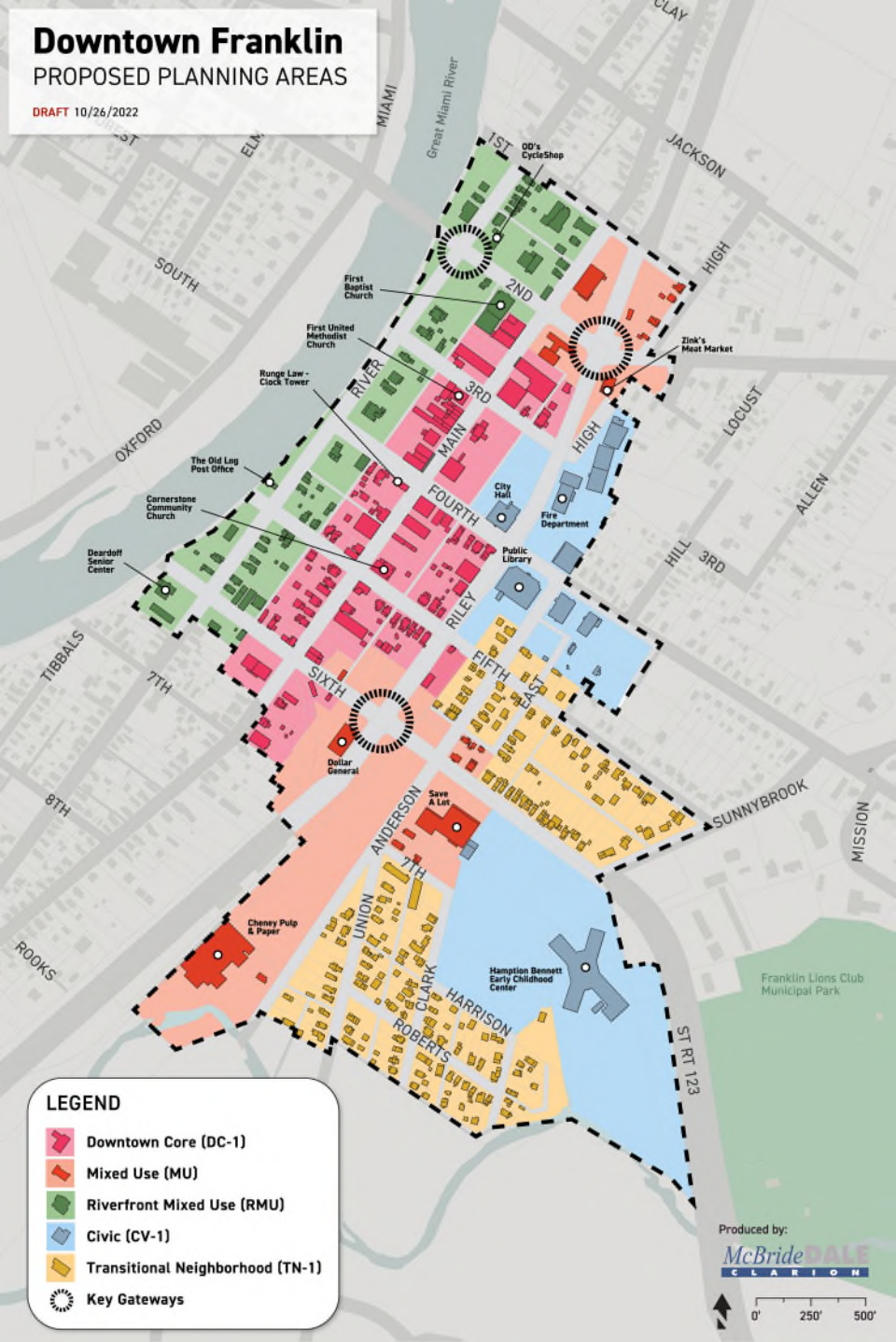
- ❖ Community development charges are an additional charge on property. Unlike TIFs or general obligation bonds, NCA FINANCING USUALLY DOES NOT REQUIRE A DIVERSION OF LOCAL RESOURCES FROM POLITICAL SUBDIVISIONS!
- ❖ NCAs can be formed with an INDEFINITE LIFE. Other tools, like business improvement districts or even special assessment financing, have statutory limits on the duration of bonds issued to finance improvements.
- ❖ Community development charges may be BASED ON ECONOMIC ACTIVITY, rather than on property value. This means entities that are more successful economically (in the case of a retail development) will pay a larger share.
- ❖ NEW DEVELOPMENT PAYS FOR NEW DEVELOPMENT (especially important in communities with entrenched populations).

Even More Advantages...

- ❖ NCAs can be utilized by municipalities and other subdivisions as a source of financing for public improvements, thus preserving debt capacity and limiting direct financial responsibility for such financing.
- ❖ NCAs can be used by private entities, such as developers, to finance portions of the development through the capital markets, potentially providing long term financing that may not have the same restrictions as financing provided through conventional sources.
- ❖ In the case of public improvement financing, NCAs offer advantages over special assessment financing as the plans and specifications of property financed through NCAs may be changed during the process. The special assessment process, on the other hand, includes many formal obstacles that limit this flexibility.

Downtown Franklin PROPOSED PLANNING AREAS

DRAFT 10/26/2022



Opportunities
with City
owned
property to
create one or
more NCAs
according to
the
Downtown
Development
Master Plan

Adding Tax Items –



Special Improvement Districts (SIDs)

Special Improvement Districts (RC Chapter 1710)

- Townships and municipal corporations may form at request of property owners
- Allows for use of **special assessments** to pay for all public improvements and public services contained within a “plan” adopted under O.R.C. Chapter 1710)

Creation (RC 1710.02):

- Initiated by petition of property owners (at least 60% of front footage or 75% of area) (property must be contiguous)
- Approved by legislative authority of municipal corporation
- Articles of Incorporation filed with Secretary of State

Structure and Governance

Members:

- The owners of the properties included in the SID

Participating Political Subdivisions:

- Each township or municipal corporation that has territory in the SID

Directors:

- The SID is governed by a board of directors consisting of at least five directors

Plans for Public Improvements and Public Services:

- May be adopted at time of creation (RC 1710.02(F))
- May be adopted at a later date (RC 1710.06)
- Describe public improvements and public services to be provided (see RC 1710.01)
- Describe method of paying for those improvements and services
- Describe which properties will benefit from the improvements and services and pay assessments

“Public improvements” which can be provided under a SID plan include:

“Any facility or improvement, including the acquisition of land, for which a special assessment may be levied under Chapter 727 of the Revised Code, and includes any special energy improvement project”

“Public services” which can be provided under a SID plan include:

“Any service that can be provided by a municipal corporation or any service for which a special assessment may be levied under Chapter 727 of the Revised Code”

Notice: this definition allows townships to provide services that ordinarily are authorized for municipal corporations

Competitive bidding

- SIDs may adopt written rules for competitive bidding which are different from any other procedures provided for by law (RC 1710.11)
- This can provide a complete exemption from competitive bidding if it is in the written rules and followed

Special Assessments:

- Special: in addition to other real property taxes and charges, and for a very specific purpose
- Assessment: levied against real property for payment with real property taxes
- Note: unlike other economic development tools, special assessments are very old
- Can support tax-exempt obligations issued by a public entity

General obligation bonds

- O.R.C. 133.17(A)

Bond anticipation notes

- O.R.C. 133.17(B)

Revenue bonds

- May require additional security

Conduit bonds

Pay-as-you-go (most common for services)

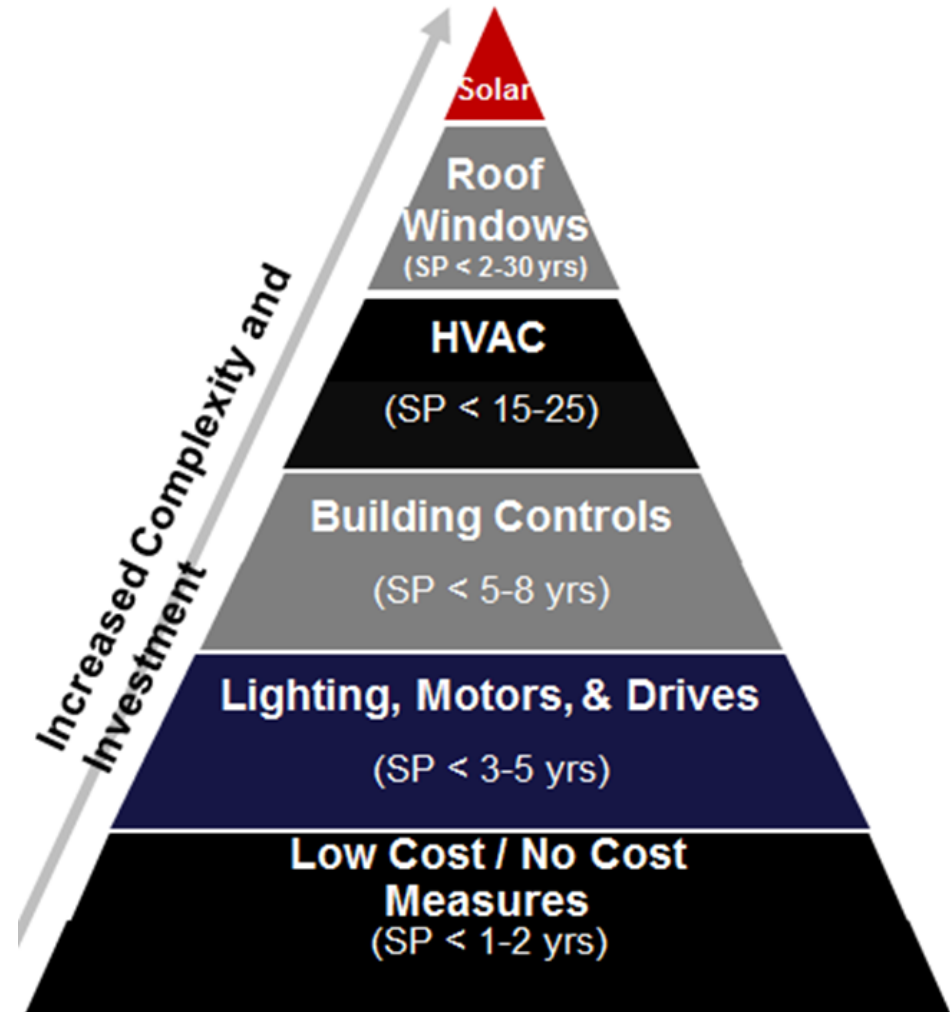
Adding Tax Items -



Property Assessed Clean Energy (PACE)

PACE

Property
Assessed
Clean
Energy





Ohio PACE Law



Ohio Revised Code Chapter 1710

Municipal corporations and townships may work with property owners to provide up-front, assessment-backed financing to pay the costs of **privately** energy efficiency and alternative energy improvements.

Accomplished by adding the property to a new or existing “energy special improvement district” or ESID.

ORC 1710.01

Energy efficiency improvements

HVAC

Lighting

Roofs, windows, insulation

Alternative energy improvements

Solar PV and solar thermal

Micro wind

Geothermal

Biomass



Local Process – Project Identification

Property owner submits petition to local government identifying the project, the assessments, and other aspects of the project

Local Process - Legislation

Local government adopts several pieces of legislation (can be all at once):

- Resolution of Necessity
- Ordinance to Proceed
- Ordinance Levying Assessments

Local Process – Closing and Afterward

Local government enters into two agreements for each transaction.

Local government agrees to transfer any assessments actually received to the PACE lender.



WARREN COUNTY

The Incredible County

County Involvement

County collects special assessments with real property tax bills. In the event of delinquency, County Treasurer enforces state's lien for taxes. In PACE a Special Assessment Agreement is typically used to address enforcement matters.

Abating Tax Items (and other Transaction pros) –



Port Authorities (TIFs)

- Port Authorities may easily convey real or personal property in furtherance of any authorized purpose (R.C. 4582.31(A)(15) and (16))
- Port Authorities may lease any real or personal property in furtherance of any authorized purpose (R.C. 4582.31(A)(4))
- Port Authorities may use leases to pass on a sales tax exemption for building materials purchased by a private party to construct a new facility

- Port Authorities are generally exempt from competitive bidding requirements for economic development projects (R.C. 4582.31(A)(18)(e))
- Port Authorities are generally exempt from prevailing wage requirements for economic development projects (R.C. 4115.04(B)(6))
- Port Authorities may NOT use moneys raised by taxation for economic development projects

- Port Authority financings routinely incorporate other Ohio economic development tools, including:
 - TIF programs
 - CRA abatements
 - EZ abatements
 - Special improvement districts (SIDs)
 - New community authorities (NCAs)
 - Property Assessed Clean Energy (PACE) financing

Financing Alternatives: Revenue Bonds

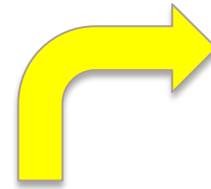
- Port Authorities may issue revenue bonds for the purpose of providing funds to pay the cost of any port authority facility constructed for an authorized purpose
- Revenue bonds are secured by a pledge of any revenues available – i.e., revenues generated by the facility financed by the bonds

Infrastructure Revenue Bonds	Bond Fund Bonds
Lease Revenue Bonds	Bank Placements
Taxable	Tax-Exempt

- Basic Structure:
 - Port Authority owns property for term of lease
 - Lease provides for transfer of title to the tenant at the end of term for nominal price
 - Tenant has “benefits and burdens of ownership” and therefore is the “owner” of the project for federal tax purposes and depreciates property notwithstanding Port Authority ownership

- Basic Documents
 - Deed (or long-term Ground Lease)
 - Capital Lease
 - Indenture
 - Bond
 - Bond Purchase Agreement
 - Authorizing Resolution

Diverting Tax Items –



Tax Increment Financing (TIFs)

Tax Increment Financing (TIF)

- Tax: based on real property taxation
- Increment: applies only to the *increase* in real estate taxes resulting from a development
- Financing: allows a developer and local government to pay for needed public infrastructure improvements



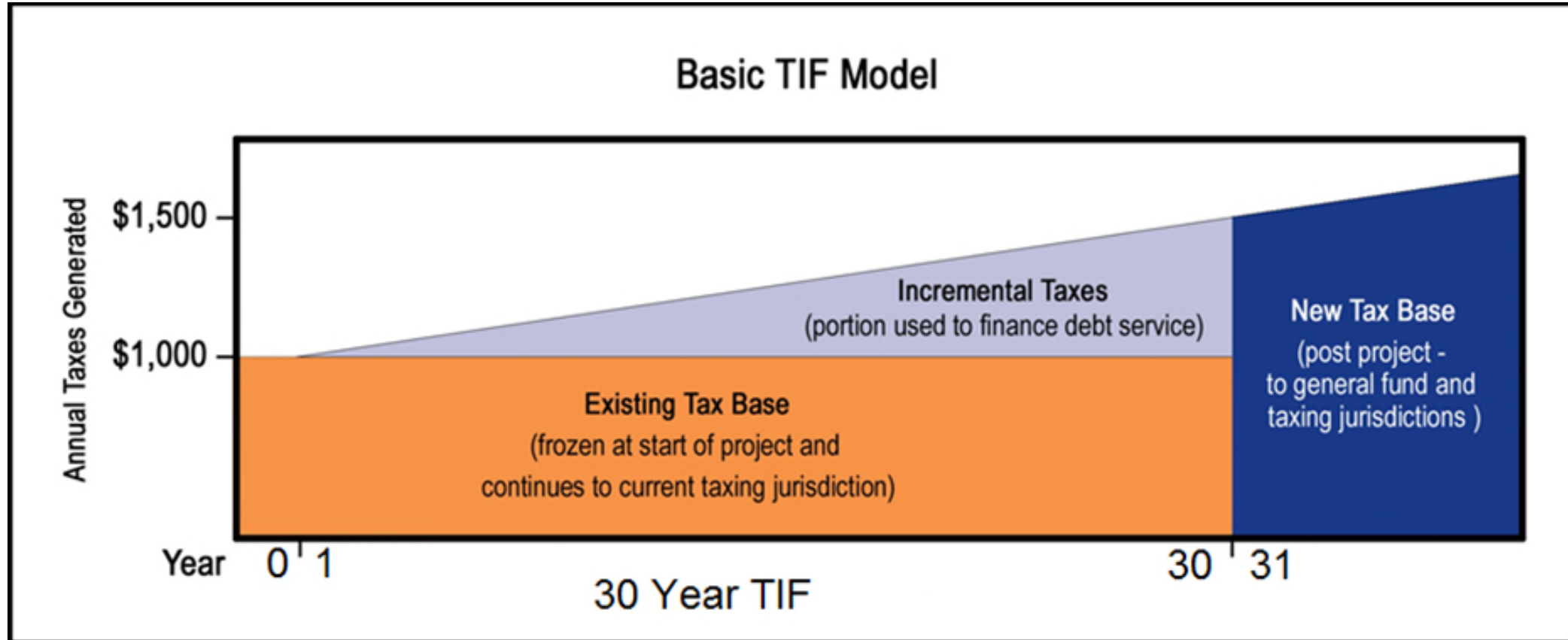
Service payments in lieu of taxes

- Owners of property subject to TIF required to pay “**service payments in lieu of taxes**”
- Paid in the same amount and **collected in the same manner** as real property taxes
- TIF is therefore a way to focus otherwise dispersed **tax money onto specific, local improvements** in or around the development project

Uses of service payments in lieu of taxes

- Service payments are collected into a segregated fund which must be established
- May be used to pay for “public infrastructure improvements” as defined in O.R.C. 5709.40(A)(7).
- Generally include:
 - Roads, sewers, environmental remediation, land acquisition, demolition, storm water remediation, gas, electric and communications service facilities

TIF Basics



* “Tax Increment Finance Best Practices Reference Guide” (CDFA and ICSC), page 2.

Governmental authority to establish TIFs:

- Municipal corporations (O.R.C. 5709.40 & .41)



- **Project TIF vs. incentive district TIF**
 - Project TIF applies to a **specific parcel or parcels** (See O.R.C. 5709.40(B))
 - **Incentive district TIF** applies to all parcels within a geographic district (See O.R.C. 5709.40(C))
 - No more than 300 contiguous acres exhibiting one or more characteristics of economic distress as listed in ORC
 - Public improvements do not need to directly benefit every parcel
 - Must allow individual real property owners to opt out unless property is within an overlay
- **Municipal Urban Redevelopment TIF (so-called “.41 TIF”)**
 - Unique TIF used in urban redevelopment setting

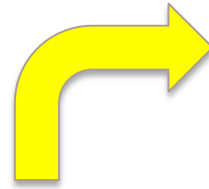
TIF Basics

Percentage of increased value to which TIF may apply:

- Up to 75% **without the consent** of impacted city, local, or exempted village school district
- Up to 100% **with consent** of impacted city, local, or exempted village school district

Putting it all together

1. TIF over all Downtown properties to be zoned DC-1, MU, RMU, CV-1 uses (Project TIF 5709.40(B))
2. Targeted NCA(s)
 - First, over City owned properties likely to be developed
 - Then, targeted development projects



Case Study – Bridge Park – Dublin, Ohio

Prior use; strip shopping
and parking lot

Redeveloped use:

- 373,000 SF of office
- 120,000 SF of retail
- 115,000 SF food/bev
- 720 apartments
- 70 for-sale condos
- 150-room AC Marriott
- 500-person conf center





Case Study – Bridge Park – Dublin, Ohio



- Issued multiple series of bonds through Columbus-Franklin County Finance Authority in the aggregate amount of approximately \$75M (so far) to pay a portion of the costs associated with the construction of public improvements, including roads, public parking, and utility improvements.
- City committed to pledge TIF revenues, subject to 15-year tax abatement.
- Developer created a New Community Authority to collect charge to repay bonds.
- City issued some non-tax revenue bonds with subordinate pledge of TIF revenue.
- The community development charges were a backup source of repayment. A portion of the charge is fixed, and a portion is collected only if and to the extent real property tax increment revenues are not sufficient.

Structuring Considerations:

- Development risk
- Complicated structure

Closing Stats:


- Most debt privately placed – negotiated provisions such as a “no-call” provision
- Rates around 6%
- Deals closed!

Q & A



J. Caleb Bell, Esq.


 jbell@bricker.com

 614.227.2384

 www.bricker.com
www.DevelopOhio.com

Adam W. Seeley, Esq.

 aseeley@bricker.com

 614.227.4840

 www.bricker.com
www.DevelopOhio.com

