



LEGISLATIVE COVER MEMO

Introduction: July 29, 2024

Public Hearing: August 19, 2024

Agenda Item: Ordinance 2024-19

DECLARING THE IMPROVEMENT OF CERTAIN REAL PROPERTY LOCATED IN THE CITY OF FRANKLIN, WARREN COUNTY, OHIO TO BE A PUBLIC PURPOSE PURSUANT TO OHIO REVISED CODE SECTION 5709.41; DECLARING SUCH PROPERTY TO BE EXEMPT FROM REAL PROPERTY TAXATION; DESIGNATING IMPROVEMENTS TO SUCH PARCELS AS A PUBLIC PURPOSE; REQUIRING ANNUAL SERVICE PAYMENTS IN LIEU OF TAXES; ESTABLISHING AN URBAN REDEVELOPMENT TAX INCREMENT EQUIVALENT FUND; AUTHORIZING PAYMENTS TO THE FRANKLIN CITY SCHOOL DISTRICT AND THE WARREN COUNTY CAREER CENTER; AND PROVIDING RELATED AUTHORIZATIONS PURSUANT TO OHIO REVISED CODE SECTIONS 5709.41, 5709.42, 5709.43, 5709.832 AND 5709.85

Submitted by: Jonathan Westendorf, City Manager

Scope/Description: This Ordinance authorizes a Tax Increment Financing (TIF) Agreement between the City of Franklin and Riley Real Estate, LLC, (“Slipcast”). The property described in Exhibit A is currently owned by the City, who intends to convey ownership of the Property to Riley Real Estate, LLC pursuant to Resolution 2024-21, passed March 18, 2024. Upon transfer of ownership, Slipcast intends to construct a brewery and taproom at the Property.

The property is located within the City’s “Community Reinvestment Area #1”. Community Reinvestment Area #1 authorizes exemptions from real property taxes for 100% of the assessed value of improvements on the Property for a period of up to 15 years.

The owner of the parcel will make annual service payments in lieu of taxes with respect to any Improvement to the Warren County Treasurer, which Service Payments will be distributed, in part, to the Franklin City School District, and the Warren County Career Center in amounts equal to the real property taxes that the School Districts, to reimburse the Developer for costs of the Public Infrastructure Improvements, and for such other purposes as may be authorized by law.

Exhibits: Exhibit A: Property Description
Exhibit B: Eligible Project Costs

Recommendation: Approval

CITY OF FRANKLIN, OHIO
ORDINANCE 2024-19

DECLARING THE IMPROVEMENT OF CERTAIN REAL PROPERTY LOCATED IN THE CITY OF FRANKLIN, WARREN COUNTY, OHIO TO BE A PUBLIC PURPOSE PURSUANT TO OHIO REVISED CODE SECTION 5709.41; DECLARING SUCH PROPERTY TO BE EXEMPT FROM REAL PROPERTY TAXATION; DESIGNATING IMPROVEMENTS TO SUCH PARCELS AS A PUBLIC PURPOSE; REQUIRING ANNUAL SERVICE PAYMENTS IN LIEU OF TAXES; ESTABLISHING AN URBAN REDEVELOPMENT TAX INCREMENT EQUIVALENT FUND; AUTHORIZING PAYMENTS TO THE FRANKLIN CITY SCHOOL DISTRICT AND THE WARREN COUNTY CAREER CENTER; AND PROVIDING RELATED AUTHORIZATIONS PURSUANT TO OHIO REVISED CODE SECTIONS 5709.41, 5709.42, 5709.43, 5709.832 AND 5709.85

WHEREAS, Ohio Revised Code (“R.C.”) Sections 5709.41, 5709.42 and 5709.43 (the “TIF Statutes”) provide that this Council may, under certain circumstances, declare Improvement (as defined below and in the TIF Statutes) to certain parcels of real property located in the City of Franklin, Ohio (the “City”) to be a public purpose and exempt from real property taxation, provide for the payment service payments in lieu of real property taxes by the owners of such property and establish an urban redevelopment tax increment equivalent fund for the deposit of such service payments in lieu of taxes; and

WHEREAS, Pursuant to R.C. Section 5709.41(C)(1), said exemption may be up to one hundred percent (100%) of such improvement for up to thirty (30) years without approval of the board of education of a city, local or exempted city school district within the territory of which the improvement is or will be located if payments in lieu of taxes, as provided for in R.C. Section 5709.42, shall be paid to such school district in the amount of the taxes that would have been payable if the improvement had not been exempted from taxation; and

WHEREAS, the real property described in Exhibit A attached hereto and incorporated herein by reference (the “Property”) is currently owned by the City, and is located in the State of Ohio (the “State”), County of Warren (the “County”), and the City, with each parcel of the Property referred to herein as a “Parcel” (whether as presently appearing on County tax duplicates or as subdivided or combined and appearing on future tax duplicates); and

WHEREAS, the Property is currently located within the City’s “Community Reinvestment Area #1” a community reinvestment area (“CRA”) established under “pre-1994” rules pursuant to R.C. Sections 3735.65 through 3735.70, pursuant to City Resolution 1979-18, as amended by Resolution 1994-42, passed May 16, 1994, (collectively, as amended, the “CRA Ordinance”); and

WHEREAS, pursuant to the CRA Ordinance and in connection with the development of the Property, the City shall, upon receipt of an application for exemption from the Developer, grant exemptions from real property taxes for 100% of the assessed value of new structures constructed on the Property for a period of up to 15 years (the “CRA Exemption”); and

WHEREAS, it is the intention of this Council that the TIF Exemption (as defined herein) shall be subordinate to the CRA Exemption; and

WHEREAS, pursuant to R.C. Sections 5709.41(C) and 5709.42, this Council has determined that it is necessary and appropriate and in the best interests of the City to require the current and future owners (each such owner individually, an “Owner,” and collectively, the “Owners”) of each of the Parcels comprising the Property to make annual service payments in lieu of real property taxes (“Service Payments,” as further defined by Section 3 hereof) in the same amount as the Owners would have made but for the TIF Exemption (as defined herein) authorized by this Ordinance; and

WHEREAS, The City intends to convey ownership of the Property to Riley Real Estate, LLC, (“Slipcast”) pursuant to City Resolution 2024-21, passed March 18, 2024, and upon transfer of ownership, Slipcast intends to construct, or cause the construction of, a brewery and taproom at the Property (collectively the

building and related site improvements that are actually constructed shall be referred to as the “Project”); and

WHEREAS, in support of the Project, the City desires to fund certain costs of the Project in furtherance of the City’s urban redevelopment purposes as described in Exhibit B, attached hereto and incorporated herein by this reference (the “Eligible Project Costs”), with the Service Payments generated as a result of the completion of the Project; and

WHEREAS, the City’s support of the Project is consistent with several planning initiatives to further its economic development efforts, including, but not limited to, the Main Street Streetscaping Plan and the 2023 Downtown Master Plan pursuant to City Resolution 2023-18, passed on March 20, 2023 (collectively the “Development Plans”); and

WHEREAS, as evidenced by the Development Plans, the City is “engaged in urban redevelopment” with respect to the Property as provided in R.C. Section 5709.41; and

WHEREAS in connection with the construction of the Project, the City has determined to provide for the execution and delivery of a tax increment financing agreement between the City and Slipcast (the “TIF Agreement”); and

WHEREAS, pursuant to Ohio Revised Code Sections 5709.41 and 5709.83, notice of this proposed Ordinance has been delivered to the Boards of Education of the Franklin City School District (the “School District”), and the Warren County Career Center (the “Career Center”); and

WHEREAS, this Council has determined that Service Payments shall be paid to the School District and the Career Center pursuant to R.C. Section 5709.42 in the amount of the real property taxes that the School District and the Career Center each would have received if such increase in the assessed value of the Property had not been exempted from real property taxes pursuant to this Ordinance.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Franklin, Warren County, State of Ohio that:

Section 1. The Eligible Project Costs described in Exhibit B attached hereto, intended to be made, or caused to be made, in support of the Project, are hereby designated as urban redevelopment costs that, once made, will support the City’s Development Plans in furtherance of the City’s urban redevelopment efforts.

Section 2. One-hundred percent (100%) of the increase in the assessed value of each Parcel (as each may be subdivided or combined) (each of which increase in assessed value is an “Improvement” as defined in R.C. Section 5709.41) shall be a public purpose and shall be exempt from real property taxation for a period commencing for each Parcel in the first year following the effective date of this Ordinance in which an exemption is claimed by any DTE 24 exemption application, or any successor exemption application as the same may be updated by the State of Ohio, is filed by the City with respect to such Parcel, and ending for each Parcel on the earlier of (a) thirty (30) years after such commencement, or (b) the date on which the City can no longer require Service Payments in lieu of taxes, all in accordance with the requirements of R.C. Sections 5709.41, 5709.42 and 5709.43 (the “TIF Exemption”). 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 CRA Exemptions applicable to the Improvements approved by the City pursuant to the CRA Ordinance during the time that any CRA Exemption may be applicable to any Parcel within the Property, irrespective of the person or entity that files the DTE 24 exemption application pursuant to R.C. Section 5709.911.

Section 3. As provided in R.C. Section 5709.42, the Owner of any Parcel with an Improvement exempt under Section 2 hereof is required hereby to make annual payments in lieu of taxes to the County Treasurer of Warren County, Ohio (the “County Treasurer”) on or before the final dates for payment of real property

taxes. Each such payment (including interest and penalties) shall be charged and collected in the same manner and in the same amount as the real property taxes that would have been charged and payable against the Improvements if they were not exempt from taxation (with the payments in lieu of tax, including any penalties and interest, being the "Service Payments"). Pursuant to Ohio Revised Code Sections 5709.41, 5709.42, 5709.43, and 5709.82, the County Treasurer shall first distribute a portion of the Service Payments to the School District and to the Career Center in an amount equal to 100% of the real property taxes that the School District and the Career Center would have received, but for the TIF Exemption, and then shall remit all remaining Service Payments to the City for deposit in the Franklin Urban Redevelopment Tax Increment Equivalent Fund (the "TIF Fund") established in Section 4 herein.

This Council hereby authorizes the City Manager or other appropriate officers of the City to provide such information and certifications and execute and deliver, or accept delivery of such instruments as are necessary and incidental to collect those Service Payments and to make such arrangements as are necessary and proper for payment of the Service Payments. Any late payments shall be subject to penalty and bear interest at the then current rate established under R.C. Sections 323.121 and 5703.47, as may be amended from time to time, or any successor provisions thereto, as the same may be amended from time to time. The Service Payments shall be allocated and deposited in accordance with Sections 3 and 4 of this Ordinance.

Section 4. This Council hereby establishes, pursuant to and in accordance with the provisions of R.C. Section 5709.43, the TIF Fund, into which shall be deposited all of the Service Payments distributed to the City with respect to the Improvements to Parcels of the Property by or on behalf of the County Treasurer, as provided in R.C. Section 5709.42, and hereby appropriates all of the moneys deposited in the TIF Fund from time to time to pay any costs associated with the public infrastructure improvement or private improvements for urban redevelopment purposes approved by the City, including, but not limited to, the "costs of permanent improvements" described in R.C. Section 133.15(B).

The TIF Fund shall remain in existence so long as Service Payments are collected and used for the aforesaid purposes, subject to the limits set forth in Section 2 hereof, after which said TIF Fund shall be dissolved in accordance with R.C. Section 5709.43(D). Upon dissolution, any incidental surplus money remaining in the Fund shall be transferred to the City general fund as provided in R.C. Section 5709.43(D).

Section 5. This Council hereby authorizes the City Manager or other appropriate officers of the City to take such actions as are necessary or appropriate to implement the transactions contemplated by this Ordinance, including the filing of one or more applications for exemption and any related forms in accordance with R.C. Section 5709.911.

Section 6. In accordance with Ohio Revised Code Section 5709.832, the City hereby determines that no employer located in the Property shall deny any individual employment based on considerations of race, religion, sex, disability, color, national origin or ancestry.

Section 7. This Council hereby finds and determines that notice of this proposed Ordinance has been delivered to the School District in accordance with R.C. Section 5709.83, and hereby ratifies the giving of that notice.

Section 8. The City hereby creates the Franklin Tax Incentive Review Council with the membership of that Council constituted in accordance with Section 5709.85 of the Ohio Revised Code. That Council shall, in accordance with Section 5709.85 of the Ohio Revised Code, 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 Ohio Revised Code Section 5709.85.

Section 9. The Clerk of this Council is hereby directed to deliver, not later than 15 days after the effective date of this Ordinance, a copy thereof to the Director of the Department of Development of the State of

Ohio and to further deliver to such Director, not later than March 31 of each year during which the tax exemption remains in effect, a status report outlining the progress of the project herein described.

Section 10. It is hereby found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were passed in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including R.C. Section 121.22.

Section 11. This Ordinance shall take effect and be in force at the earliest date permitted by law.

INTRODUCED: July 29, 2024

ADOPTED: August 19, 2024

ATTEST: _____
Khristi Dunn, Clerk of Council

APPROVED: _____
Brent Centers, Mayor

CERTIFICATE

I, the undersigned Clerk of Council for the Franklin City Council, do hereby certify that the foregoing is a true and correct copy of an Ordinance passed by that body on August 19, 2024.

Khristi Dunn, Clerk of Council

EXHIBIT A

DESCRIPTION OF PROPERTY

The Property is the real property situated in the City of Franklin, County of Warren, State of Ohio that as of the date of this Ordinance is identified by the County Auditor of Warren County, Ohio as having tax parcel identification numbers listed below, as that real property may be subdivided, combined and be designated with different parcel numbers from time to time, and as depicted in the below map:

0431138005
0431138006
0431138016
0431138017
0431138018
0431138019

0431138022
0431138024
0431138025
0431138026
0431138027

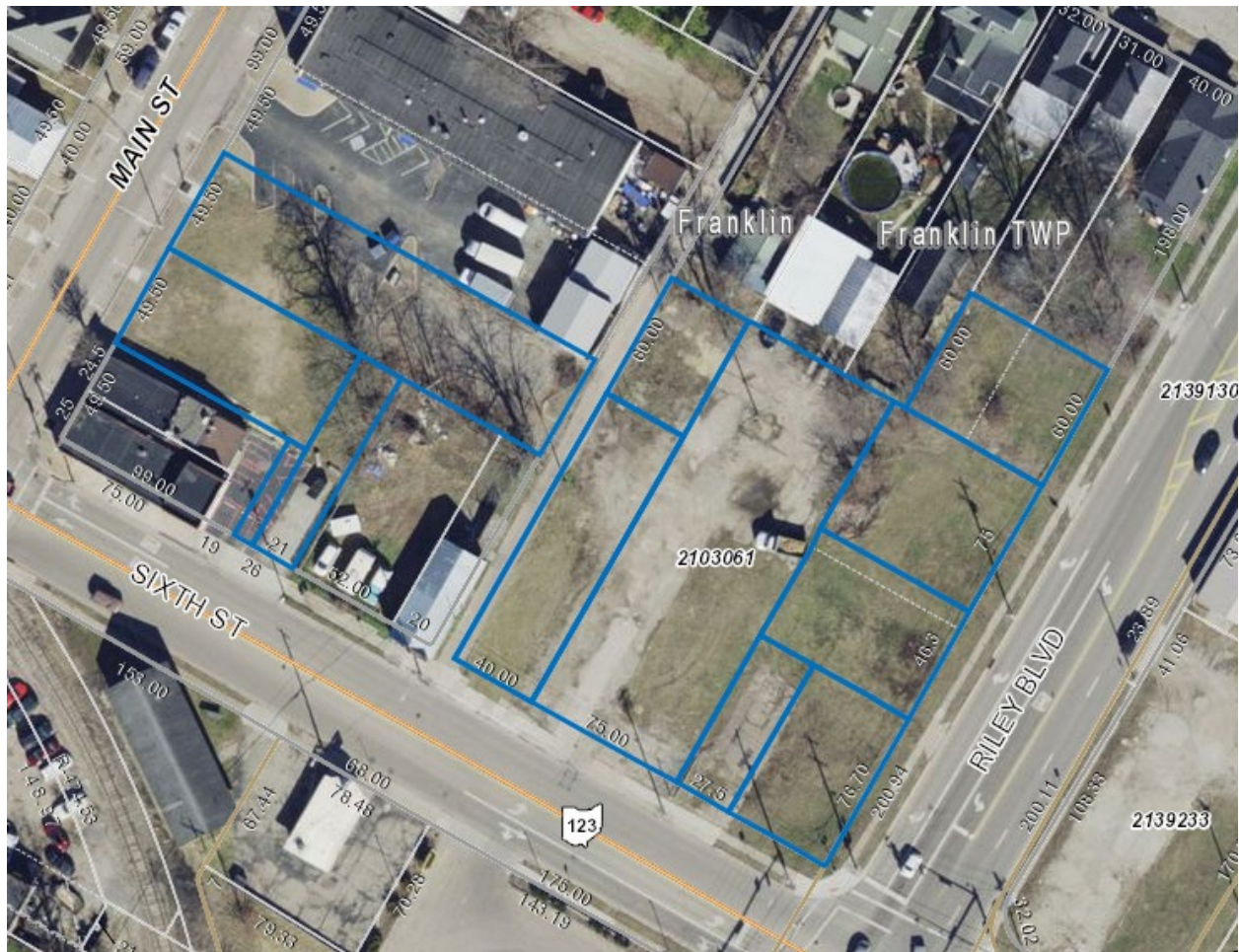


EXHIBIT B

Eligible Project Costs

The Eligible Project Costs include public infrastructure improvements and private improvements for urban redevelopment purposes, and include, but are not limited to, acquiring and constructing the infrastructure and other improvements described below, all as selected and determined in the sole discretion of the City in accordance with the TIF Statutes and its related rules and laws:

- Any costs of private improvements to the Property; and
- Community facilities, land acquisition, and land development, as each may be authorized by any new community authority district that may be established pursuant to Ohio Revised Code Chapter 349 in which the Parcels or any portion of any Parcel comprising the Property may be located from time to time; and
- Construction, reconstruction, extension, opening, improving, widening, grading, draining, curbing or changing of, as well as the continued maintenance of, the lines and traffic patterns of roads, highways, streets, bridges (both roadway and pedestrian), traffic calming devices, sidewalks, bikeways, medians and viaducts accessible to and serving the public, and providing lighting systems, signalization, and traffic controls, and all other appurtenances thereto; and
- Construction, reconstruction or installation of, as well as the continued maintenance of, public utility improvements (including any underground publicly-owned utilities), storm and sanitary sewers (including necessary site grading therefore), police equipment and police station buildings and improvements, fire equipment and fire buildings and improvements, water and fire protection systems, and all other appurtenances thereto; and
- Construction, reconstruction or installation of publicly-owned gas, electric, and communication service facilities, and all other appurtenances thereto; and
- Construction or reconstruction of one or more public parks, including grading, trees and other park plantings, park accessories and related improvements, and all other appurtenances thereto; and
- Construction or installation of streetscape and landscape improvements including trees and shrubs, landscaping mounds and fencing, tree grates, planting beds, signage, curbs, sidewalks, street and sidewalk lighting, trash receptacles, benches, newspaper racks, burial of overhead utility lines and related improvements, and all other appurtenances thereto; and
- Construction of one or more public parking facilities, including public surface parking and public parking structures and related improvements, and all other appurtenances thereto; and
- Demolition and excavation, including demolition and excavation on private property when determined to be necessary for economic development purposes; and
- Acquisition of real estate or interests in real estate (including easements) necessary to accomplish the foregoing improvements; and
- Any on-going administrative expenses relating to the public infrastructure improvements and private improvements for urban redevelopment purposes as well as maintaining the TIF revenues, including but not limited to, engineering, architectural, legal, and other consulting and professional services; and

- All inspection fees and other governmental fees related to the foregoing; and
- Any and all other costs of the public infrastructure improvements and private improvements for urban redevelopment purposes related to the Property, all as determined by the City in its sole discretion and in accordance with the TIF Statutes and its related rules and laws.

The Eligible Project Costs for urban redevelopment purposes related to any Parcel or any portion of any Parcel specifically include the costs of financing the Eligible Project Costs for urban redevelopment purposes, including the items of “costs of permanent improvements” set forth in Ohio Revised Code Section 133.15(B), and incurred with respect to the Eligible Project Costs. “Costs” specifically include any reimbursement payments for the reimbursement of the costs of the Eligible Project Costs and the debt service on any bonds or other obligations issued to finance the Eligible Project Costs (including fees and administrative expenses of, and fund reserve funds necessary to pay or service any bonds or other obligations) all as determined by the City in its sole discretion and in accordance with the TIF Statutes and its related rules and laws.