

**Ordinance No. 673-2020**

**By Council Members:** McCormack, Brancatelli and Kelley (by departmental request)

**An emergency ordinance authorizing an amendment to Ordinance 1379-09, passed October 9, 2009, to extend the term of the Tax Increment Financing structure for the Flats East Bank Project for an additional thirty years pursuant to Ohio Revised Code 5709.51, to make related changes to the project agreement, and to declare an emergency.**

**WHEREAS**, on October 9, 2009, City Council for the City passed Ordinance No. 1379-09 in accordance with Ohio Revised Code (“R.C.”) 5709.41 to declaring certain improvements to be undertaken by Flats East Bank Development, LLC, and related designated entities (collectively, “Flats East Bank” or “Redeveloper”) to be for to be a public purpose and exempting 100% of the increase in assessed value for such parcels resulting from the improvements for a period of up to 30 years (the "Original TIF Exemption"), first payable in collection year 2010 and extending through collection year 2040; and,

**WHEREAS**, pursuant to R.C. 5709.51, as adopted by the 133rd Ohio General Assembly and with an effective date of October 2019, the City has been afforded a limited opportunity to extend this urban redevelopment TIF for the proposed additional 30 years (“TIF law change”); and,

**WHEREAS**, in accordance with such TIF law change, the City and Flats East Bank are desirous of extending the term of the Original TIF Exemption by an additional thirty (30) years to capture additional tax increment financing revenue (the “Extended TIF Exemption”); and,

**WHEREAS**, the Extended TIF Exemption would allow the project to realize additional tax increment financing revenue from Flats East Bank to cover various financial obligations that the Redeveloper may have with the City associated with the Flats East Bank Project; and,

**WHEREAS**, the City and Flats East Bank also are desirous, during the term of the Extended TIF Exemption, to compensate the city school district in an amount equal in value to the amount of taxes that would be payable to the school district if the TIF had not been exempted from taxation during the proposed the additional 30-year period (“Extended TIF School District Compensation”); and,

**WHEREAS**, notwithstanding the extended term and the Extended TIF School District Compensation, all other terms and conditions of the Original TIF Exemption are to remain the same; and,

**WHEREAS**, the City acknowledges the TIF law change requires that service payments made pursuant to R.C. 5709.42 by Flats East Bank and other parcel owners exceeded one million five hundred thousand dollars (\$1,500,000.00) in calendar year 2019; and,

**WHEREAS**, this Ordinance constitutes an emergency measure providing for the usual daily operation of a municipal department; now therefore,

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:**

**Section 1.** That Ordinance No. 1379-09 duly passed by City Council on October 9, 2009 (the “Original TIF Ordinance”) to create an urban redevelopment TIF under authority of R.C. 5709.41 is hereby amended pursuant to R.C. 5709.51 for the purpose of extending the exemption from taxation of improvements to the parcels designated under said Ordinance for an additional period of not more than thirty (30) years according to the requirements set forth under Ohio law.

**Section 2.** That the City hereby determines the service payments made pursuant to R.C. 5709.42 by the owners of the parcels designated in the Original TIF Ordinance exceeded one million five hundred thousand dollars (\$1,500,000.00) in calendar year 2019.

**Section 3.** That pursuant to division (B)(1) of ORC 5709.911, the Director of Economic Development is hereby authorized, in his discretion, to consent to a subsequent exemption with respect to Parcel 101-12-307.

**Section 4.** That the Director of Economic Development is hereby authorized to enter into an amendment to the Tax Increment Financing Agreement with Flats East Bank Development, LLC entered into under the Original TIF Exemption to extend the term of the TIF for an additional thirty (30) years. Said amendment shall also provide, among other things, that compensation to the city school district during the Extended TIF Exemption term will be equal in value to the amount of taxes that would be payable to the school district if the improvements had not been exempted hereunder (i.e., a so-called “non-school” TIF during the extended term years). All other terms and conditions of the Original TIF Exemption are to remain the same. An executive summary has been placed in File No. 673-2020-A.

**Section 5.** That the amendment to the Tax Increment Financing Agreement shall be prepared by the Director of Law.

**Section 6.** That the Director of Economic Development is authorized to amend the repayments of the existing Agreements between the City and Flats East Bank, subject to HUD approval, if deemed necessary.

**Section 7.** That the Director of Economic Development further is authorized to enter into any agreement, document, or instrument necessary to implement this Ordinance and to take any necessary actions in furtherance hereof.

**Section 8.** That this Ordinance is declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

**Referred to the Directors of Economic Development; Finance; and Law; Committees on Development, Planning and Sustainability; and Finance.**