

ORDINANCE NO.: 115-2021 (As Revised 11/23/21)

INTRODUCED BY: Henry, Alexander, Lewis, Lentine, and Mayor Roche

AN ORDINANCE DECLARING IMPROVEMENTS TO CERTAIN REAL PROPERTY TO BE A PUBLIC PURPOSE; AUTHORIZING SUCH REAL PROPERTY TO BE EXEMPT FROM REAL PROPERTY TAXATION AND DECLARING SUCH REAL PROPERTY TO BE EXEMPT FROM REAL PROPERTY TAXATION; DESCRIBING THE URBAN RENEWAL PROJECT AND THE AUTHORIZED IMPROVEMENTS TO BE UNDERTAKEN THAT WILL DIRECTLY BENEFIT ALL SUCH REAL PROPERTY; REQUIRING THE PROPERTY OWNERS OF CERTAIN REAL PROPERTY TO MAKE SERVICE PAYMENTS IN LIEU OF TAXES; AUTHORIZING THE ESTABLISHMENT OF AN URBAN RENEWAL DEBT RETIREMENT FUND FOR THE DEPOSIT OF CERTAIN SERVICE PAYMENTS; ESTABLISHING A MUNICIPAL PUBLIC IMPROVEMENT TAX INCREMENT EQUIVALENT FUND FOR THE DEPOSIT OF CERTAIN SERVICE PAYMENTS; AUTHORIZING THE COUNTY TREASURER TO PAY A PORTION OF SERVICE PAYMENTS PAID BY PROPERTY OWNERS OF CERTAIN REAL PROPERTY TO THE RICHMOND HEIGHTS LOCAL SCHOOL DISTRICT AND THE SOUTH EUCLID-LYNDHURST SCHOOL DISTRICT, AS APPLICABLE; AUTHORIZING THE EXECUTION AND PERFORMANCE OF A DEVELOPMENT AGREEMENT WITH THE BELLE OAKS NEW COMMUNITY AUTHORITY AND THE PROPERTY OWNERS OF CERTAIN REAL PROPERTY; AUTHORIZING AND APPROVING RELATED MATTERS; AND DECLARING AN EMERGENCY.

WHEREAS, Belle Oaks Marketplace LLC, (“Developer”) and the City of Richmond Heights, Ohio (“City”), upon the formal petition and request of the Developer, have collaborated to create a new community authority organized under Ohio Revised Code (“O.R.C.”) Chapter 349 called the Belle Oaks New Community Authority (the “Authority”), and the Authority is authorized to carry out its new community development program in its new community district and issue revenue bonds to support such program;

WHEREAS, the City desires to encourage commercial growth and development within the City by implementing a program of tax increment financing with respect to certain parcels of real property within the boundaries of the City and more particularly described in Exhibit A attached hereto (the “Belle Oaks Site”) pursuant to which the City will grant one or more exemptions from real property taxation for the increase in assessed valuation of each parcel of real property within the Belle Oaks Site;

WHEREAS, Richmond Heights Town Square Owner, LLC, and DPM 775 Richmond Wilson Road LLC, each an affiliate of the Developer (each a “Developer Affiliate” and collectively “Developer Affiliates”), owns or controls the parcels within the boundaries of the City comprising the Belle Oaks Site, which parcels are included in the Authority’s new community district, within which the Developer plans to rehabilitate or construct, or cause the rehabilitation or construction of, certain private improvements comprising a mixed-use residential, commercial and retail development to be developed in multiple phases;

WHEREAS, the City has determined that redevelopment of a mixed-use project within the Belle Oaks Site and the other development activity which may occur as a result thereof, which will include residential, commercial, and retail properties on the Belle Oaks Site, will benefit the City and its residents by creating economic opportunities, enlarging the property tax base, enhancing income tax revenues, and stimulating collateral development in the City, and the City has further determined that the development of residential properties in the City will benefit the City and its residents by growing its population and increasing employment opportunities and property and income tax revenues;

WHEREAS, the Developer has outlined a development and redevelopment plan and financial model that is consistent with the City's vision for the Belle Oaks Site and the former Richmond Town Square Mall and the Developer plans to rehabilitate or construct, or cause rehabilitation or construction of, certain private improvements comprising a mixed-use residential, commercial, and retail development to be constructed in multiple phases;

WHEREAS, the City has discussed and evaluated the public commitment needed to support a large-scale redevelopment of the Belle Oaks Site, and has consulted with financial analysts and other experts regarding this redevelopment project;

WHEREAS, the City has provided opportunity for comment and input from stakeholders and potential stakeholders regarding this redevelopment project, including City residents, the Richmond Heights Local City School District, the South Euclid-Lyndhurst School District, the Authority, the Developer, and other elected and appointed officials in our community;

WHEREAS, the City is permitted to facilitate the development of commercial and residential properties by utilizing funding mechanisms to pay the costs of an "urban renewal project" as defined by O.R.C. Section 725.01(I), to pay the costs of "public infrastructure improvements" as defined in O.R.C. Section 5709.40(A)(8), and to pay the costs of "urban redevelopment" identified in O.R.C. Section 5709.41(A)(2), including, without limitation, construction of roads, parking facilities, parks, greenspace, pedestrian walkways, streetscape improvements, utility infrastructure, and related publicly- and privately-owned improvements;

WHEREAS, O.R.C. Sections 725.01 *et seq.* provide for the use of a municipal urban renewal tax exemption and a corresponding urban renewal service payment in lieu of taxes to finance the construction of an urban renewal project which will benefit new commercial and residential development in the City and will eliminate blight;

WHEREAS, the City Council ("Council") has, pursuant to Ordinance No. 114-2021 adopted prior to this Ordinance, (the "Blight Determination Ordinance") determined that the Belle Oaks Site is a "blighted area" pursuant to O.R.C. Chapter 725;

WHEREAS, the City's proposed program of tax increment financing satisfies the criteria under O.R.C. Section 725.01 *et seq.* for a program of tax increment financing because (i) the portion of the assessed valuation of improvements constructed pursuant to the Development Agreement authorized hereunder and the portion of the increase in assessed valuation after the commencement of rehabilitation of improvements rehabilitated pursuant to the Development Agreement will be declared to be a public purpose by this Ordinance and in the Development Agreement, and (ii) pursuant to the Blight Determination Ordinance, Council has determined that the Urban Renewal Parcels (as defined herein) within which the Urban Renewal Improvements (as defined herein) are to be undertaken is a "blighted area" (as defined by O.R.C. Sections 725.01(B));

WHEREAS, O.R.C. Sections 725.01 *et seq.* provide that Council may (i) enter into one or more development agreements with the Developer and the Authority in order to (a) declare the construction or

rehabilitation of structures and facilities on real property located in a blighted area within the City to be a public purpose, thereby exempting the increase in the assessed valuation of the structures or facilities constructed or rehabilitated thereon from real property taxation for a period of time, and (b) provide for the making of service payments in lieu of taxes by the owner or owners thereof; and (ii) provide for up to seventy-five percent (75%) of the Urban Renewal Improvements (as defined herein) to be exempt from real property taxation (the "Urban Renewal Exemption"); and (iii) establish an urban renewal debt retirement fund into which such service payments shall be deposited;

WHEREAS, O.R.C. Sections 5709.40, 5709.41, 5709.42, and 5709.43 provide for the use of municipal tax increment financing ("TIF") to finance the construction of public infrastructure and certain private improvements that will benefit new commercial and residential development in the City;

WHEREAS, O.R.C. Section 5709.41 of the Ohio Revised Code requires that the City hold fee title to the parcels to be exempted pursuant to that statute prior to enacting this Ordinance, and its Mayor, acting on behalf of the City pursuant to Ordinance No. 113-2021 passed by Council on [REDACTED], 2021, accepted title for the City to those parcels on [REDACTED], 2021 (the "Acquisition Date");

WHEREAS, the City desires to encourage commercial growth and development within the City by implementing a program of tax increment financing with respect to Permanent Parcel Numbers 662-27-050, 662-28-068, 662-27-049, 662-30-120, 662-30-121, 662-30-122, 662-30-098 and 662-30-105 (collectively, the ".41 TIF Site") and Permanent Parcel Number 662-30-123 (the ".40(B) TIF Site", and together with the .41 TIF Site, collectively sometimes referred to herein as the "TIF Site") all located within the boundaries of the City and more particularly described in Exhibit B attached hereto, pursuant to which the City will grant exemption from real property taxation for the increase in assessed valuation of each parcel of real property located within the TIF Site;

WHEREAS, O.R.C. Sections 5709.40, 5709.41, 5709.42 and 5709.43 provide that Council may (i) declare the increase in assessed valuation of each parcel of real property located within the Belle Oaks Site and the .40(B) TIF Site (collectively, the "TIF Improvements") to be a public purpose; (ii) declare that one hundred percent (100%) of the TIF Improvements will be exempt from real property taxation for a period of up to thirty (30) years (the "TIF Exemptions"); and (iii) provide for the payment by any Property Owners (as defined herein) of annual service payments in lieu of taxes as an obligation running with the land with respect to the real property located within the TIF Site owned by any Property Owners (as defined herein) in an amount equal to the real property taxes that would have been paid on the TIF Improvements had the TIF Exemptions not been granted, subject in all cases to the priority of the CRA Exemption (as defined herein) and the Urban Renewal Exemption, as provided by law and this Ordinance;

WHEREAS, the City has determined that it is necessary, appropriate, and in the best interests of the City to require (i) the Developer Affiliates and any other current or future owners of real property within the Belle Oaks Site or the .40(B) TIF Site (collectively, the "Property Owners") to make service payments in lieu of taxes, and specifically to require (i) the Developer Affiliates, the Developer and any other current or future owners of Urban Renewal Parcels located within the Belle Oaks Site to make service payments in lieu of taxes with respect to the Urban Renewal Improvements (as defined herein) pursuant to O.R.C. Section 725.04 (the "Urban Renewal Service Payments"), (ii) the Property Owners of the .40(B) TIF Site to make service payments in lieu of taxes with respect to the .40(B) TIF Improvements (as defined herein) pursuant to O.R.C. Section 5709.42 (the ".40(B) TIF Service Payments"), and (iii) the Property Owners of the .41 TIF Site to make service payments in lieu of taxes with respect to the .41 TIF Improvements (as defined herein) pursuant to O.R.C. Section 5709.42 (the ".41 TIF Service Payments," and together with the .40(B) TIF Service Payments and the Urban Renewal Service Payments, collectively the "Service Payments");

WHEREAS, the City expects that the Authority will issue one or more series of special obligation revenue bonds, notes, or other obligations (the “Bonds”) to finance the costs of the urban renewal project, the costs of urban redevelopment, and the costs of public infrastructure improvements, all as described on Exhibit C attached hereto (collectively, the “Authorized Improvements”), which Authorized Improvements, once made, will directly benefit the .40(B) TIF Site, the .41 TIF Site, and the Belle Oaks Site, the costs of which Authorized Improvements include, without limitation, debt service on the Bonds (including interest on and principal of and any administrative expenses with respect to the Bonds, capitalized interest on the Bonds, provision for any necessary reserve funds related to the Bonds, and other expenses relating to the issuance of, the Bonds or any other bonds, notes, or obligations issued to finance the Authorized Improvements), payment to or reimbursement of the Developer and the Authority for any costs related to the Bonds or the Authorized Improvements, and payment or reimbursement of the “costs of permanent improvements” set forth in O.R.C. Section 133.15(B) and incurred by the Developer or the Authority with respect to the Authorized Improvements (collectively, the “Costs of the Authorized Improvements”);

WHEREAS, upon and concurrently with the issuance of the first series of Bonds by the Authority, pursuant to and in accordance with the terms of the Development Agreement, the City will enter into an Intergovernmental Cooperation Agreement under which it will pledge and assign all Service Payments to the trustee for the Bonds to be used in accordance with the terms of the Development Agreement, such Intergovernmental Cooperation Agreement and the relevant trust agreement or trust indenture for such Bonds;

WHEREAS, Council has determined that it is necessary for the City to enter into a development agreement and declaration of covenants with the Developer, Developer Affiliates and the Authority (the “Development Agreement”), the form of which is attached hereto as Exhibit D and which constitutes a “development agreement” and a declaration under O.R.C. Section 725.01(C), in order to (i) establish an exemption from real property taxation for the portion of the Urban Renewal Improvements (as defined herein) constructed or rehabilitated by the Developer on the Urban Renewal Parcels, (ii) provide for the payment of a portion of the Service Payments by the Developer Affiliates, Developer, and other Property Owners (current and future) within the Belle Oaks Site, (iii) provide for the use of Service Payments to pay the Costs of the Authorized Improvements, among other uses provided by Ohio law, (iv) provide for the construction of the Authorized Improvements, and (v) provide for the construction of the TIF Improvements (as defined herein) and the construction and rehabilitation of the Urban Renewal Improvements (as defined herein) to be undertaken by the Authority, the Developer and/or affiliates of the Developer (such TIF Improvements and Urban Renewal Improvements being collectively referred to herein as the “Private Improvements”);

WHEREAS, Council has determined that the City shall enter into a cooperative agreement with the Authority and the trustee for the Bonds (such agreement being referred to herein as the “Intergovernmental Cooperation Agreement”), which Intergovernmental Cooperation Agreement shall be in a form acceptable to the Council and the Director of Law, as evidenced by a resolution approving the same, and which shall constitute an agreement under O.R.C. Sections 349.06(I), 349.06(S), and 349.13 in order to, among other things, (i) authorize the Authority to issue the Bonds as “urban renewal bonds” as defined in O.R.C. Section 725.01(F) as an issuer designated to issue “urban renewal bonds” in lieu of the City, and (ii) cause the assignment by the City to the Authority, for further assignment to the trustee for the Bonds, and to cause the transfer of Service Payment by the City to the trustee for the Bonds, to pay the Costs of the Authorized Improvements;

WHEREAS, the Developer and Developer Affiliates have previously executed and delivered to the City an Indemnification Agreement in form satisfactory to the Mayor and the Director of Law, as required by Ordinance No. 113-2021, which Indemnification Agreement remains in effect;

WHEREAS, Council finds and determines that notice of this proposed Ordinance has prior to the adoption of this Ordinance been delivered to all affected school districts, including the School Districts, in accordance with O.R.C. Sections 725.02, 725.021, 5709.40, 5709.41, and 5709.83, and hereby ratifies the giving of that notice; and

WHEREAS, development of the Belle Oaks Site and the .40(B) Site is expected to commence immediately upon passage of this Ordinance and the execution of the Development Agreement by the City, the Authority, and the Developer.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RICHMOND HEIGHTS, OHIO THAT:

SECTION 1. Authorization of Urban Renewal Exemption; Declaration of TIF Exemptions; Priority of Exemptions. Council hereby authorizes the execution of the Development Agreement, which contains and constitutes a declaration pursuant to and in accordance with the provisions of O.R.C. Section 725.02(A), which is a “development agreement” for purposes of O.R.C. Section 725.01(C), and which is entered into between the City and all Property Owners of the real property located within the Belle Oaks Site and currently known as Permanent Parcel Numbers 662-27-050, 662-28-068, 662-27-049, 662-30-120, 662-30-121 and 662-30-122 (the “Urban Renewal Parcels”). Council hereby declares, effective upon the execution and recordation of the Development Agreement, that seventy-five percent (75%) of the increase in the assessed valuation of the structures or facilities constructed or rehabilitated on each of the Urban Renewal Parcels subsequent to the date of recordation of the Development Agreement with respect to each parcel encumbered thereby (each an “Urban Renewal Improvement”) is a public purpose, and that each such Urban Renewal Improvement is exempt from taxation (the “Urban Renewal Exemption”). The Urban Renewal Exemption shall commence on the date the Development Agreement is executed and recorded, and the Urban Renewal Exemption shall apply to all Urban Renewal Improvements for a period commencing with the tax year after the date on which the Development Agreement is executed and recorded when such Urban Renewal Improvement first appears on the tax list and duplicate of real and public utility property, and ending on the earlier of the date on which the Bonds issued to finance the Authorized Improvements are paid in full out of the Urban Renewal Service Payments or thirty (30) years. Council further finds and determines that a separate Urban Renewal Exemption shall apply with respect to each Urban Renewal Parcel when the respective Urban Renewal Improvements to such Urban Renewal Parcel are constructed or rehabilitated thereon and an exemption therefor is claimed in the manner provided for herein.

Pursuant to and in accordance with the provisions of O.R.C. Section 5709.40(B), Council hereby finds and determines that one hundred percent (100%) of the increase in assessed valuation of each parcel of real property located within the .40(B) TIF Site subsequent to the effective date of this Ordinance (each a “.40(B) TIF Improvement”), is declared to be a public purpose, and each .40(B) TIF Improvement shall be exempt from real property taxation for a period commencing with the tax year after the effective date of this Ordinance when such .40(B) TIF Improvement first appears on the tax list and duplicate of real and public utility property and ending on the earlier of (a) thirty (30) years after such exemption commenced, or (b) the date on which the City can no longer require the Property Owners of each such .40(B) TIF Improvement to make .40(B) TIF Service Payments, all in accordance with the requirements of O.R.C. Sections 5709.40, 5709.42, and 5709.43 (together with related provisions of the O.R.C., the “.40(B) TIF Act”).

Pursuant to and in accordance with the provisions of O.R.C. Section 5709.41, Council hereby finds and determines that one hundred percent (100%) of the increase in assessed valuation of each parcel of real property located within the .41 TIF Site subsequent to the Acquisition Date (each a “.41 TIF Improvement”), is declared to be a public purpose, and each .41 TIF Improvement shall be exempt from real property taxation for a period commencing with the tax year after the effective date of this Ordinance

when such .41 TIF Improvement first appears on the tax list and duplicate of real and public utility property and ending on the earlier of (a) thirty (30) years after such exemption commenced, or (b) the date on which the City can no longer require the Property Owners of each such .41 TIF Improvement to make .41 TIF Service Payments, all in accordance with the requirements of O.R.C. Sections 5709.41, 5709.42, and 5709.43 (together with related provisions of the O.R.C., the “.41 TIF Act”). Council further finds and determines that a separate TIF Exemption shall apply with respect to each parcel of real property located within the .41 TIF Site when the respective .41 TIF Improvements to such parcel are made and an exemption therefor is claimed in the manner provided for herein.

Council hereby orders that if a parcel of real property within the Belle Oaks Site is subject to both an Urban Renewal Exemption and a TIF Exemption, the Urban Renewal Exemption shall apply to that portion of the real property constituting the Urban Renewal Improvements in priority to the TIF Exemption; provided, that the TIF Exemption shall apply to the TIF Improvements thereon to the extent that the Urban Renewal Exemption does not apply to that portion of the real property constituting the TIF Improvements.

Council further acknowledges that the real property within the Belle Oaks Site is within the community reinvestment area established by the City by Resolution No. 145-86, passed by Council on November 11, 1986; Resolution No. 108-2018, passed by Council on October 9, 2018, which amended Resolution No. 145-86; and Resolution No. 107-2019, passed by Council on December 10, 2019, which expanded the Community Reinvestment Area to include, among other properties, the entire Belle Oaks Site, copies of which are attached hereto as Exhibit E and incorporated herein by this reference (collectively, the “CRA Legislation”). Pursuant to the CRA Legislation the City has, among other actions: (i) declared the construction of new multifamily housing, commercial or industrial structures and the remodeling of existing multifamily housing, commercial or industrial structures (collectively, the “CRA Improvements”) on parcels of real property within Community Reinvestment Area #1 established by the City (as more particularly described in Exhibit F attached hereto and incorporated herein by this reference, the “CRA Site”), to be a public purpose in accordance with O.R.C. Section 3735.67 (together with related provisions of the O.R.C., the “CRA Act”); and (ii) declared that one hundred percent (100%) of the increase in assessed valuation attributed to the CRA Improvements will be exempt from real property taxation for a period of up to fifteen (15) years (the “CRA Exemption”). Council hereby orders that to the extent that a parcel of real property within the Belle Oaks Site is subject to a CRA Exemption authorized by the CRA Legislation, the CRA Exemption shall apply to the CRA Improvements thereon before the Urban Renewal Exemption applies to the Urban Renewal Improvements thereon or the TIF Exemption applies to the TIF Improvements thereon; provided, that if such parcel is subject to both an Urban Renewal Exemption and a TIF Exemption, the priority set forth in the preceding paragraph shall apply after application of the CRA Exemption to the CRA Improvements thereon.

SECTION 2. Service Payments; Property Tax Rollback Payments and Other Payments. As provided in O.R.C. Section 725.04, and pursuant to the terms of the Development Agreement, the Property Owners of each of the Urban Renewal Parcels shall be required to, and shall make, the Urban Renewal Service Payments allocable thereto, but only after the Urban Renewal Exemption is effective with respect to such parcels. As provided in O.R.C. Section 5709.42, the Property Owners of parcels of real property located within the .40(B) TIF Site shall be required to, and shall make, the .40(B) TIF Service Payments allocable thereto, but only after a TIF Exemption authorized under O.R.C. 5709.40(B) and Section 1 of this Ordinance is effective with respect to such parcels. As provided in O.R.C. Section 5709.42, the Property Owners of parcels of real property located within the .41 TIF Site shall be required to, and shall make, the .41 TIF Service Payments allocable thereto, but only after a TIF Exemption authorized under O.R.C. 5709.41 and Section 1 of this Ordinance is effective with respect to such parcels. All Service Payments required hereunder shall be paid to the Treasurer of Cuyahoga County, Ohio (the “County Treasurer”) on or before the final due dates for payment of real property taxes. Each Service Payment 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 real property located within the Belle Oaks Site and the TIF Site, as applicable, as if it were not exempt from taxation pursuant to the exemptions provided in Section 1 of this Ordinance. Any late payments shall be subject to penalty and bear interest at the then current rate established under O.R.C. Sections 323.121(B)(1) and 5703.47, as the same may be amended from time to time, or any successor provisions thereto, as the same may be amended from time to time (the payment of penalties and interest are collectively referred to hereinafter as a portion of the Service Payments).

Council hereby declares that the following amounts shall be allocated and distributed in the same manner and as Service Payments: (i) any payments with respect to any Urban Renewal Improvements or TIF Improvements received by the City pursuant to O.R.C. Sections 319.302, 321.24, 323.152, and 323.156, as the same may be amended from time to time, or any successor provisions thereto, as the same may be amended from time to time (the "Property Tax Rollback Payments"), whether received from the County Treasurer or received directly by the City, (ii) any penalties and interest received by the City with respect to any late or delinquent Service Payments, whether received from the County Treasurer or received directly by the City, and (iii) any other payments received by the City arising from any enforcement of payment of Service Payments or otherwise paid to the City as and for Service Payments (including any "minimum service payments"). The term "Service Payments" as used in this Ordinance shall be deemed to refer to and shall include any of the amounts or payments identified in clauses (i), (ii) and (iii) of the preceding sentence; provided, that any such amounts or payments received by the City with respect to Urban Renewal Improvements shall be deemed Urban Renewal Service Payments for all purposes of this Ordinance, any such amounts or payments received by the City with respect to .40(B) TIF Improvements shall be deemed .40(B) TIF Service Payments for all purposes of this Ordinance, and any such amounts or payments received by the City with respect to .41 TIF Improvements shall be deemed .41 TIF Improvements for all purposes of this Ordinance. All Service Payments shall be allocated and distributed in accordance with this Ordinance.

SECTION 3. Authorization of Establishment of Urban Renewal Fund; Establishment of .40(B) TIF Fund; Establishment of .41 TIF Fund; Establishment of Service Payment Fund. Council hereby authorizes the City's Finance Director to establish, pursuant to and in accordance with the provisions of O.R.C. Section 725.03, the Belle Oaks Urban Renewal Debt Retirement Fund (the "Urban Renewal Fund"). The Urban Renewal Fund may not be established until such time as the Bonds or any other bonds, notes, or obligations are issued to finance the Authorized Improvements, and the Urban Renewal Fund shall be established at such time. The Urban Renewal Fund shall be maintained in the custody of the City as an account within the Service Payment Fund (as defined herein) and shall receive all distributions of Urban Renewal Service Payments required to be made to the City. Interest on any amounts on deposit in the Urban Renewal Fund shall be credited to such Urban Renewal Fund. The Urban Renewal Service Payments received by the City from the Property Owners with respect to the Urban Renewal Improvements on the real property located within the Belle Oaks Site, so deposited and distributed pursuant to law as provided in O.R.C. Section 725.03, shall be used solely for the purposes authorized in O.R.C. Sections 725.01 *et seq.*, including, but not limited to, paying any Costs of the Authorized Improvements, in a manner which is consistent with this Ordinance. The Urban Renewal Fund shall remain in existence so long as such Urban Renewal Service Payments are collected and used for the aforesaid purposes, after which time said Urban Renewal Fund shall be dissolved and any surplus funds remaining therein transferred to the City's General Fund. The City's Finance Director shall create such sub-accounts within the Urban Renewal Fund as are necessary for payment of the Costs of the Authorized Improvements, including debt service on the Bonds (including interest on and principal of and any administrative expenses with respect to the Bonds, capitalized interest on the Bonds, provision for any necessary reserve funds related to the Bonds, and other expenses relating to the issuance of, the Bonds or any other bonds, notes, or obligations issued to finance the Authorized Improvements).

Council hereby establishes, pursuant to and in accordance with the provisions of O.R.C. Section 5709.43, the Belle Oaks Municipal Public Improvement Tax Increment Equivalent Fund (the “.40(B) TIF Fund”). The .40(B) TIF Fund shall be maintained in the custody of the City as an account within the Service Payment Fund (as defined herein) and shall receive all distributions of .40(B) TIF Service Payments required to be made to the City by the County Treasurer. Interest on any amounts on deposit in the .40(B) TIF Fund shall be credited to the .40(B) TIF Fund. The .40(B) TIF Service Payments received by the City with respect to the .40(B) TIF Improvements on the real property located within the .40(B) TIF Site, so deposited and distributed pursuant to law as provided in O.R.C. Section 5709.42, shall be used solely for the purposes authorized in O.R.C. Sections 5709.40, 5709.42 and 5709.43, including, but not limited to, paying any School Compensation (as defined herein) required to be paid by the County Treasurer pursuant to Section 4 of this Ordinance and any Costs of the Authorized Improvements, all in a manner which is consistent with this Ordinance. The .40(B) TIF Fund shall remain in existence so long as such .40(B) TIF Service Payments are collected and used for the aforesaid purposes, after which time said .40(B) TIF Fund shall be dissolved and any surplus funds remaining therein transferred to the City’s General Fund, all in accordance with O.R.C. Section 5709.43. The City’s Finance Director shall create such sub-accounts within the .40(B) TIF Fund as are necessary for payment of the Costs of the Authorized Improvements, including debt service on the Bonds (including interest on and principal of and any administrative expenses with respect to the Bonds, capitalized interest on the Bonds, provision for any necessary reserve funds related to the Bonds, and other expenses relating to the issuance of, the Bonds or any other bonds, notes, or obligations issued to finance the Authorized Improvements).

Council hereby establishes, pursuant to and in accordance with the provisions of O.R.C. Section 5709.43, the Belle Oaks Municipal Urban Redevelopment Tax Increment Equivalent Fund (the “.41 TIF Fund”). The .41 TIF Fund shall be maintained in the custody of the City as an account within the Service Payment Fund (as defined herein) and shall receive all distributions of .41 TIF Service Payments required to be made to the City by the County Treasurer. Interest on any amounts on deposit in the .41 TIF Fund shall be credited to the .41 TIF Fund. The .41 TIF Service Payments received by the City with respect to the .41 TIF Improvements on the real property located within the .41 TIF Site, so deposited and distributed pursuant to law as provided in O.R.C. Section 5709.42, shall be used solely for the purposes authorized in O.R.C. Sections 5709.41, 5709.42 and 5709.43, including, but not limited to, paying any School Compensation (as defined herein) required to be paid by the County Treasurer pursuant to Section 4 of this Ordinance and any Costs of the Authorized Improvements, all in a manner which is consistent with this Ordinance. The .41 TIF Fund shall remain in existence so long as such .41 TIF Service Payments are collected and used for the aforesaid purposes, after which time said .41 TIF Fund shall be dissolved and any surplus funds remaining therein transferred to the City’s General Fund, all in accordance with O.R.C. Section 5709.43. The City’s Finance Director shall create such sub-accounts within the .41 TIF Fund as are necessary for payment of the Costs of the Authorized Improvements, including debt service on the Bonds (including interest on and principal of and any administrative expenses with respect to the Bonds, capitalized interest on the Bonds, provision for any necessary reserve funds related to the Bonds, and other expenses relating to the issuance of, the Bonds or any other bonds, notes, or obligations issued to finance the Authorized Improvements).

Council hereby authorizes the City’s Finance Director to establish, pursuant to and in accordance with this Ordinance and the Development Agreement, a fund designated as the “Service Payment Fund” (the “Service Payment Fund”) which shall be maintained in the custody of the City and which shall contain as accounts therein the Urban Renewal Fund, the .40(B) TIF Fund, and the .41 TIF Fund, each established pursuant to and in accordance with this Ordinance. Council authorizes the pledge and assignment of amounts on deposit in the Service Payment Fund to the trustee for the Bonds, which pledge and assignment shall be contained within the Intergovernmental Cooperative Agreement in accordance with the provisions of the Development Agreement.

SECTION 4. School Compensation. As provided in O.R.C. Section 5709.42, the County Treasurer is hereby requested and directed to distribute a portion of the Service Payments paid with respect to the .40(B) TIF Improvements to the South Euclid-Lyndhurst School District in an amount equal to the amount the South Euclid-Lyndhurst School District would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the .40(B) Improvements to such portions of the .40(B) TIF Site located within the South Euclid-Lyndhurst School District if the .40(B) TIF Improvements had not been exempt from taxation pursuant to this Ordinance, but subject in all cases to application of the CRA Exemption and the Urban Renewal Exemption to such .40(B) TIF Improvements as provided in Section 1 of this Ordinance.

As provided in O.R.C. Section 5709.42, the County Treasurer is hereby requested and directed to distribute a portion of the Service Payments paid with respect to the .41 TIF Improvements to (i) the Richmond Heights Local School District in an amount equal to the amount the Richmond Heights Local School District would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the .41 TIF Improvements to such portions of the .41 TIF Site located within the Richmond Heights Local School District if such .41 TIF Improvements had not been exempt from taxation pursuant to this Ordinance, and (ii) the South Euclid-Lyndhurst School District, in an amount equal to the amount the South Euclid-Lyndhurst School District would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the .41 TIF Improvements to such portions of the .41 TIF Site located within the South Euclid-Lyndhurst School District if such .41 TIF Improvements had not been exempt from taxation pursuant to this Ordinance, but subject in all cases to application of the CRA Exemption and the Urban Renewal Exemption to such .41 TIF Improvements as provided in Section 1 of this Ordinance.

Following the distributions of portions of the Service Payments to the School Districts as required by this Section 4 (collectively, the “School Compensation”), the County Treasurer is hereby requested and directed to distribute all remaining Service Payments paid with respect to the .40(B) TIF Improvements and the .41 TIF Improvements to the City for further deposit into the .40(B) TIF Fund and the .41 TIF Fund, respectively, for payment of costs of the Authorized Improvements. The County Treasurer is hereby requested and directed to make all distributions required by this Section 4 at the same time and in the same manner as other real property tax distributions that occur within the County.

SECTION 5. Authorized Improvements. Council hereby designates and authorizes the Authorized Improvements described in Exhibit C attached hereto as (i) improvements undertaken as part of the “urban renewal project” (as such term is defined in O.R.C. Section 725.01(I)) agreed upon by the City, the Authority, and the Developer with respect to the Urban Renewal Parcels located within the Belle Oaks Site in accordance with O.R.C. Section 725.01 *et seq.* and the Development Agreement; (ii) to the extent identified as such in Exhibit C, “public infrastructure improvements” (as such term is defined in O.R.C. Section 5709.40(A)(8)) made, to be made, or in the process of being made, and that, once made, will directly benefit the TIF Site; and (iii) costs of “urban redevelopment” (as such term is identified in O.R.C. 5709.41(A)(2)).

The identification of the Authorized Improvements, including any real property dedicated for the purpose of constructing a portion of the Authorized Improvements thereon, may be revised or supplemented from time to time, provided such revisions or supplements are approved by the City, the Authority, and the Developer. The Authorized Improvements shall be constructed in a sequence and a priority to be agreed upon by the City, the Authority, and the Developer in accordance with the Development Agreement.

SECTION 6. Development Agreement. The Mayor, on behalf of the City, is hereby authorized and directed to enter into the Development Agreement with the Developer and the Authority to (i) establish an exemption from real property taxation for the portion of the Urban Renewal Improvements constructed or

rehabilitated by the Developer; (ii) provide for the payment by and collection of a portion of the Service Payments from the Developer; (iii) provide for the use of Service Payments to pay Costs of the Authorized Improvements, including debt service on the Bonds (including interest on and principal of and any administrative expenses with respect to the Bonds, capitalized interest on the Bonds, provision for any necessary reserve funds related to the Bonds, and other expenses relating to the issuance of, the Bonds or any other bonds, notes, or obligations issued to finance the Authorized Improvements), among other uses provided by Ohio law; (iv) provide for the construction of the Authorized Improvements; and (v) provide for the construction and rehabilitation of the Private Improvements. Council hereby finds and determines that the Development Agreement satisfies all of the conditions for a "development agreement" (as such term is defined in O.R.C. Section 725.01(C)). The Development Agreement shall require that the Developer, or its successors and assigns, complete the application for exemption on the required DTE-24 forms pursuant to O.R.C. Section 5709.911, and shall provide that the executed Development Agreement be recorded in the Cuyahoga County Fiscal Officer's Office as a declaration running with the land. The Mayor is authorized and directed to enter into the Development Agreement in substantially the form attached hereto as Exhibit D, with such changes approved by the Mayor and the Director of Law and not inconsistent with this Ordinance and not materially adverse to the City, which shall be established conclusively by their signatures thereon. The Mayor and all other City officials are authorized to perform the covenants of the City contained in the Development Agreement. The Development Agreement shall become effective on the date that it is executed by all parties and recorded.

SECTION 7. Authorization of Bonds. Council hereby authorizes the Authority, pursuant to the authority granted to the City by Ohio Constitution Article VIII, Section 13; Ohio Constitution Article XVIII, Section 3; O.R.C. Chapter 725; and O.R.C. Chapter 349; to issue the Bonds as "urban renewal bonds" as defined in O.R.C. Section 725.01(F). The Bonds shall be unvoted obligations of the Authority, and shall not constitute in any way a pledge or obligation of the full faith and credit of the City. The Intergovernmental Cooperative Agreement shall be approved by this Council and thereafter executed and delivered by the City, the Authority, and the trustee for the Bonds on or prior to the date of the first series of Bonds issued by the Authority.

SECTION 8. Application for Real Property Tax Exemption and Remission; Further Authorizations. Council hereby authorizes and directs the City Finance Director, the Director of Law, or other appropriate officers of the City, to the extent necessary to sign and execute all DTE-24 forms and documents and make such arrangements as are necessary and proper for collection of the Service Payments from the Property Owners of the Urban Renewal Parcels and of real property located within the TIF Site, all in accordance with this Ordinance and the Development Agreement. Such officers of the City are each hereby authorized and directed to cooperate with the Developer to complete and submit any applications, certifications, or other filings required to permit the Property Owners to claim or preserve the real property tax exemption authorized by this Ordinance, the CRA Legislation, or the Development Agreement. Further, Council hereby authorizes the City Finance Director, the Director of Law, or other appropriate officers of the City, to prepare and sign all documents, instruments, and certifications, to deliver all opinions, and to take all other actions, as may be necessary and appropriate to implement the transactions contemplated by the Development Agreement, the Intergovernmental Cooperation Agreement, and this Ordinance.

SECTION 9. Non-Discriminatory Hiring Policy. In accordance with O.R.C. Section 5709.832, no employer located in the Belle Oaks Site or the TIF Site shall deny any individual employment based solely on race, religion, sex, disability, color, national origin, or ancestry, or any other classification that is now or may become a classification protected by Federal or Ohio law.

SECTION 10. Notification of Passage. Pursuant to O.R.C. Sections 5709.40 and 5709.41, the Clerk of Council is hereby directed to deliver a copy of this Ordinance to the Director of the Ohio Department of Development within fifteen (15) days after its adoption. On or before March 31 of each year that a TIF

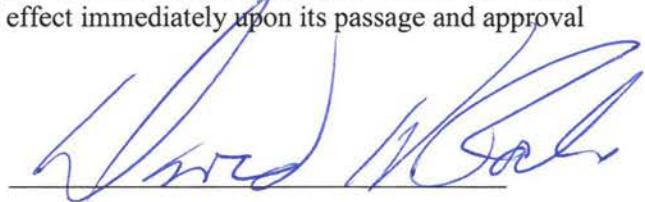
Exemption set forth in Section 1 of this Ordinance remains in effect, the Finance Director or other authorized officer of this City shall prepare and submit to the Director of the Ohio Department of Development the status report required under O.R.C. Sections 5709.40(G) and 5709.41(E).

SECTION 11. Tax Incentive Review Council. The City has previously created the Richmond Heights Tax Incentive Review Council with the membership of that Council constituted in accordance with O.R.C. Section 5709.85. That Council shall, in accordance with O.R.C. Section 5709.85, 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 O.R.C. Section 5709.85.

SECTION 12. Open Meetings. Council finds and determines that all formal actions of Council and any of its committees concerning and relating to the passage of this Ordinance were taken in an open meeting of Council, and that all deliberations of Council and any of its committees that resulted in those formal actions were in meetings open to the public, all in compliance with the law, including O.R.C. Section 121.22.

SECTION 13. Emergency; Effective Date. This Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety, and welfare of the City, due to the benefits resulting from implementation of the mixed-use redevelopment project on the Belle Oaks Site, as well as the numerous benefits to the City's overall economic health and competitiveness, the benefits to the quality of life of its residents, and the critical timing and seasonality considerations associated with the financing and construction of the mixed-use redevelopment project on the Belle Oaks Site; wherefore, this Ordinance shall be in full force and effect immediately upon its passage and approval by the Mayor.

PASSED: December 14, 2021



David H. Roche, Mayor

APPROVED: December 14, 2021

ATTEST: Betsy Traben

Betsy Traben

Clerk of Council



Eloise Cotton-Henry

President of Council

EXHIBIT A

The Belle Oaks Site

EXHIBIT B

THE TIF SITE

EXHIBIT C
AUTHORIZED IMPROVEMENTS

The Authorized Improvements consist of the planning, design, acquisition, construction, installation, and financing of the following improvements:

1. **Roadways**, including construction, reconstruction, extension, opening, improving, widening, grading, draining, curbing or changing of the lines and traffic patterns of roads, highways, streets, intersections, bridges (both roadway and pedestrian), sidewalks, bikeways, medians and viaducts accessible to and serving the public, and providing signage (including traffic signage and informational/promotional signage), lighting systems, signalization, and traffic controls, surface parking, surface parking lots, subterranean parking lots, parking structures, parking garages, carports, tuck-under parking, or other parking facilities, together with related site improvements and all other appurtenances thereto, and the continued maintenance of the foregoing improvements;
2. **Water/Sewer**, including construction, reconstruction and installation of public utility improvements (including any underground municipally owned utilities), water lines and pumps (including necessary site grading therefore), storm and upgrades to sanitary sewer lines and pumps (including necessary site grading therefore), water and fire protection systems, together with related site improvements and all other appurtenances thereto, and the continued maintenance of the foregoing improvements;
3. **Parks**, including construction, reconstruction and installation of one or more public parks, including grading, trees and other park plantings, playgrounds, park accessories, recreational zones, and related improvements, together with related site improvements and all other appurtenances thereto;
4. **Streetscape/Landscape**, including construction, reconstruction and installation of streetscape and landscape improvements including trees, tree grates, signage, curbs, sidewalks, scenic fencing, street and sidewalk lighting, trash receptacles, benches, newspaper racks, entry fountain, pool, pool shade pavilion, pool house, channels and ponds, on-site security, burial of overhead utility lines and related improvements, including, but not limited to streetscape improvements in conjunction with and along the roadway improvements described in "Roadways" above, together with related site improvements and all other appurtenances thereto;
5. **Stormwater**, including construction, reconstruction and installation of stormwater and flood remediation projects and facilities, including such projects and facilities on private property when determined to be necessary for public health, safety and welfare, together with related site improvements and all other appurtenances thereto;
6. **Utilities**, including construction, reconstruction and installation of infrastructure for electric, gas, solar, telephone, cable and fiber optic or other telecommunication services,

including any connection fees, energy line relocation, site utilities substations, together with related site improvements and all other appurtenances thereto;

7. **Environmental Remediation**, including demolition or rehabilitation of existing structures or other existing improvements and the cleanup or remediation of hazardous substances or petroleum in fulfillment of revitalization purposes provided for in Article VIII, section 2q, Ohio Constitution;
8. **Real Estate**, including any acquisition of real estate or interests in real estate (including easements) (i) necessary to accomplish any of the foregoing improvements or (ii) in aid of industry, commerce, distribution or research, such as acquisition, of Parcel No. 662-27-050, 662-28-068, 662-27-049, 662-30-120, 662-30-121, 662-30-098, 662-30-105, 662-30-122, 662-29-076, 662-29-082, 662-29-083, 662-29-084, 662-29-085, 662-29-086, 662-29-087, 662-29-088, 662-29-089, 662-29-090, 662-29-091, 662-29-092 and 662-29-095 and allocation of a residential area; and
9. **Other Infrastructure Costs**, including engineering, pool design and engineering, electrical and telecom engineering, fountain engineering and landscaping design, signage design and engineering, appraisal, legal, architectural, lighting, demolition, consulting, blight study consulting, market study consulting, traffic study consulting, other project consulting, legal, administrative, general contractor fees and expenses, bond broker fees, PACE broker fees and equipment, project accounting fees, and other professional services, property insurance, course of construction, property and liability insurance, building permit fees, plan check fees, civil drawings, associated with the planning, design, acquisition, construction, installation, and financing of the foregoing improvements and real estate, and all related costs of those improvements (including, but not limited to, those costs listed in Ohio Revised Code Section 133.15(B)).

All of the Authorized Improvements described above are costs of “urban redevelopment” identified in O.R.C. Section 5709.41(A) and are authorized by the City. All of the Authorized Improvements described above, to the extent actually undertaken and to the extent located on an Urban Renewal Parcel, are undertaken as part of the “urban renewal project” as defined in O.R.C. Section 725.01(I) with respect to the Urban Renewal Parcels and as part of such “urban renewal project” are authorized by the City (without however in any manner committing the City to take ownership or accept for dedication any of such Authorized Improvements). All of the Authorized Improvements, if undertaken, will directly benefit the Belle Oaks Site. In addition, to the extent dedicated to a governmental entity or available for use by the general public, items 1 through 9 described above are costs of “public infrastructure improvements” as defined in O.R.C. Section 5709.40(A)(8), and such items are authorized by the City (without however in any manner committing the City to take ownership or accept for dedication any of such Authorized Improvements). All of the Authorized Improvements described above are “community facilities,” “land acquisition,” and/or “land development” as defined in O.R.C. Section 349.01 and are authorized by the Authority. .

EXHIBIT D

DEVELOPMENT AGREEMENT AND DECLARATION OF COVENANTS

(SEE ATTACHED)

EXHIBIT E

CRA Legislation

(SEE ATTACHED)

EXHIBIT F

THE CRA SITE

(SEE ATTACHED)