Council Agenda Item

To: Doug Lewis, City Manager

From: Tony Zampedro, Assistant City Manager

Date: November 27, 2023

RE: Ordinance Approving a Tax Increment Financing Cooperative Agreement with the Cleveland-Cuyahoga County Port Authority and Grand River Walk LLC

History:

City Council previously approved a Memorandum of Understanding as to Proposed Development Agreement dated July 1, 2022 (as amended, the "Development Agreement"), between the City and Grand River Walk LLC (the "Developer") for the urban redevelopment of certain real property within the City into a mixed-use residential and commercial project consisting of 120 residential apartment units, approximately 17,031 square feet of commercial space (the "Project"). Pursuant to the Development Agreement and Resolution No. 27-23 approved by City Council on March 6, 2023, the City agreed to provide tax increment financing for the Project in order to enable urban redevelopment and the development of the Project. Ordinance No. 12-23 was approved by City Council on June 20, 2023 (the "TIF Ordinance") and Ohio Revised Code ("ORC") 5709.41, 5709.42 and 5709.43 (collectively, the "TIF Act"). The legislation passed by City Council declared the improvement to the real property subject to the TIF Ordinance to be a public purpose and exempt from taxation for a period of thirty (30) years, required the owner of the real property subject to the TIF Ordinance to make service payments in lieu of taxes, established an urban redevelopment tax increment equivalent fund for the deposit of the service payments, and specified the purposes for which money in that fund will be expended.

The Developer has been working with the Cleveland-Cuyahoga County Port Authority (the "CCCPA") to enter into a Tax Increment Financing and Cooperative Agreement (the "Cooperative Agreement") with each other and the City in order to provide for the issuance of bonds, by the CCCPA to finance the Project (the "Bonds"). As a result, it requires the City of Painesville to become a party to the Cooperative Agreement to enable the City to fulfill its obligations under the Development Agreement and to finance costs of the urban redevelopment of the real property subject to the TIF Ordinance and the development of the $30+ million Project – Grand River Walk. Grand River Walk, LLC (aka Marous Development) wants to issue the Bonds in December

2023 so they can begin construction of the Project within a time period that allows the Developer to secure the necessary third party financing for the Project and retain contractors for the Project.

As a result of the need to pass this legislation before the end of the year, it will require City Council to authorize the City Manager to execute and deliver the Cooperative Agreement to Developer. The agreement was reviewed by our attorney at Squires Patton Boggs and he has approved the Cooperative Agreement with modifications. Staff is asking that the Cooperative Agreement be passed on second reading in order for Grand River Walk to obtain their financing and begin construction of the project to meet required deadlines for grant funding.

Financing:

Staff has asked Attorney Russ Balthis of Squires Patton Boggs to require any legal fees the City incurs to be financed through the bonds. As a result, there will not be any legal fees associated with this legislation.

Recommendation:

Staff is recommending that this Ordinance be passed on second reading on December 16, 2023 to allow for Grand River Walk, LLC (aka Marous Development) to obtain financing of the bonds so that they can begin the project before the end of the year.