

RECORD OF PROCEEDINGS

Minutes of

WARRENSVILLE HEIGHTS CITY BOARD OF EDUCATION

Meeting 29-16

SPECIAL MEETING

BEAR GRAPHICS - 800-325-8094 FORM NO. 10148

Held

OCTOBER 10,

2016

The Special Meeting of the Warrensville Heights Board of Education was held on Monday, October 10, 2016, at 5:05 p.m., at the Tri-C East Campus, The Jack, Joseph & Morton Mandel Humanities Center, Room 2600, 4250 Richmond Road, Highland Hills, Ohio.

President Gaiter called the meeting to order and asked the Treasurer, Dr. Michael A. Rock, to call the roll. The roll call revealed the following members present: Mrs. Michele Elba, Mr. Ray A. Freeman, Mrs. Millicent Gaiter, Ms. Traci Mitchell, Mrs. Barbara A. Mumin

Mr. Donald J. Jolly, II, Superintendent, also in attendance.

All other individuals used a sign-in log.

Tax Abatement Proposal

Introduction:

Superintendent Jolly provided an update on negotiations with the Village of Highland Hills in regards to a tax abatement proposal for a new company potentially moving into the village. He continued by stating that the proposal is for 50% tax abatement on the real property, an annual payment to the District of \$51,000, and no abatement on the land which will get the District to approximately 70% of the total tax revenue with a 30% loss of abated tax revenue. Superintendent Jolly introduced Chris Williams from Pepple & Waggoner, Ltd., to describe the recent negotiations and meetings with The Village of Highland Hills in regard to a proposed 50% tax abatement for 12 years in order to have a new company improve \$16,000,000 of real property improvement and \$4,000,000 of land improvement by the company Weston / ABB Inc.

Mr. Williams further described the company as: Weston Inc., an Ohio corporation, as property owner, and ABB, Inc. as tenant, in furtherance of their business interests, intend to construct a new corporate headquarters and operations center ("Facility") consisting of approximately 150,000 square feet on approximately 15 acres of land located at the southeast corner of Harvard Road and Green Road in Chagrin Highlands and part of a 90 acre parcel owned by the City of Cleveland, which area is in a Joint Municipal Utility District created by the *VILLAGE* and City of Cleveland jointly, which property is within the municipal boundary of the Village. The site upon which such Facility is to be constructed is shown on the attached site plan; the parties agree to amend this agreement after the land is subdivided to provide a more accurate description of the property subject to this agreement. Mr. Williams mentioned that the land is being bought at \$250,000 per acre and the land will be taxable at a value of \$4,000,000.

Mrs. Elba asked about the tape recorder for the meeting, of which Dr. Rock stated he is taking notes for the minutes for this meeting.

Mr. Williams continued with an explanation of the difference of real property taxes versus payroll tax revenue sharing. Based on the projections represented to the District, there would be \$500,000 in payroll tax revenue that the Village would be statutorily required to share with the District up to \$250,000 or the loss of tax revenue for the District which is approximately \$200,000. Mr. Williams described the statutory formula in regards to revenue sharing with taxing jurisdictions (city or village, etc.) when the payroll of the company being granted the tax abatement is more than \$1M, of which the estimated payroll for Weston / ABB Inc. is \$39M. Through meetings with The Village of Highland Hills, the Village has to share a large percentage of the proposed income taxes from the new payroll with the City of Cleveland since Cleveland was the original owner of the land and the agreement that the Village of Highland Hills has with Cleveland. As a result, the Village of Highland Hills was asking the District to forgo the sharing of payroll tax revenue.

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Mr. Williams expanded upon the draft agreement stating that the Village of Highland Hills is offering an annual payment of \$51,000 to the District. The District will also receive the 50% of unabated tax revenue along with 100% of the land tax revenue all adding up to an estimated grand total of \$358,150 of new revenue for the District for 12 years. The *VILLAGE* and *WARRENSVILLE BOARD* have negotiated as required by Ohio law in connection with the tax exemption being granted on the value of the improvements to the Facility to be constructed by WESTON/ABB, Inc.

Mr. Williams described additional language that was added to the draft agreement to protect the District and his dialogs with the Village in regards to the additional language. Mr. Williams stated that language that was added to the agreement in regards to a 3% late payment penalty if the Village is late on the annual payments to the District (the \$51,000 annual payments spread over quarterly payments in April, July, October, and January). Mr. Williams also described the language added to the agreement in regards to the representations made by the Village of Highland Hills. The *WARRENSVILLE BOARD* accepts and has relied upon the representation of the *VILLAGE*, that because of conditions surrounding development of this facility, including tax sharing agreements and certain infrastructure construction and payment requirements the burden of which may fall on the *VILLAGE*, and undertakings with the City of Cleveland and its partner/developer Jacobs Group, and the *VILLAGE*'s duty to provide municipal services, the *VILLAGE* has sufficient other obligations to make it unable to share its portion of the income taxes on this Facility. But for such representations, the *WARRENSVILLE BOARD* would expect, as it is entitled to under Ohio law, to receive a greater share of the income taxes generated on the payroll of new employees to the Facility as compensation for the property taxes forfeited by the *WARRENSVILLE BOARD* during the life of this Agreement. Per the agreement, the Village will also offer two firefighter positions for District students / graduates from the Firefighter EMT program.

Mrs. Gaiter mentioned that the Village is meeting tomorrow and asked if they would accept a 3% interest fee for late payment. Mr. Williams stated that the 3% amount is a result of multiple conversations he had with the Village's representation and that the District can present the draft to the Village as written and reviewed in this meeting. Mr. Williams added that the Village applied for a grant for the infrastructure involved in this new project and that the remaining amount will be financed as per the Village representation. Mrs. Mumin inquired about who validates the agreement, of which Mr. Williams stated that the abatement starts when the building is completed.

Moved by Ms. Mitchell and seconded by Mrs. Mumin to approve to accept the TAX SHARING AGREEMENT as presented by Mr. Williams from Pepple & Waggoner, Ltd. Representing WHCSD. Ms. Mitchell seconded the motion. This AGREEMENT is made by and between ***THE VILLAGE OF HIGHLAND HILLS ("VILLAGE")***, an Ohio municipal corporation, 3700 Northfield Road, Highland Hills, Ohio 44122; and the ***BOARD OF EDUCATION OF THE WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT ("WARRENSVILLE BOARD")***, an Ohio public city school district board of education authorized by R.C. Title 33, 4500 Warrensville Center Road, Warrensville Heights, Ohio 44128.

Vote:

Ayes – Ms. Mitchell, Mrs. Mumin, Mrs. Elba, Mr. Freeman, Mrs. Gaiter

Nays - None

Motion carried

5-0

R-10-16-173

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Mrs. Elba told Chris Williams that usually the attorney come to the Board first. Various Board Members expressed concern on the inquiry of what if the Village of Highland Hills rejects the proposed agreement from the District, requesting that Mr. Williams canvas the Board for bottom line assessments and counter offers to the Village. Mr. Williams stated that this is not good practice, since this is actually the Board negotiating with itself. He recommended that the Board approve the resolution for the draft agreement as long as the agreement is acceptable to be presented to the Village of Highland Hills for ultimate approval. Mrs. Elba stated that there is no guarantee if the provisions will be accepted, while Mr. Freeman stated that the Village is eager to do this deal and get the new company into the Village. Mr. Freeman also stated that he reminded Highland Hills that they are part of the School District and that we need to work together for the entire community. Superintendent Jolly inquired as to what if the Village rejects the offer? Mr. Williams stated that it is important for the District to protect itself.

Each Board Member voiced opinions on the agreement and the proposed project in the Village of Highland Hills with the ultimate agreement that the draft agreement strikes a balance of protecting the revenue streams of the School District while also maintaining a relationship with the Village that encourages the expansion and development of the community through substantial new business projects. Board President Gaiter stated that the Board stands firm on the motion to accept the agreement as presented by Mr. Williams, and Mr. Williams will present the draft agreement to the Village as approved by the Board.

Board member Elba mentioned that the tape recorder was not present for the meeting and that this is a public meeting. Dr. Rock, Treasurer, stated that the minutes will be prepared from his notes of the meeting. Board member Elba requested that her statement in regard to the tape recorder be recorded in the minutes for this respective meeting, Dr. Rock stated that he will include her statement.

Adjournment

Moved by Mr. Freeman and seconded by Ms. Mitchell that the board adjourn the meeting.

Vote:

Ayes – Mrs. Elba, Mrs. Mumin, Ms. Mitchell, Mr. Freeman, Mrs. Gaiter

Nays – None

Motion carried

R-10-16-174

5-0

Meeting adjourned at 6:02 p.m.

After completion of first part of meeting the Board of Education, at 6:02 p.m. met with Ms. Cheryl W. Ryan, Director, School Board Services, Ohio School Boards Association, with all board members present: Mrs. Michele Elba, Mr. Ray A. Freeman, Mrs. Millicent Gaiter, Ms. Traci Mitchell, Mrs. Barbara A. Mumin

Mr. Donald J. Jolly, II, Superintendent, and Dr. Michael A. Rock, Treasurer, also in attendance.

Strategic Plan

Ms. Cheryl W. Ryan presented the final meeting of the Strategic Plan Process.

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Adjournment

Upon no further business President Gaiter adjourned the meeting at 8:30 p.m.

12/6/16
DATE

ATTEST:

Melvin Gaiter
PRESIDENT

[Signature]
TREASURER