

ATTACHMENT I

Tax Incentive Review Council

Annual Meeting Minutes and Summary Report

2021 Annual Meeting
 June 24, 2021 at 3:00 p.m.
 Two Centennial Plaza, 805 Central Avenue, 7th Floor
 Griesel Conference Room
 Cincinnati, Ohio 45202

Members & Designees (Attendees are Checked)

Attendee	Designation	Affiliation
✓ Greg Jarvis, Chair	For Dusty Rhodes	Hamilton County Auditor
✓ John Juech	For Paula Boggs-Muething	City of Cincinnati (Manager)
✓ Jan-Michele Lemon Kearney	Councilmember	City of Cincinnati (City Council)
✓ Kathleen Colley	For Karen Alder	City of Cincinnati (Finance)
✓ Ben Heckert	For Jennifer Wagner	Cincinnati Public Schools

Other Attendees	Affiliation
✓ Michael Banish	City Staff – DCED
✓ Dan Bower	City Staff – DCED
✓ Kaitlyn Geiger	City Staff – Law
✓ Timothy Lynch	City Staff – Law
✓ Becca Costello	Reporter – WVXU

MINUTES OF THE 2020 TIRC MEETING

Mr. Jarvis called the meeting to order at 3:04pm and asked everyone to introduce themselves. Mr. Jarvis noted that Auditor Dusty Rhodes sends his regards. Mr. Jarvis lauded City staff for the detail and clarity in the reports provided in advance of the meeting.

Michael Banish reviewed the TIRC's Purpose.

Michael Banish introduced Dan Bower, Deputy Director, Department of Community and Economic Development.

Dan Bower reviewed the 2020 Tax Increment Financing Exemptions (ORC 5709.40 & 5709.41) and the ORC 725 Urban Renewal Exemptions. He presented staff recommendations to continue all exemptions.

TIRC Recommendations – Motion by Ms. Colley, second by Mr. Heckert, to approve recommendations for the Tax Increment Financing and ORC 725 Exemptions. Motion carried unanimously.

Michael Banish summarized the Community Reinvestment Area (CRA) Program. He reported on results of actions taken on the recommendations made by the TIRC in 2020 on the 2019 CRA Agreements. He also presented the staff recommendations for the 2020 CRA Agreements. Finally, Michael reviewed the CRA Agreements that expired in 2020.

Mr. Heckert voiced concerns about the multiple number of parcel combinations and splits taking place among the CRA parcels, making it difficult to track Abated Values for the CRA Agreements. He also mentioned concern about the commercial-to-residential conversions taking place. Mr. Heckert asked if the School Board could be notified by the County Auditor of these changes on CRA parcels. Mr. Jarvis promised to look into it within the Auditor's Office.

TIRC Recommendations – Motion by Mr. Heckert, second by Ms. Lemon Kearney, to accept the City staff recommendations on the 2020 active CRA Agreements. Motion carried unanimously.

Motion to adjourn made by Mr. Juech, second by Mr. Heckert. Unanimous. Meeting adjourned at 3:56pm.

Purpose of the Tax Incentive Review Council

According to Ohio Revised Code Section 5709.85, the TIRC meets annually to review all agreements granting exemptions from property taxation and any performance or audit reports required to be submitted pursuant to those agreements (see the attached reports). The Council determines whether the owner of the exempted property has complied with the agreement and may consider market fluctuations or changes in the business cycle unique to the owner's business. The Council shall submit to City Council written recommendations for continuation, modification, or cancellation of each agreement.

TIRC REPORT NARRATIVE

Tax Increment Financing (TIF) Exemptions (ORC 5709.40 & 5709.41)

A. Program Overview

Developers making a large-scale investment that requires substantial public infrastructure improvements may be able to use Tax Increment Financing (TIF) to offset a portion of those costs. In certain limited circumstances, TIF dollars may be used more broadly for urban redevelopment purposes.

How Do They Work? The Ohio legislature has authorized the creation of Tax Increment Financing under ORC Section 5709.40 and 5709.41. Upon creating a TIF, Ohio allows a municipality to grant a tax exemption up to 100% of the newly created real property value with the consent of the local school district. Municipalities may require payments in lieu of taxes on the exempt real property value. All payments in lieu of taxes collected on this newly created property value can be used to fund public infrastructure improvements and other eligible uses or pay debt service on bonds issued for such eligible uses. The two most common types of TIF in Ohio are Project TIFs and District TIFs. Project TIFs are applicable to particular developments. District TIFs apply to a specific geographic area of the City. In both cases, taxes are exempted on improvements (for the specific project, in the case of a Project TIF, or within the district, in the case of a District TIF), and the City may impose payments in lieu of taxes. District TIFs are subject to geographic area and assessed value caps under state law.

What Are the Benefits? Tax Increment Financing provides a method to fund public infrastructure and other eligible site improvements adjacent to and within new commercial developments.

How Is It Used? To initiate the process, a developer applies to the City for a TIF designation prior to the commencement of any construction activities. Next, the Department of Community & Economic Development reviews submitted information and requests additional information as required to determine whether debt must be issued to construct the public improvements and may refer the developer to the Port Authority to underwrite the debt issuance. Finally, a recommendation is made to City Council for the designation of the Project as a TIF as well as any related legislation and legal agreements, such as a Development Agreement (governing the developer's construction of their project), Cooperative Agreement (when debt is to be issued

through the Port), debt agreements (when the City issues the debt) and other related documents (i.e., letter of credit and service agreements). Depending on the timeline of a project's infrastructure needs, the City creates a Project TIF or District TIF and either: 1) waits until the revenues derived from the TIF are sufficient to pay for the costs of the infrastructure, or 2) issues debt for the construction of the infrastructure with such bonds being backed by the future TIF revenues. The decision of whether or not to issue debt depends solely on the immediacy of the project's infrastructure needs. The City frequently utilizes the Port Authority for the issuance of debt of TIF projects.

B. Staff Review of TIF Districts and Project TIFs

In 2020, the City of Cincinnati had a total of 35 TIF Districts. The 15 Districts that were added in 2019 have not generated revenue. The previously created 20 TIF Districts received a total of \$37,894,324 in statutory service payments in 2020 and made expenditures in 2020 totaling \$30,063,694.

The City had 58 Project TIFs at the end of 2020. For the 20 Project TIFs receiving and distributing payments, there was a total of \$21,786,190 in revenue and \$19,313,773 in expenditure.

For the 43 TIFs with numbers at the time of legislation, the projects in aggregate project a total of \$1.6 billion in real estate investment, 3,001 retained jobs, and 5,145 created jobs. Through 2020, the City has received reports and estimates for 41 Project TIFs with an actual real estate investment of \$1,486,398,147 and a total number of jobs retained of 3,083 and a total number of jobs created of 4,440. (Note: These aggregate figures are based on both company reports and department estimates. The City will continue to request data from these companies throughout the year.)

C. Recommendations on TIF Exemptions

Staff recommends all current TIF exemptions be continued.

Urban Renewal Debt (ORC 725)

A. Program Overview

Under Ohio Revised Code Chapter 725, a municipality can enter into a development agreement with a developer of land in an urban renewal project and can authorize a real property tax exemption with respect to the improvements constructed and require the owner to make payments in lieu of taxes to the municipality. The municipality can use those payments to pay debt service on Chapter 725 bonds and for related expenses. The City has created 32 separate Urban Renewal Plans in order to undertake Urban Renewal efforts under ORC 725 within these areas.

B. Staff Review of Agreement ORC 725 Exemption Statuses

In 2020, the City had ten active Urban Renewal agreements for projects undertaken in Downtown, the East End and the West End. These agreements are compliant with their requirements to make service payments and minimum service payments to pay urban renewal project debt.

C. Recommendations on ORC 725 Exemptions

Staff recommends all current Urban Renewal Exemptions be continued.

UPDATE: The votes on recommendations for the TIF Exemptions and ORC 725 Exemptions were combined and one motion was made to continue all exemptions. It passed unanimously.

Community Reinvestment Area Property Tax Abatement Program

A. Program Overview

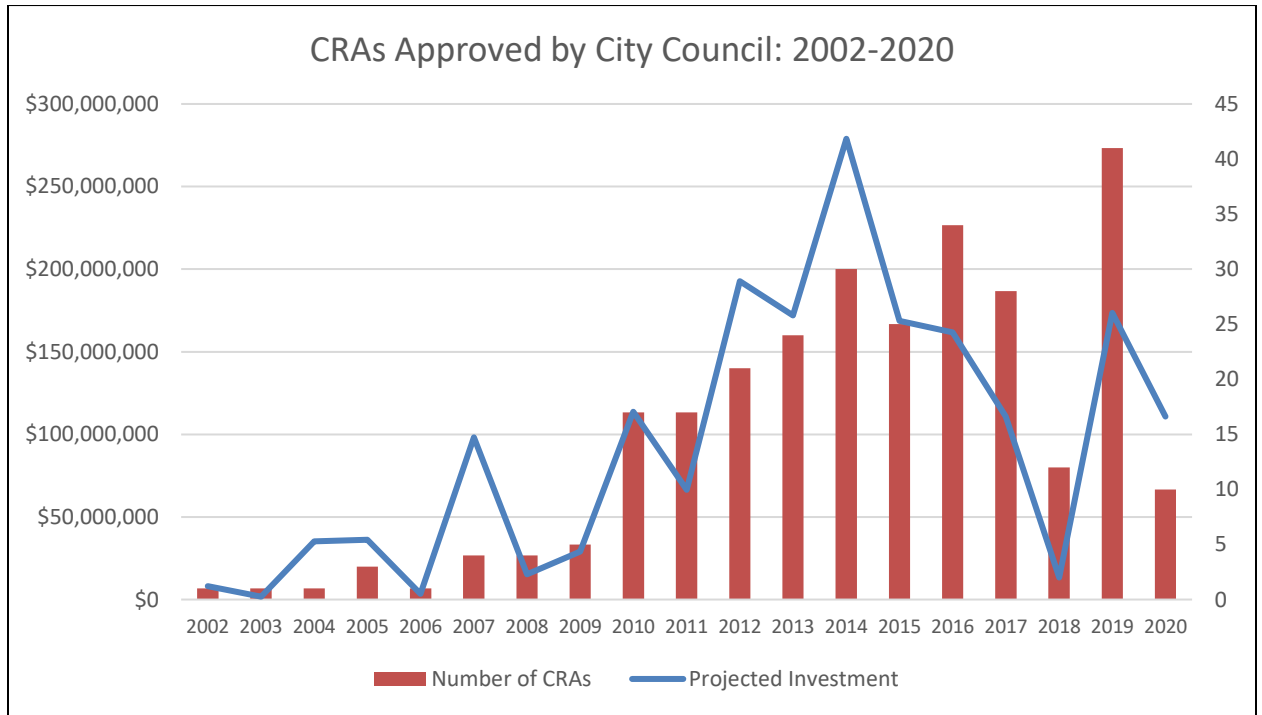
The City of Cincinnati offers a Community Reinvestment Area (CRA) tax abatement program to developers building or renovating a multi-family residential, commercial, industrial, or mixed-use facility. The following steps outline the process of approving a CRA and putting the tax abatement into effect:

1. The Company submits an initial CRA application.
2. The City of Cincinnati's Department of Community Economic Development (DCED) reviews the application, negotiates an agreement, and makes a recommendation to City Council.
3. City Council passes an ordinance to authorize the recommended property tax exemption and a CRA agreement is executed by the City Manager.
4. The Company begins construction of the improvements to the property.
5. The Company enters into a Payment in Lieu of Taxes (PILOT) agreement with Cincinnati Public Schools (CPS) and registers the agreement with Ohio Development Services Agency (ODSA).
6. The Company submits a completion application to DCED once construction is completed. (Companies with LEED CRA Agreements can submit their Completion Application without the LEED documentation and the City will hold the Application until the LEED documents are submitted.)
7. DCED sends all agreement materials to the Hamilton County Auditor.
8. Hamilton County Auditor assesses improvements and starts the abatement.
9. The Company submits annual reports and fees during the term of the abatement.
10. DCED submits an annual report on all agreements to ODSA in March and presents the information to the TIRC in June and City Council in September.

At the end of 2020, the City of Cincinnati had 327 active Commercial CRA agreements that had been approved by City Council, including three new agreements that were approved and executed in 2020. There were seven additional agreements approved by City Council in 2020

that do not have executed agreements. Six of the CRAs with agreements executed in 2020 are in the process of being registered with the State and were not accounted for in the state report.

The following chart reflects the 327 CRA Agreements that are currently active and approved by City Council. These CRA Agreements reflect over \$1.7 billion in Projected Investment.



There have been 23 CRAs approved by City Council in 2021; two of these have executed agreements. None of these were reported as active at the end of 2020.

B. Actions Taken on 2020 TIRC Recommendations

The following tables reflect actions taken by the City Administration based on TIRC recommendations from its 2020 meeting.

Table: 2020 Modifications Recommended and Actions Taken

Organization Legal Name	Project Name	Resolution
Court & Walnut, LLC	Court & Walnut-Residential and Parking Garage	Amended-Abatement started
Film Center, LLC	Film Center	Amended-Abatement started
Alto Properties, LLC	6087 Montgomery Road	Amended-delays continue due to COVID
1629 Citadel LLC	2346 Boone CRA	Amendment in process
1737 Vine, LLC	1737 Vine Street CRA	Amendment in process
233 Gilman, LLC	225 Gilman	Amendment in process
2347 Reading Road, LLC	2347 Reading Road, LLC	Amendment in process
Allston Place LLC	4016 Allston Place Commercial CRA	Amendment in process
Azeotropic Partners, LLC	1301 Walnut St_ Residential	Amendment in process
Azeotropic Partners, LLC	1301 Walnut St_ Commercial	Amendment in process
Building #1, LLC	100 E. Clifton, 101 & 105 Peete Renovation	Amendment in process
Cincinnati Brewery District Apartments, LLC	1906 Elm Street	Amendment in process
Condominium Holdings, LLC	1505 Race	Amendment in process
Condominium Holdings, LLC	116 W 15th Street	Amendment in process
Custom Pro Logistics	Custom Pro Logistics - JCTC & CRA	Amendment in process
Kauffman Vine LLC	1725 Vine Street	Amendment in process
Mrs. Pig, LLC	Mrs. Pig (109 W Elder)	Amendment in process
Porch Swing Properties, LLC	1612 Elm Redevelopment	Amendment in process
Race and Vine Offices, LLC	Race and Vine Offices	Amendment in process
1228 McMillan, LLC	1228 E. McMillan (Williams YMCA)	Extension Letter-Abatement started
3MG Properties LTD	1607 Main	Extension Letter-Abatement started
793 E McMillan, LLC	Comfort Station	Extension Letter-Abatement started
Wooster Development, Ltd.	Prus Construction Expansion	Extension Letter-Abatement started
Nation Worldwide, LLC	Nation Kitchen and Bar CRA - Westwood	Extension Letter-Completion pending
Solica Construction	722 E McMillan	Extension Letter-Completion pending
Neyer Holdings, Inc.	130-132 E. 6th Street	Pending CPS; Pending extension amendment
OTR Dispensaries, LLC	1902 Colerain - CRA	Pending County Auditor
Price Hill Will	Masonic Lodge - Incline Arts & Events Center	Pending County Auditor
Ranger Community Group, LLC	1035 Dayton	Amended-Pending County Auditor
Urban Legacy VIII, LLC	1501 Vine Street	Amended-Pending County Auditor
Neyer Holdings, Inc.	126-128 E. 6th Street	Updates made - Abatement started

Table: 2020 Terminations Recommended and Actions Taken

Project Name	Organization Legal Name	Action
Children's Hospital Medical Center	Herald Building LEED-CRA	Terminated
Red Bank Crossing II, LLC	Red Bank Crossing II LEED-CRA	Terminated
Race, Republic & Green, LLC	Friar's Court	Terminated
Meyer Tool Inc.	Meyer Tool Expansion	Terminated-Replaced
100 Findlay, LLC	100 Findlay	Updated-Abatement in place
Lyjaad LLC	Clifton Market - CRA Tax Abatement	Updated-Abatement in place
Elm Street Ventures, LLC	Elm Street Ventures, LLC	Updated-In default for 2020

C. 2020 Annual Reports and Fees

Annual Reports are due from each company every year of the CRA Agreement starting with the year the Agreement is executed. Of the 327 active agreements, 308 annual reports have been submitted (94%). One of the active agreements was executed in 2021 so no 2020 Annual Report

was due. One of the agreements is an historical CRA and no annual report is required. One of the agreements is pending termination and no report was required (see below).

UPDATE: 312 annual reports have been collected as of July 21, 2021.

The department has contacted the companies representing the remaining 16 agreements about submitting the annual reports. Several have requested extensions due to the pandemic, and others have simply not responded. We will continue to attempt to collect these reports for the remainder of the year. The department is allowing that the pandemic may be preventing some companies from accessing the data or resources needed to complete and submit their reports.

Annual Fees are also due every year and are calculated as 1% of the forgone taxes (taxes exempted by the Agreement), or \$500 minimum and \$2,500 maximum. As of this writing, 274 2020 Annual Fee payments have been made totaling \$242,609.94. Of the remaining 53 outstanding, one is new and does not pay the 2020 Annual Fee. One is historical and no fee is required. One is being terminated and no fee was required (see below).

UPDATE: 307 annual fees collected for a total of \$290,107, as of July 21, 2021.

As with the annual reports, the department will continue to attempt to collect the remaining 50 annual fees due. The department is allowing that the pandemic may be keeping companies from being able to make these payments on time.

Three terminations are recommended this year as a result of outstanding 2020 Annual Reports or Annual Fees: Bond Hill Roselawn Senior Housing, LP; Elm Street Ventures, LLC; and Youthland Academy. These recommendations are a result of multiple attempts to request reports and fees without a response from the company.

D. Staff Review of Agreement Statuses for 2020

There were 262 completed projects representing a total estimated expenditure of \$1,785,325,995 and a company-reported expenditure of \$1,894,184,526, or 106% of the total estimated. Of the 33 projects completed in 2020, 23 were above 80% of their projected investment commitment. Expenditures for 17 projects completed in 2020 were more than 100% of the estimated investment commitment.

UPDATE: 265 completed projects as of July 21, 2021.

There are 65 projects that are not completed as of this writing, representing a total estimated expenditure (projected investment) of \$367,423,803. Of these, 9 projects were expected to be completed before 2020 and 15 projects were expected to be completed in 2020. One of these is a termination, 20 have requested extensions that are in process, and the remaining three are

working on their completion applications. All 65 projects are subject to the City’s Wage Enforcement requirements for construction. There are no pending Wage Enforcement complaints related to these projects.

The total new jobs commitment from the 327 active CRA Agreements is 8,695 jobs created. Companies with active CRA Agreements reported approximately 10,230 jobs created in 2020, with the largest jobs created figures reported by Medpace and General Electric.

There are 46 companies in 2020 that are past their ramp-up period and have not met their job creation commitments by at least 80%. This reflects a total of 1,702 jobs not being created out of 3,602 created jobs committed to by these companies. Most companies have suggested that the pandemic was a cause of their job issues. Market factors resulting from the pandemic include slowed or halted business operations, internal reorganizations, and a lack of tenants. Many of these factors will continue to impact companies in 2021 as some industries will be slow to recover.

The City Administration has requested information from many of these companies related to their specific conditions that resulted in job losses and the inability to meet their commitments. While these non-compliance issues are reflected in the CRA and TIF reports, they are not the basis for any termination recommendations except in those cases where the company has not responded to the issues when asked. There are four such recommendations for termination (see below). The department will continue to request this information from companies with job commitment or payroll commitment issues as these issues are identified.

E. Recommendations for CRA Agreements

The following table represents the staff recommendations for the 327 active CRA Agreements as of the end of 2020.

Recommendation	Status	Agreements
Continue-Compliant	Pending Completion	25
	Complete	189
Continue-Non-Compliant	Pending Completion	25*
	Complete	54
Modify	Completion App Pending	5
	Extension Request Pending	14*
Terminate	At company request	2
	In default	8*
Expired	Expired in 2020	5
TOTAL		327

**UPDATE: See update notes below. Updates are NOT reflected in the counts in the chart above.*

Continuations

Recommendations to Continue include 214 active agreements with companies that are compliant with the CRA Agreement. There are 79 agreements that are recommended Continue

despite non-compliance issues related to COVID-19 and other factors beyond the company's control.

UPDATE: Azeotropic Partners, LLC-Residential is scheduled for termination due to changes in the project. The CRA Agreement for the Commercial portion of the project will remain in place.

Modifications

Recommendations to modify agreements (19) reflect either late completion applications that have been requested by the City and are pending issues (e.g., the issuance of the Certificate of Occupancy, lack of LEED documentation, etc.) or requests from the company for an extension. Delays in submitting the completion application may result in the need for an extension. Extensions can be in the form of a letter from the Director of the Department of Community and Economic Development or by Amendment, depending on what the agreement permits and the length of extension required.

Terminations

The following CRA Agreements are recommended for Termination:

- The Fortus Group – This project at West Liberty & Elm has been converted into a TIF. There were two CRA Agreements on this property: one for the residential portion of the project and one for the commercial portion. The CRA for the commercial portion is being terminated and replaced with the TIF. The CRA for the residential portion will remain in place.
- B-side Landlord, LLC – This company converted the apartments to condominiums, which are not covered by the Commercial CRA Agreement.
- JRS Interests I, LLC – This company has not signed the School Board PILOT Agreement despite continued requests since the Agreement was signed in August 2019. The company has not submitted the 2020 Annual Report.

UPDATE: JRS Interests I, LLC had submitted its signed School Board Agreement the day of the TIRC meeting. The staff recommendation was changed to modify, as the Company is pending an amendment to extend the deadline of the construction project.

The terminations below are recommended because despite repeated attempts to contact the company, no response was received. Otherwise, given the COVID-19 pandemic, the City is allowing for flexibility for those companies that are responsive even if there are defaults relating to job creation, payment of annual fees, reporting, and construction delays under the agreement. The City will continue to work with the companies on compliance issues prior to termination.

- Bond Hill Roselawn Senior Housing, LP – Roselawn Senior Apartments. This company has not responded to requests for the 2020 Annual Fee nor requests for information about their jobs and payroll figures, which are not compliant.
UPDATE: Bond Hill Roselawn Senior Housing, L.P. had responded to City staff before the TIRC meeting and provided information about their jobs and payroll, as requested. They are

in the process of paying their Annual Fee. The staff recommendation was changed to Continue.

- Youthland Academy – This company has not submitted Annual Reports or Fees for 2019 or 2020.
- SOLI Interests, LLC – This company has not responded to requests for information about non-compliant jobs and payroll figures.
UPDATE: SOLI Interests, LLC provided information on jobs and payroll and reported that they were impacted by COVID-19. This termination has been cancelled.
- Urban Sites – This company has not responded to requests for information about non-compliant jobs and payroll figures.
UPDATE: Urban Sites provided information on jobs and payroll and reported that they were impacted by COVID-19. This termination has been cancelled.
- Knowlton Northside LP – This company has not responded to requests for information about non-compliant jobs and payroll figures.
UPDATE: Knowlton Northside LP provided information on jobs and payroll and reported that they were impacted by COVID-19. This termination has been cancelled.
- Marlowe Court LP – This company has not responded to requests for information about non-compliant jobs and payroll figures.
UPDATE: Marlowe Court provided information on jobs and payroll and reported that they were impacted by COVID-19. This termination has been cancelled.
- Elm Street Ventures – The company was recommended for termination last year and made some progress but did not complete the remedy process. The company has not paid the 2020 Annual Fee and is past due 90+ days on the School Board PILOT payment. The City intends to conclude the termination.
UPDATE: Elm Street Ventures has paid its 2020 Annual Fee and caught up its PILOT payments to the School Board. This termination has been cancelled.

Expirations

The following CRA Agreements expired at the end of 2020. No action from the TIRC is needed.

- Urban Legacy VIII, LLC (118 W 15th Street)
- NB CP Cincy, DST (McMillan Manor)
- Corryville Community Development Corporation (Stetson Square)
- Superior Honda (4777 Spring Grove)
- Uptown Rental Properties, LLC (260 East University)