

ATTACHMENT I

Tax Incentive Review Council

Annual Meeting Minutes and Summary Report

2022 Annual Meeting
June 23, 2022 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
✓ Markiea L. Carter	For John Curp	City of Cincinnati (Manager)
✓ Jan-Michele Lemon Kearney	Councilmember	City of Cincinnati (Council)
✓ Monica Morton	For Karen Alder	City of Cincinnati (Finance)
✓ Benjamin 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
✓ Evan Nolan	City Staff-Law
✓ Joseph Porter	Cincinnati Public Schools

MINUTES OF THE 2022 TIRC MEETING

Mr. Jarvis called the meeting to order at 3:01pm and invited everyone to introduce themselves. Mr. Jarvis noted that Auditor Dusty Rhodes sends his regards.

Michael Banish reviewed the Purpose of the TIRC.

Michael Banish introduced Dan Bower, Deputy Director, Department of Community and Economic Development, to review the TIF and ORC 725 exemptions.

Dan Bower reviewed the 2021 TIF Exemptions (Projects and Districts). He presented staff recommendations to CONTINUE all exemptions.

TIRC Recommendation – Motion by Mr. Heckert, second by Ms. Kearney, to approve recommendations for the TIF exemptions. Motion carried unanimously.

Dan Bower presented staff recommendations to CONTINUE all of the ORC 725 Exemptions.

TIRC Recommendation – Motion by Ms. Carter, second by Mr. Heckert, to approve recommendations for the ORC 725 Exemptions. Motion carried unanimously.

Michael Banish summarized the Community Reinvestment Area (CRA) Property Tax Abatement Program. He reported on results of actions taken on recommendations made by the TIRC in 2021. He then presented staff recommendations for the 2021 CRA Agreements and reviewed the CRA Agreements that expired in 2021.

TIRC Recommendation – Motion by Mr. Heckert, second by Ms. Carter, to approve recommendations for CRA Agreements. Motion carried unanimously.

Mr. Heckert reported to the TIRC that a letter from Jennifer Wagner (Attachment IV) had been sent to the County Auditor and the City providing a list of companies with CRA Agreements that are delinquent on their School Board PILOT Payments. Mr. Heckert asked the City and County Auditor to take action on these companies pursuant to their agreements. Mr. Jarvis offered to work with Michael Banish to either resolve issues related to these payments or send these companies a Notice of Default.

Mr. Jarvis praised the City staff for the detailed reports and communications related to the TIRC meeting.

Mr. Heckert made the motion to Adjourn, second by Ms. Carter; carried unanimously at 3:35pm.

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 2021, 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 \$49,169,602 in Statutory Service Payments in 2021 and made expenditures in 2021 totaling \$31,306,661.

The City had 57 Project TIFs at various stages at the end of 2021. For the 21 Project TIFs receiving and distributing payments, there was a total of \$21,755,692 in revenue and \$18,038,474 in expenditure.

For the 43 TIFs with numbers at the time of legislation, the projects in aggregate project a total of \$2.3 billion in real estate investment, and a commitment of 7,373 jobs. Through 2021, the City has received reports and estimates for 41 Project TIFs with an actual real estate investment of \$1,571,299,101 and a total number of jobs retained of 843 and a total number of jobs created of 7,678. (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 2021, the City had nine 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.

Community Reinvestment Area Property Tax Abatement Program

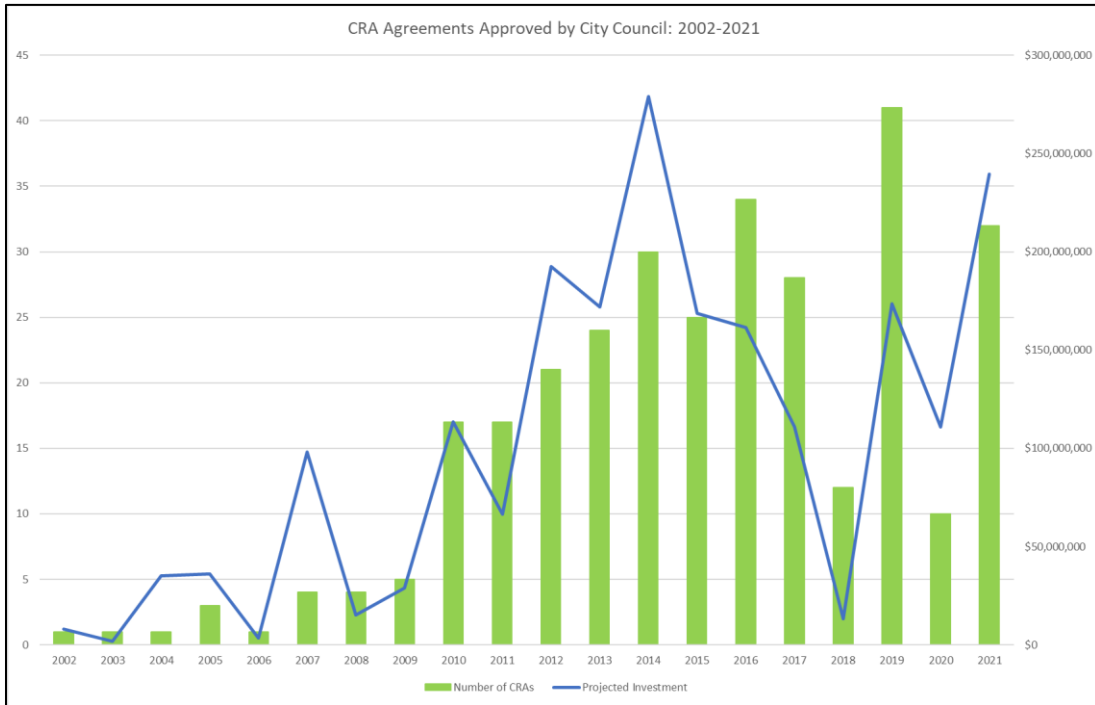
A. Program Overview

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 Department of Development (ODOD).
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 ODOD in March and presents the information to the TIRC in June and City Council in September.

At the end of 2021, the City of Cincinnati had 357 active Commercial CRA agreements that had been approved by City Council, including 34 new agreements that were executed in 2021. There were four additional CRA agreements approved by City Council in 2021 that do not have executed agreements.

The following chart reflects the 357 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 four CRAs approved by City Council in 2022 so far; one of these has an executed agreement.

B. Actions Taken on 2021 TIRC Recommendations

The following tables reflect actions taken by the City Administration based on TIRC recommendations from its 2021 meeting.

Table: 2021 TIRC Modifications Recommended and Actions Taken

Organization Legal Name	Project Name	Issues Pending	Resolution
Findlaomi, LLC	1706 Central Parkway	Pending Extension Letter	Abatement started; no extension required
233 Gilman, LLC	225 Gilman	Pending Extension Amendment	Pending extension amendment
2347 Reading Road, LLC	2347 Reading Road, LLC	Pending Extension Amendment	Amendment executed
Azeotropic Partners, LLC	1301 Walnut St_ Commercial	Pending Extension Amendment	Abatement started Pending extension amendment
Building #1, LLC	100 E. Clifton, 101 & 105 Peete Renovation	Pending Completion App Pending 2020 Annual Report Pending 2020 Annual Fee	Abatement started Pending extension amendment
Campus Management LTD	Park Avenue Square	Pending Completion App Pending 2020 Annual Fee	Extension amendment executed 2020 Annual Fee received
Condominium Holdings, LLC	1505 Race	Pending Extension Amendment	Pending extension amendment
Condominium Holdings, LLC	116 W 15th Street	Pending Extension Amendment	Pending extension amendment
Custom Pro Logistics	Custom Pro Logistics CRA	Pending Completion App Pending 2020 Annual Fee	Pending extension amendment 2020 Annual Fee received
E Barg LLC	1738-40 Queen City CRA	Pending HCA Pending Extension Amendment	Pending Default and Termination
Jackson Investors 2019, LLC	1225-1227 Jackson Street	Pending Extension Amendment Pending Completion App	Abatement started; issues resolved
Kauffman Vine LLC	1725 Vine Street	Pending Extension Amendment	Pending extension amendment
Mrs. Pig, LLC	Mrs. Pig (109 W Elder)	Pending Completion App Pending 2020 Annual Fee	Abatement started 2020 Annual Fee received
Nation Worldwide, LLC	Nation Kitchen and Bar CRA application - Westwood	Pending Completion App Pending 2020 Annual Fee	Abatement started 2020 Annual Fee received
Porch Swing Properties, LLC	1612 Elm Redevelopment	Pending Termination by City	Abatement started; issues resolved
Race and Vine Offices, LLC	Race and Vine Offices	Pending 2020 Annual Fee 2020 3 jobs retained at \$37,520	Abatement started 2020 Annual Fee received
Seitz, LLC	303 Seitz St	Converted to condos in 2019 - termination pending	No conversion Pending extension amendment
Solica Construction	722 E McMillan	Pending Co-signed CPS Agreement Pending Completion App	Abatement started; issues resolved
University Townhomes, LLC	3561 Eden Avenue	2020: 2 created at \$53,962	Abatement started; issues resolved

Table: 2021 TIRC Terminations Recommended and Actions Taken

Organization Legal Name	Project Name	Action Taken
The Fortus Group	W Liberty & Elm	Termination Pending
Bond Hill Roselawn Senior Housing LP	Roselawn Senior Apartments	Issues Resolved
B-Side Landlord, LLC	B-Side Landlord, LLC	Termination Pending
Elm Street Ventures, LLC	Elm Street Ventures, LLC	Issues Resolved
JRS Interests I, LLC	2315 Park Ave.	Pending extension amendment
Knowlton Northside Limited Partnership	Knowlton Northside Senior Housing	Issues Resolved
Marlowe Court Limited Partnership	Marlowe Court	Issues Resolved
Neyer Holdings, Inc.	130-132 E. 6th Street	Pending extension amendment
SOLI Interests LLC	1200 and 1208 Main St	Issues Resolved
Urban Sites	9487 Dry Fork Rd, LLC	Issues Resolved
Youthland Academy	Children United, LLC LEED CRA Tax Exemption	Termination Pending

C. 2022 TIRC – 2021 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 357 active agreements, 329 annual reports have been submitted (92%), and 28 have not been submitted. One of these missing reports is for an historical (pre-1994) CRA with no Agreement; three of these missing reports have agreements pending termination and no report was required (see below). The remaining 24 missing reports continue to be requested by the Department.

UPDATE: 334 annual reports have been collected as of July 14, 2022.

The department has contacted the companies representing the remaining 24 agreements about submitting the annual reports. Several have requested report deadline 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. Companies that have construction underway on their projects typically pay the minimum \$500 annual fee. As of this writing, 317 2021 Annual Fee payments have been made totaling \$284,432.74. Of the remaining 40 outstanding, one is historical and no fee is required; three are being terminated and no fee was required (see below).

UPDATE: 333 annual fees have been collected as of July 14, 2022.

As with the annual reports, the department will continue to attempt to collect the remaining 36 annual fees due. The department is allowing that the pandemic may be keeping companies from being able to make these payments on time.

Four terminations are recommended this year as a result of outstanding 2021 Annual Reports or Annual Fees: JRS Interests, LLC; E Barg, LLC; Youthland Academy; and 1526 Blair, LLC. These recommendations are a result of multiple attempts to request reports and fees without a response from the company.

UPDATE: The property at 1526 Blair Avenue has a new owner, and the Administration is working with the new owner to collect the missing reports and fees.

D. 2022 TIRC – Staff Review of Agreement Statuses for 2021

There were 271 completed projects representing a total Projected Investment of \$1,799,014,702 and a company-reported expenditure of \$2,055,697,617, or 114% of the projection. Of the 12 projects completed in 2021, 11 reported project expenditures above the amounts projected and one reported project expenditures that were 99% of the projection.

UPDATE: There were 272 completed projects as of July 14, 2022.

There are 86 projects that are not completed as of this writing, representing a total projected investment of \$650,273,616. Of these, 34 projects were expected to be completed before December 31, 2021. Three of these are recommended for termination, 23 have requested extensions that are in process, seven are working on their completion applications, and one is in the process of selling the property. All 86 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 357 active CRA Agreements is 9,403 jobs created. Companies with active CRA Agreements reported approximately 9,181 jobs created in 2021, with the largest jobs created figures reported by Medpace (699) and General Electric (954).

There were 22 companies in 2021 that were past their job creation ramp-up period and have not met their job creation commitments by at least 75%. As in 2020, most companies continue to suggest 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 2022 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 is one such recommendation 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 (2022 TIRC)

The following table represents the staff recommendations for the 357 active CRA Agreements as of the end of 2020.

Recommendation	Status	Agreements
Continue-Compliant	Pending Completion	45
	Complete	217
Continue-Non-Compliant	Pending Completion	11
	Complete	40
Modify	Extension Request Pending	30
	In default	4
Terminate	Development Plans Changed	2
	Expired in 2021	8
Expired in 2021 (Terminate)	Expired in 2021	8
TOTAL		357

Continuations

Recommendations to Continue include 262 active agreements with companies that are compliant with the CRA Agreement. Of these, 45 are pending completion. There are 51 agreements that are recommended Continue despite non-compliance issues related to COVID-19 and other factors beyond the company’s control.

Modifications

Recommendations to Modify agreements (30) 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 allows 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.
- Azeotropic Partners, LLC (1301 Walnut-Residential Portion) – This company changed the development plans for this project and determined, with advice from the City, that the CRA

Agreement was not needed on the residential portion of the development. The CRA Agreement for the commercial portion of the project remains in effect.

- JRS Interests I, LLC – This company was recommended for termination at the 2021 meeting but resolved their issues at that time. The company has not submitted its 2021 CRA Annual Report and has not received an extension on their construction deadline, making them in default of their Agreement.
- Children United, LLC (Youthland Academy) – This company has not submitted Annual Reports or Fees for 2019 or 2020 or 2021. They also have not submitted their LEED documentation, and therefore are not eligible for an abatement. Multiple attempts to contact the company have failed.
- 1526 Blair, LLC (1526 Blair Avenue) – This company has not submitted its 2020 or 2021 CRA Annual Report. The property appears to have been sold, but neither the previous owner nor the current owner has been responsive to requests for reports or an assignment.
UPDATE: New property owners have been contacted about the reports and fees past due.
- E Barg, LLC (1738-1740 Queen City) – This company has not submitted annual reports for 2020 or 2021, and has not remitted its 2021 annual fee. The property was sold in 2020, but neither the previous owner nor the current owner has been responsive to requests for reports or an assignment.

All but the first two terminations above are recommended because despite repeated attempts to contact the companies involved, no response has been received. The City will continue to work with these companies on these issues prior to termination. Given the COVID-19 pandemic and the current state of the economy in certain industries, the City is allowing for flexibility for those companies that are responsive even if there are compliance issues relating to job creation, payment of annual fees, reporting, and construction delays under the agreement.

Expirations

The following CRA Agreements expired at the end of 2021. No action from the TIRC is needed.

- BSG2, LLC (1404 Walnut)
- Base Operations, Inc. (1309 Main Street)
- BAM Realty Group, LLC (4426 Brazee Street)
- Burke, Inc. (500 W. 7th Street)
- Over-the-Rhine Community Housing (1500 Elm Street)
- Fay Limited Partnership (Fay Apartments)
- OTR Holdings, Inc. (Mercer Commons Garage)
- B-Side Landlord, LLC (13 W. 15th Street)