

RESOLUTION NO. 014-19R

A RESOLUTION ACCEPTING AND APPROVING THE CITY OF SANDUSKY TAX INCENTIVE REVIEW COUNCIL'S (T.I.R.C.) RECOMMENDATIONS REGARDING CURRENT TAXATION AGREEMENTS; AND DECLARING THAT THIS RESOLUTION SHALL TAKE IMMEDIATE EFFECT IN ACCORDANCE WITH SECTION 14 OF THE CITY CHARTER.

WHEREAS, the City of Sandusky's Tax Incentive Review Council met on March 6, 2019, and March 12, 2019, to review the City's tax increment financing agreements, enterprise zone agreements and community reinvestment area abatements and the Chairman of the T.I.R.C., the County Auditor, has submitted the T.I.R.C.'s recommendations to this City Commission on March 18, 2019, a copy of which is marked Exhibit "A" attached to this Resolution and specifically incorporated as if fully rewritten herein; and

WHEREAS, pursuant to O.R.C. Section 5709.85(E), this City Commission is required to hold a meeting within sixty (60) days of receipt of the T.I.R.C.'s recommendations and vote to accept, reject, or modify all or any portion of the T.I.R.C.'s recommendations and to forward a copy of this Resolution together with the Commission's recommendations to the Erie County Auditor's Office; and

WHEREAS, this Resolution should be passed as an emergency measure under suspension of the rules in accordance with Section 14 of the City Charter to ensure compliance with the statutory timeline in the O.R.C. Section 5709.85(E); and

WHEREAS, in that it is deemed necessary in order to provide for the immediate preservation of the public peace, property, health, and safety of the City of Sandusky, Ohio, and its citizens, and to provide for the efficient daily operation of Municipal Departments, including the Department of Community Development, of the City of Sandusky, Ohio, the City Commission of the City of Sandusky, Ohio, finds that an emergency exists regarding the aforesaid, and that it is advisable that this **Resolution** be declared an emergency measure which will take immediate effect in accordance with Section 14 of the City Charter upon its adoption; and NOW, THEREFORE

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SANDUSKY, OHIO, THAT:

Section 1. This City Commission accepts and approves the City of Sandusky Tax Incentive Review Council's recommendations as set forth in Exhibit "A" which is attached to this Resolution and is specifically incorporated as if fully rewritten herein.

Section 2. The Clerk of the City Commission be and is hereby directed to certify a copy of this Resolution together with any modifications, if any, to the Erie County Auditor.

Section 3. If any section, phrase, sentence, or portion of this Resolution is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent

provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 4. This City Commission finds and determines that all formal actions of this City Commission concerning and relating to the passage of this Resolution were taken in an open meeting of this City Commission and that all deliberations of this City Commission and of any of its committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

Section 5. That for the reasons set forth in the preamble hereto, this Resolution is hereby declared to be an emergency measure which shall take immediate effect in accordance with Section 14 of the City Charter after its adoption and due authentication by the President and the Clerk of the City Commission of the City of Sandusky, Ohio.



DENNIS E. MURRAY, JR.
PRESIDENT OF THE CITY COMMISSION

ATTEST:



KELLY L. KRESSER
CLERK OF THE CITY COMMISSION

Passed: March 25, 2019

RICHARD H. JEFFREY

ERIE COUNTY AUDITOR

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March 18, 2019

Sandusky City Commission
City of Sandusky, Ohio
222 Meigs Street

The Tax Incentive Review Council (TIRC) for the City of Sandusky, Ohio met on Wednesday March 6, 2019 in the Erie County Commission Chambers, 2900 Columbus Avenue, Sandusky Ohio. The following Council members were in attendance:

- Richard Jeffrey, Erie County Auditor (Chair)
- Eric Wobser, City Manager, City of Sandusky
- Hank Solowiej, Finance Director, City of Sandusky
- Niki Lloyd, City Commissioner, City of Sandusky
- Gina Deppert, CFO/Treasurer, Sandusky City Schools
- Dru Meredith, Vice President of Operations/Marketing & Strategic Planning, Firelands Regional Medical Center
- JoAnn Bonner, Citizen Delegate, City of Sandusky
- Michael Will, Citizen Delegate, City of Sandusky
- Joseph Galea, Sandusky Planning Commission

Also in attendance were:

- Casey Sparks, Administrative Assistant, City of Sandusky
- Debi Eversole, Administrative Assistant, City of Sandusky
- Sharon Johnson, member of the general public
- Zach Rospert, Erie Regional Planning Commission
- Steve Poggiali, Erie Regional Planning Commission
- John Rogers, Erie County Auditor's Office
- Toni Fritz, Erie County Auditor's Office

Chairman Jeffrey called the meeting to order at 3:00 P.M. He informed everyone the first items to be voted on fell under the TIRC; therefore, the members eligible to vote included E. Wobser, H. Solowiej, G. Deppert, J. Bonner, D. Meredith, N. Lloyd and R. Jeffrey. He further stated for the Community Reinvestment Area (CRA) items J. Bonner was no longer eligible to vote; however, M. Will, H. Solowiej, D. Meredith, J. Galea, G. Deppert and R. Jeffrey were eligible to vote.

CONSIDERATION OF MARCH 6, 2018 MEETING MINUTES:

The minutes of the March 6, 2018 meeting were reviewed. On a motion by D. Meredith and second by H. Solowiej, the minutes were unanimously approved as presented.

APPOINTMENT OF VICE-CHAIRMAN:

R. Jeffrey requested the appointment of a Vice-Chairman. H. Solowiej nominated G. Deppert as Vice-Chairman. D. Meredith seconded the motion and all voted aye.



ENTERPRISE ZONE AGREEMENTS:

S+S REALTY, LTD HOLIDAY INN EXPRESS (Phase 1) - M. Lasko stated the agreement was for 10-years with a 75% abatement on the cost of improvements. The project included the demolition of the north wing of the existing Quality Inn and the construction of a new five-story, 73-room Holiday Inn Express. He further stated the Holiday Inn Express had been operating since May 2016 and as of 12/31/2018, the total project investment was \$6,224,637.06 with an additional \$1,245,485.29 spent for new personal property. The company had a total of 27 employees as of 12/31/18 with \$543,828.18 in payroll attributable to the new employees with 15 of the total employees being full-time permanent positions and 12 part-time permanent positions. All of the 27 employees were Erie County residents. M. Lasko stated since the abatement was only 75% abatement on the cost of improvements, there were no Sandusky City Schools or City of Sandusky compensation agreements associated with the agreement. He further stated all monitoring fee payments due under the agreement to the City of Sandusky had been received and it was his recommendation to continue the agreement as currently constituted.

On a motion by D. Meredith and second by G. Deppert, the Council voted unanimously to recommend continuation of the agreement.

S & S Realty, LTD. (Holiday Inn Express – Phase II) - M. Lasko stated the project was a second phase for the Holiday Inn Express and it was currently under construction. He further stated it was a new abatement with the agreement initiated on 12/27/2018 and an expiration date of 12/2029. M. Lasko stated there was a 10-year 75% abatement on the cost of improvements and the project would consist of a new five-story building with an additional sixty-six (66) rooms. The project is to be completed no later than the summer of 2020 with a total project investment estimated to be between \$5,000,000-\$5,700,000. The Company also expects to install between \$900,000 to \$1,100,000 in furniture and fixtures for the project.

The project was still under construction with only four (4) days of construction work in 2018 and that accounted for no construction wages realized yet. Upon completion, the Company will create fifteen (15) new full-time equivalent permanent positions that are to be in place by 6/30/21 with an anticipated increase in additional payroll of \$185,000.

M. Lasko stated there were no Sandusky City Schools or City of Sandusky compensation agreements associated with this agreement since the abatement is only 75% abatement on the cost of improvements. He further stated the annual monitoring fee is \$200 not due until 4/15/19. He concluded by recommending to continue the agreement as currently constituted.

There was a motion by H. Solowiej to approve the recommendation seconded by E. Wobser.

G. Deppert asked if there was any salary benefit information submitted with the job reports as the salaries for the 15 new full time positions appeared to be very low.

M. Lasko indicated historically per the agreements there was not any salary/benefit information provided but they did ask for number of jobs and payroll on an annual basis with deadlines for the jobs to be in place. He further stated in some cases they did put a stipulation that a certain number of jobs had to be filled by residents of the county but historically they did not ask for the salary benefit information.

Mr. Jeffrey pointed out they did have a commitment to spend a certain amount during the construction period and that was where some of the higher paying jobs would exist on the project.

There was no further discussion relative to the motion. The Council voted unanimously to continue the agreement.

GUNDLACH SHEET METAL WORKS, INC.- M. Lasko stated this was a new abatement initiated on May 9, 2018 with expiration date of 12/2029 and a 10-year 75% abatement on the cost of the improvements. He further stated the project included construction of a new 6,250 square foot warehouse addition, improved parking and logistical area and renovated administrative offices at the existing facility. Total project investment was to be between \$830,000-\$1,040,000 in physical construction improvements and the Company was to install between \$20,000-\$50,000 in furniture and fixtures for the project.

M. Lasko stated the project was totally constructed and completed in the fall of 2018 prior to the stated project completion deadline of March 31, 2019. As of 12/31/2018, the total project investment was \$994,923.99 with an additional \$33,095.17 spent on furniture and fixtures. He further stated the company was to retain forty-five (45) existing positions and hire an additional four and one-half (4.5) new full-time permanent positions with the additional jobs to be in place by 12/31/2019. As of 12/31/18, the company had retained forty-five (45) employees and hired six (6) new full-time permanent positions. The anticipated increase in additional payroll was to be \$475,000 and they have increased their payroll by \$221,412.33; however, they have until the end of 2019 to meet the additional payroll requirement.

M. Lasko also indicated since the abatement is only a 75% abatement on the cost of improvements, there were no Sandusky City Schools or City of Sandusky compensation agreements. He further noted the annual monitoring fee is \$200 with the first monitoring fee due on 4/15/19. M. Lasko concluded by recommending to continue the agreement as currently constituted.

D. Meredith moved to approve the recommendation. N. Lloyd seconded with all voting aye on the motion.

CHRIS ANDREWS, LLC – OPERATING AS OHIO TRUCK SALES-M. Lasko informed the Council this was a 10 year, 75% abatement on the cost of improvements that began on 2/3/17 with an expiration date of 12/2027. He further stated the project included the construction of a new 13,200 square foot addition to an existing building and 500 square feet of office space with concrete work and fencing site improvements. The total project investment was estimated at over \$1,200,000 with the company also expected to install \$200,000 - \$225,000 in furniture and fixtures for the project. M. Lasko noted, there was a first amendment to the original agreement, approved on 12/27/18, extending the latest date for the commencement of the tax abatement based on a longer than anticipated construction schedule.

M. Lasko stated the project completed construction in early 2019 and as of 12/31/2018, total project investment was over \$2,000,000 for physical construction costs, furniture/fixtures and an additional \$150,000 spent for new personal property. He further stated the Company was to create ten (10) new full-time permanent positions to be in place by 12/31/2019 with an increase in additional payroll of \$250,000, all of which is for permanent full-time positions.

The Company has a total of seventy-one (71) employees as of 12/31/18, consisting of fifty (50) new employees which adding over \$1,000,000 in payroll attributable to the new employees. There are no Sandusky City Schools or City of Sandusky compensation agreements associated with this agreement since the abatement is only 75% abatement on the cost of improvements. The annual monitoring fee is \$200 and the fee has been paid in full. M. Lasko concluded by recommending to continue the agreement as currently constituted.

On a motion by N. Lloyd and second by D. Meredith, the Council voted unanimously on continuation of this agreement.

CEDAR FAIR, L.P. (NEW ADMINISTRATION BUILDING)-M. Lasko noted that this is a 10 year, 100% abatement entered into in 2008 with a requirement to provide two annual scholarships to the Sandusky City Schools in the amount of \$5,000 each. The project was for construction of a new three-story administration building with a cost of between \$2,565,000 and \$3,135,000 and \$495,000 to \$605,000 for the purchase of new machinery, equipment, furniture and fixtures (no abatement). He further stated total investment was \$3,068,805 on the new building with an additional \$479,066 spent for new personal property through 12/31/18. The building was appraised for \$3,994,870.

M. Lasko stated the company was to retain 58 full-time administrative employees and create 10 new full-time administrative positions totaling \$11,297,284 of retained administrative payrolls by 12/31/10 with at least \$825,250 of new payroll. Mr. Lasko further stated as of 12/31/18 the company had 78 full-time administrative employees with 20 new administrative employees and \$1,749,989 of new annual administrative payroll. An analysis by employee address indicates that 54 of 78 (69%) of all administrative employees are Erie County residents.

M. Lasko stated the agreement stipulated Cedar Fair must provide the Sandusky Schools with two \$5,000 scholarships per year (one each for a male and female) commencing in the first calendar year for which Cedar Fair receives abatement under the agreement. He further stated they were up to date on the \$10,000 scholarship payments which were received on 4/7/09, 4/12/10, 4/14/11, 4/11/12, 4/15/13, 4/10/14, 3/11/15, 4/19/16 and 4/18/17, 4/12/18.

Cedar Fair was also to pay an annual monitoring fee 1% of the benefit derived but not less than \$500 nor more than \$2,500 and all fees have been paid as billed with the receipt of \$876.45 (in 2017) and \$931.08 (in 2018). M. Lasko concluded by indicating no action was necessary as the abatement expired as of 12/31/2018.

300 WATER STREET PROPERTIES, LLC-M. Lasko stated this was a 10-year 75% abatement on the cost of improvements that began on 12/31/2018 expiring in 12/2028. He further stated the project includes the renovation and adaptive reuse of a 2,400 square foot, former residential condominium unit into a commercial condominium unit to be leased out. Total project investment is estimated to be between \$100,000-\$150,000 in addition to acquisition costs. The Company also expects to install \$20,000 to \$45,000 in furniture and fixtures with project completion no later than 12/31/19.

M. Lasko stated the project is still under construction but slated to be completed well in advance of 12/31/19 and to date, construction wages are estimated at \$100,000. He further stated the Company will create five (5) new full-time permanent positions expected to be in place by 6/30/20 with an anticipated increase in additional payroll set at \$500,000. M. Lasko stated the project is still under construction with the job creation period commencing on 4/30/19.

There are no Sandusky City Schools or City of Sandusky compensation agreements associated with this agreement since the abatement is only 75% abatement on the cost of improvements but there is an annual monitoring fee of \$200 due on 4/15/19. M. Lasko concluded by recommending the agreement be continued as currently constituted.

H. Soloweij moved to approve the recommendation. E. Wobser seconded the motion and all voted aye.

TAX INCREMENT FINANCING (TIF) AREAS -Mr. Lasko informed the Council that next he would be reviewing the TIF Agreements:

CHESAPEAKE TAX INCREMENT FINANCING-M. Lasko stated the TIF was created in 2004 and it lasted until 2034. He further stated the TIF required that all deposits into the TIF account be expensed on certain private redevelopment projects and/or municipal improvements including, but not limited to, land acquisition, relocation, demolition, parks, streets, utilities, public buildings all intended to promote further development within the TIF district. M. Lasko stated in 2018, there was \$627,785.75 in receipts with \$431,137.47 in expenses and as of 12/31/18, the balance was \$1,019,545.93.

M. Lasko recommended continuation of the existing agreement as currently constituted.

H. Soloweij moved to approve the recommendation. D. Meredith seconded the motion and the vote was approved unanimously.

Mr. Jeffrey reiterated his stance on setting a base value, absent a calamity, on future tax incentive projects to make sure the value is maintained to protect the schools and the City's tax base. He further stated that would protect against a project getting some type of tax incentive and the property owner filing for a reduced valuation once the project was completed. Mr. Jeffrey held up the Kroger TIF as one example of a project that worked well because there was a base value included in the TIF Agreement.

DOWNTOWN TIF- CENTRAL PUBLIC IMPROVEMENT FUND-M. Lasko stated this was one of two new TIF's created in 2018 and it included thirty-five (35) parcels in the core of the downtown heading eastward that was made up of a combination of City owned land and historically vacant or underutilized properties and buildings. He further stated the effective dates of the agreement run from 2019-2021 through 2049-2051 and it is not a boundary TIF. M. Lasko explained, any projects on the parcels developed and taxable at the earlier of \$50,000 worth of investment or 12/31/21 will pay into the TIF account for a period of thirty (30) years. Any projects developed and taxable on these specific parcels after 12/31/21, will pay into the TIF account until 12/31/51, which will be less than thirty (30) years. The Sandusky City Schools will be due 10% of all gross annual revenues deposited into the account until 2051. Revenues in the account may be used for public infrastructure improvements that are to the benefit of the TIF parcels and may include trails, paths, parks, streets, sidewalks, water and sewer lines, and acquisition of real estate.

M. Lasko stated in 2018 there were no revenues deposited into the account nor were there expenses debited from the account. As a result, there were no school compensation payments made to the Sandusky City Schools in 2018. M. Lasko concluded by recommending the continuation of the existing agreement as currently constituted.

E. Wobser moved to approve the recommendation to continue the existing agreement as currently constituted with H. Soloweij seconding the motion. The vote was approved unanimously with the exception of N. Lloyd who abstained.

CLEVELAND ROAD TIF- CLEVELAND ROAD PUBLIC IMPROVEMENT FUND-M. Lasko stated the Cleveland Road TIF was created in the spring of 2018 and it included eight (8) parcels on the eastern end of Sandusky that currently serve as the site of the second phase of the Sportscenter facility and the Knights Inn motel. He further stated the agreement runs between 2019-2021 through 2049-2051 and any projects on the parcels that are developed and taxable at the earlier value of \$50,000 worth of investment or by 12/31/21 will pay into the TIF account for a period of thirty (30) years. Any projects developed and taxable on these specific parcels after 12/31/21, will pay into the TIF account until 12/31/51, which will be less than thirty (30) years. The Sandusky City Schools will be due 10% of all gross annual revenues deposited into the account until 2051. Revenues in the account may be used for public infrastructure improvements that are to the benefit the TIF parcels and may include trails, paths, parks, streets, sidewalks, water and sewer lines, and acquisition of real estate. This is not a boundary TIF.

M. Lasko stated in 2018, there were no revenues deposited into the account nor were there expenses debited from the account. Therefore, there were no school compensation payments made to the Sandusky City Schools in 2018. M. Lasko concluded by recommending the continuation of the existing agreement as currently constituted.

E. Wobser moved to approve the recommendation.

G. Deppert asked how long it would take for the schools to realize any revenue after the \$50,000 worth of investment was realized.

Mr. Jeffrey stated it would probably be a 12 month turn around period and if the valued was established in 2020 the actual payments would be received in 2021. He further stated if the County decided to do a partial it could move that payment up depending on how much was done on the sports facility project.

There was no further discussion. H. Solowiej seconded the motion and all voted aye with the exception of D. Meredith who abstained on the motion.

ADJOURNMENT OF TIRC/OPENING OF THE HOUSING COUNCIL/REVIEW OF COMMUNITY REINVESTMENT AREA (CRA) TAX ABATEMENT

The following Council members were in attendance:

- Richard Jeffrey, Erie County Auditor (Chair)
- Hank Solowiej, Finance Director, City of Sandusky
- Gina Deppert, CFO/Treasurer, Sandusky City Schools
- Michael Will, Citizen Delegate, City of Sandusky
- Dru Meredith, Vice President of Operations/Marketing & Strategic Planning, Firelands Regional Medical Center (Proposed)
- Joseph Galea, Sandusky Planning Commission

SANDUSKY RENAISSANCE PROPERTIES, LLC: 215 – 217 East Water Street- M. Lasko stated this was 5-year 75% abatement with the agreement beginning in May 2013 and expiring in 2018. He further stated the abatement was given to offset a portion of the property tax costs associated with the renovation and occupancy of the former Bay Meats building located at 215 – 217 E. Water Street. The project involved the preservation and renovation of a currently vacant property into restaurant and commercial space and it corrected a number of building code violations at the site. Costs of the project were estimated at approximately \$200,000 for the renovation, \$120,000 for purchase of the existing building (no abatement) and \$165,000 for new machinery, equipment, furniture and fixtures (no abatement). The project was completed and now houses Hearth Brickoven Restaurant in part of the space along with the restaurant Zinc Brasserie. The other commercial space has become the home of Boomtown Coffee. The total project investment as of 12/31/18 was \$345,112 (not including acquisition and equipment).

M. Lasko stated the project was anticipated to create 10 new full-time positions with new payroll of \$183,500. As of 12/31/18 there were 12 new full-time equivalent jobs created with reported payroll above expectations at \$213,000. There was no compensation agreement associated with this abatement and the annual monitoring fee of \$200 has been paid in full and on time during the entire agreement.

M. Lasko indicated no action was necessary as the abatement had expired as of 12/31/18.

SANDCITY, LLC -234-240 Columbus Avenue, 256 Columbus Avenue, 115 E. Washington Row -M. Lasko stated this was a 10-year 75% abatement on the cost of improvements that began on 8/17/17 with a 12/2029 expiration date. He further stated the project includes the renovation of three (3) architecturally distinct historic buildings into one 68,000 plus square foot with 51,000 leasable square feet that translated into an approximately \$11.4 million mixed-use development. As of 12/31/18, construction wages were \$2,548,077. The project consists of the new Sandusky City Hall administrative offices, three (3) renovated retail spaces and eighteen (18) market rate apartments in the remaining leasable space. The renovation will consist of the demolition and construction necessary to return the currently vacant, blighted commercial buildings into a mixed-use development. M. Lasko stated the project remains under construction with all acquisition, construction and installation expected to be completed by June 30, 2019, or such later date as may be extended by the City in writing.

M. Lasko noted the project is expected to create twenty (20) to twenty-five (25) new full-time permanent positions (excluding City Hall employees) from the businesses in the retail spaces and the property management positions. The jobs are to be in place by 12/31/2023 and the anticipated increase in additional payroll is \$600,000.

There is currently no new employment or payroll as the project is still under construction. Also, there are no Sandusky City Schools or City of Sandusky compensation agreements associated with this agreement since the abatement is only 75% abatement on the cost of improvements. The annual monitoring fee is \$200 due on 4/15/19. M. Lasko recommended to continue the agreement as currently constituted.

G. Deppert moved to approve the recommendation. J. Galea seconded the motion and the Council voted unanimously to continue the agreement as currently constituted.

K+T PROPERTY MANAGEMENT AND DEVELOPMENT, LLC- M. Lasko stated this was an agreement originally entered into on 7/26/04 with a number of amendments based on construction delays. He further stated the agreement was a 10-year 100% abatement of the costs associated with the renovation of property at 300–310 East Water Street, (Southeast corner of Water and Hancock Streets). The project consists of conversion of the building into one (1) unit of retail space and ten (10) condominiums. Investment eligible for abatement is approximately \$2,400,000 with another \$620,000 of projected investment in the acquisition which is not eligible for abatement. Under the City of Sandusky's Downtown CRA legislation, residential condominium units receive 5 years and 50% abatement.

M. Lasko stated at the end of 2018 the company reported spending \$3,249,000 to date with abatement started on seven (7) residential units (three have since expired). The commercial unit has since been sold along with another residential unit for conversion to commercial use and is subject to its own tax abatement agreement. All residential units will now, moving forward, be eligible for a 10YR/75% abatement and the single commercial unit receives a 10-year/100 % abatement. It should be noted, K+T must pay the Sandusky Schools annual payments of 23% of any benefit received under any commercial (10 year) abatement. Payment will commence with the first abatement realized on the single commercial unit. The commercial unit was occupied for most of 2018 by Lake Erie Shores and Islands who recently vacated due to a sale of the unit. The project was estimated to create two (2) new jobs with an increase in payrolls of \$25,000. In 2018, they employed five (5) people with a \$300,000 prorated annual payroll.

Mr. Lasko stated all payments have been made in full and on time as well as all of the \$250 monitoring fees. He further recommended continuing the abatement on the residential units with the termination of the commercial unit that was sold and is subject to a separate tax abatement agreement.

On a motion by H. Soloweij and second by M. Will, the Council voted unanimously to recommend continuation of this agreement.

ZELLER GAMING ENTERPRISES, LLC-142 Columbus Avenue, Sandusky, Ohio-M. Lasko stated the Barra project agreement was approved on 6/6/17 expiring on 12/2023. He further stated it included a 5-year 75% abatement on the cost of improvements. The project included the renovation of the vacant commercial building located at 142 Columbus Avenue with a total project investment estimated at \$395,000 and an additional \$5,000 anticipated to be invested in furniture and fixtures. M. Lasko stated construction has been completed and Barra has been operating since June 2017. As of 12/31/2018, the total project investment was \$395,000 with an additional \$5,000 spent for new personal property.

The Company was to create four (4) new full-time permanent positions to be in place by 12/31/2017. The anticipated increase in additional payroll was \$100,000 in total, including permanent full-time and part-time positions. The Company has a total of 37 employees (15 Full Time Employees (FTEs) as of 12/31/18) with \$395,000 in payroll attributable to the new employees.

There are no Sandusky City Schools or City of Sandusky compensation agreements associated with this agreement since the abatement is only 75% abatement on the cost of improvements. The annual monitoring fee is \$200 and it is due 4/15/19.

M. Lasko recommended to continue the agreement as currently constituted.

G. Deppert moved to accept the recommendation to continue the agreement as currently constituted. D. Meredith seconded the motion and all voted aye.

Rieger Place/Buckeye Community Twenty-Two, LP-232 Jackson Street, Sandusky-M. Lasko

M. Lasko stated the agreement approved on 2/6/13 with a 12/2024 expiration date was for a 10-year 75% abatement for the costs associated with the renovation of the formerly vacant property commonly known as the Rieger or the Sanduskian. The project consists of the renovation of the 64,995 square foot commercial building into retail units on the ground floor and renovation of the balance of the building into thirty-seven (37) income restricted senior housing units (apartments). The renovations were to meet current building codes and also design and energy efficiency requirements set forth by both the Ohio Housing Finance Agency and Enterprise respectively. Costs of the project were estimated at approximately \$5,000,000 - \$6,000,000 for the renovation. M. Lasko further stated construction on the building is complete and as of 12/31/2018, the total project investment was \$6,194,986.00. There was an additional investment of \$95,228.00 in personal property within the project. The value of the project, less land, per the County Auditor's appraisal is \$1,041,730.00 (reduced from \$4,827,770).

M. Lasko stated it was anticipated that the project would result in the creation of 2 new jobs, to be in place by 12/31/14, and a yet to be determined number of jobs hired by the commercial tenants once the space is leased. As of 12/31/18, the project has created three (3) full-time permanent positions and two (2) part-time permanent positions, exceeding the requirements outlined in the agreement. The payroll associated with the new employment is \$54,591.25, versus the \$50,000.00 contained in the agreement.

There was no compensation agreement with the schools associated with this abatement. The annual monitoring fee is 1% of the benefit derived subject to a minimum of \$500 and maximum of \$2,500. All fees due have been paid in full and M. Lasko recommended to continue the agreement as currently constituted.

On a motion by E. Wobser and second by M. Will, the Council voted unanimously to recommend continuation of the agreement with the exception of R. Jeffrey who voted no due to the project filing for and receiving a reduction in value after project completion.

Windau Holding Ltd. – Residential-219 E. Water Street, -M. Lasko stated the project included the redevelopment of a vacant building (formerly Bay Meats) into an upscale rental residence – totaling 1,400 plus square feet. Residential CRA's under the Downtown CRA legislation receive a 5YR/50% abatement for significant improvements made to the property. He further stated the abatement is based on the appraised value of the improvements. The effective dates of the agreement were 1/1/18 – 12/31/22 and total project investment was \$185,000.

M. Lasko noted, residential properties are subject to annual exterior inspections to ensure their continued maintenance and compliance with applicable City building and housing codes. Therefore, the City completed an annual exterior inspection of the property on February 4, 2019 and the property was in exceptional physical condition and compliant with all applicable City building and housing codes.

M. Lasko made no recommendation/motion as Downtown CRA abatements are continued automatically under the City's legislation so long as the property remains in sound physical condition.

ADJOURNMENT:

Chairman R. Jeffrey called for a motion to adjourn. H. Solowiej moved to adjourn the meeting, D. Meredith seconded the motion and all voted aye.

The Tax Incentive Review Council (TIRC) for the City of Sandusky, Ohio resumed the meeting on Tuesday March 12, 2019 in Sandusky City Hall, 222 Meigs Street, Sandusky Ohio. The following Council members were in attendance:

- Richard Jeffrey, Erie County Auditor (Chair)
- Hank Solowiej, Finance Director, City of Sandusky
- Dru Meredith, Vice President of Operations/Marketing & Strategic Planning, Firelands Regional Medical Center
- Joseph Galea, Sandusky Planning Commission

Tier 3, LLC, 223 West Water Street- M. Lasko stated the agreement was approved on July 20th, 2015 and is a 10 year 75% abatement to offset a portion of the property tax cost associated with renovation and occupancy of the building located at 223 W. Water Street. The renovation included demolition and construction cost necessary for the renovation and return to productive use of a previously vacant, blighted commercial building into a hotel and lounge/ restaurant space. The first phase of the hotel is now open and operating. The total project investment as of 12/31/18 was \$1,400,000. The project was anticipated to create 10 new full- time positions with payroll of \$165,260 as of 12/31/18 the project has created twenty seven (27) new employees with a total payroll of \$323,000. There is no compensation agreement associated with this abatement. M. Lakso stated that the monitoring fee is \$200 and to date all fees have been paid in full. The recommendation is to continue the abatement as currently constituted.

On a motion by H. Solowiej and second by D. Meredith, the Council voted unanimously to recommend continuation of the agreement.

R. Jeffery stated that this agreement is a win on both sides, it is a very successful project.

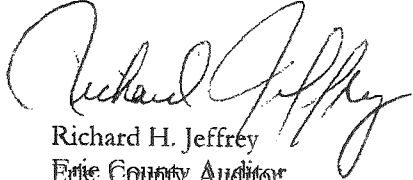
J. Galea stated that this is an improvement from what was there and a great addition to the downtown area.

ADJOURNMENT:

Chairman R. Jeffrey called for a motion to adjourn. H. Solowiej moved to adjourn the meeting, D. Meredith seconded the motion and all voted aye.

Please feel free to contact the undersigned with any questions regarding these recommendations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard H. Jeffrey".

Richard H. Jeffrey
Eric County Auditor

Chairman of the ax Incentive Review Council

cc: Steve Poggiali, Enterprise Zone Manager