



TO: Mayor Artino and City Council
FROM: Matthew Lasko
RE: Resolution No. 42-2021
DATE: July 13, 2021

Subject Matter/Background

The Resolution authorizes a pre-annexation agreement between the City of Huron and Huron Township spelling out the terms of conditions of the proposed annexation of the Sawmill Creek Resort. The proposed site, recently acquired by Cedar Fair, includes 9 parcels spanning over 100 acres. Once adopted by the City, the Township will consider legislation to do the same shortly thereafter. If approved, the agreements as well as a petition from the property owner are sent to the County Commissioners for final approval.

The land would be annexed under what is referred to as a Type 1 Expedited. In essence, the land "remains" within the Township and subject to all existing property tax levies. Annexation is being sought to utilize a type of Tax Increment Financing tool that can only be enacted by municipalities.

The agreement includes an initial term of 30 years. During that term, the City will retain 100% of all income tax generated on the site while the Township would collect 100% of bed tax and 100% of the Township's current property tax revenue. The City will be responsible for providing all services to the parcels being annexed, namely water and police.

A development agreement will follow that includes the financial terms and details of the service payment generated from the anticipated new development. This agreement will show the existing baseline for all taxing agencies as well as the proposed under the TIF arrangement.

Financial Review

This Resolution has no specific financial impact. If approved by all parties and the site is ultimately annexed into the City, the City would begin receiving income tax and utility proceeds from the site.

Additionally, the City worked with Bricker and Eckler to provide legal guidance on this project. While this work did incur expense, the anticipated TIF proceeds would be eligible to pay for those fees, should a final agreement be approved.

Legal Review

The matter has been reviewed, follows normal administrative procedure and is properly before you.

Recommendation

If Council is in agreement, a motion adopting Resolution 42-2021 is in order.

[Resolution No. 42-2021.doc](#)

[Resolution No. 42-2021 Exhibit A.DOCX](#)

RESOLUTION NO. 42-2021

Introduced by Monty Tapp

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN ANNEXATION AGREEMENT WITH HURON TOWNSHIP RELATING TO THE CITY OF HURON'S ANNEXATION OF ERIE COUNTY, OHIO PERMANENT PARCEL NUMBERS 39-01076.029, 39-01076.004, 39-01076.000, 39-01076.005, 39-00553.000, 39-00827.000, 39-00859.000, 39-00864.000, 39-00864.001.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HURON, OHIO:

SECTION 1. That the City Manager shall be, and he hereby is, authorized and directed to enter into an agreement with Huron Township, Erie County, Ohio relating to the City of Huron's annexation of Erie County, Ohio Permanent Parcel Numbers 39-01076.029, 39-01076.004, 39-01076.000, 39-01076.005, 39-00553.000, 39-00827.000, 39-00859.000, 39-00864.000, 39-00864.001, which agreement shall be substantially in the form of the Cleveland Road Lighting Contract on file in the office of the Clerk of Council.

SECTION 2. That this Council hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Council and that all deliberations of this Council and of its Committees, if any, which resulted in formal action, were taken in meetings open to the public in full compliance with applicable legal requirements, including O.R.C. §121.22.

SECTION 3. That this Resolution shall be in full force and effect from and immediately after its adoption.

Sam Artino, Mayor

ATTEST: _____
Clerk of Council

ADOPTED: _____

ANNEXATION AGREEMENT
BY AND BETWEEN
HURON TOWNSHIP (ERIE COUNTY), OHIO
AND
THE CITY OF HURON, OHIO

Dated as of
July ____, 2021

ANNEXATION AGREEMENT

This Annexation Agreement (“Agreement”) is made and entered into by and between the Board of Trustees of Huron Township, the legislative authority of and for Huron Township, a political subdivision duly organized and validly existing under the laws of the state of Ohio (“Township”), and the Council of the city of Huron, Ohio, the legislative authority of and for the city of Huron, Ohio, a municipal corporation duly organized and validly existing under its Charter and the Constitution and the laws of the state of Ohio (“City”) (collectively, the “Parties”).

WHEREAS, the Township and City are political subdivisions located adjacent and contiguous to each other within Erie County, Ohio;

WHEREAS, the City and Township desire to cooperate in creating and preserving jobs through commercial development and to cooperate in inducing and fostering economic development within the state of Ohio, and more particularly within the territories to which this Agreement pertains;

WHEREAS, the Township and City have cooperated in other matters, including but not limited to, provision of infrastructure and services to benefit citizens and properties within the Township and the City in order to foster and promote harmony and development within each of the Parties’ respective jurisdictional areas;

WHEREAS, a certain landowner, Sawmill Creek LLC, has expressed a desire to pursue annexation of certain parcels located within and around the Sawmill Creek Golf Club, Resort, and Conference Center area, which parcels are listed and described in Attachment A hereto and incorporated herein (the “Annexation Parcels”) in connection with a planned redevelopment of the Annexation Parcels (the “Project”);

WHEREAS, in accordance with Ohio Revised Code Section 709.192 the City has agreed that upon the annexation of the Annexation Parcels to the City, the City will make certain service payments to the Township as set forth herein;

WHEREAS, the annexation of the Annexation Parcels will, if successful, require economic development assistance in various forms;

WHEREAS, the City and Township are willing to entertain reciprocal requests for economic development assistance if the annexation occurs upon terms mutually satisfactory to both Parties;

WHEREAS, after the annexation, if successful, the Annexation Parcels will remain in the Township and remain subject to Township property taxes, as set forth herein;

WHEREAS, the Parties believe that annexation of the Annexation Parcels will benefit their mutual interests if annexed to the City;

WHEREAS, the owner of the Annexation Parcels (the “Property Owner”) and the City are negotiating the terms of a Development Agreement (the “Development Agreement”) setting forth

the obligations of such parties with respect to the Annexation Parcels, including but not limited to the provision of infrastructure and services to the Project by the City and the Township and the provision by the City of tax increment financing under Section 5709.41 (the “TIF”) with respect to the Annexation Parcels; and

WHEREAS, this Agreement is authorized under the provisions of Sections 709.192 and 709.022 of the Ohio Revised Code and other applicable laws of the state of Ohio and has been approved by the respective legislative authorities of both Parties and by the Owner.

NOW, THEREFORE, in consideration for the mutual promises contained herein the Parties covenant and agree as follows:

ARTICLE 1

ANNEXATION OF ANNEXATION PARCELS AND LIMITATIONS

Section 1.1. Designation of Annexation Parcels. This Agreement shall apply to the annexation of the Annexation Parcels listed in Attachment A.

Section 1.2. Annexation of Annexation Parcel. The Township agrees and consents to the annexation of the Annexation Parcels to the City in accordance with the terms of this Agreement.

- A. Procedure: The Property Owner of the Annexation Parcels, at its sole expense, shall pursue and file the annexation petition, including but not limited to preparing the annexation petition, map, and legal description and paying any filing fee(s), in accordance with the provisions of the Expedited Type 1 procedures set forth in Sections 709.021 and 709.022 of the Ohio Revised Code. Any such annexation of the Annexation Parcels shall also comply with the terms of this Agreement.
- B. Scope of Petition: The agent for Property Owner shall process the annexation of the Annexation Parcels under one (1) annexation petition that includes all of the Annexation Parcels.
- C. Effect of Annexation: The City shall not, during any Term of this Agreement, seek to exclude the Township from any portion of the Annexation Parcels by conforming Township boundaries under Chapter 503 of the Ohio Revised Code or any future statute of like tenor or effect. In other words, it is the express intention and agreement of the Parties that there shall exist an overlay of the City and Township boundaries for all portions of the Annexation Parcels that will be annexed to the City under the terms of this Agreement and that, while this Agreement is in effect, the Annexation Parcels remain subject to the Township’s real property taxes not included in the tax increment financing described in Section 2.2 and, further, that after the expiration of the tax increment financing described herein, the Annexation Parcels shall remain subject to the Township’s real property taxes, during any Term of this Agreement.
- D. Cooperative Efforts: Upon the filing of the annexation petition for the annexation of the Annexation Parcels to the City in accordance with the terms of this

Agreement, the Township and the City shall cooperate in good faith to facilitate the approval and success of such petition. Each Party shall refrain from taking any action that would directly or indirectly delay the annexation process or endanger the possible approval of the annexation petition by the County Commissioners. Upon the granting of the annexation petition by the County Commissioners, the City shall accept the annexation at the earliest time permitted by law, including accepting the annexation on an emergency basis.

- i. The City and the Township agree that they will communicate with each other as to any future, proposed annexation(s) from the Township to the City and attempt to reach a consensus that is mutually beneficial to both Parties, as well as to the property owner(s).

ARTICLE 2

GOVERNMENT SERVICES AND TAXES

Section 2.1. Zoning of the Annexation Parcels. The Annexation Parcels are currently zoned R-3 PUD under the Huron Township Zoning Resolution. Upon the annexation of and the acceptance by the City of the Annexation Parcels, the City intends to adopt and apply its zoning to the Annexation Parcels. The City Administration will work with the Owner to determine the zoning designation that most closely aligns with the current use of the Annexation Parcels and will expeditiously process any rezoning request/documents that may be presented to City Administration and submit to City Council for final approval, as soon as practicable following acceptance of the annexation. It is expressly understood that City Council makes the final determination on any rezoning, including the appropriate zoning designation.

Section 2.2. Government Services. Upon the annexation of the Annexation Parcels to the City, the Township will continue to provide all ordinary township services to the Annexation Parcels, just as the Township provides those same services to similar properties within its jurisdiction and boundaries; however, the City will be the primary first responders (police, fire, EMS) to the Annexation Parcels. Water and sewer is currently and will continue to be provided by the County; however, the City reserves the right to unilaterally provide the Annexation Parcels with any and all utilities, including but not limited to water, sewer, electric and/or broadband. In addition, the City shall provide road/street maintenance, planning, zoning, building, and engineering services to any public roadway(s) within the Annexation Parcels. There are currently within the Annexation Parcels certain private roads/streets. The City will not provide road/street maintenance services to any such private roads/streets unless and until any such private road(s)/street(s) is/are dedicated to the City and, therefore, become public road(s) and/or street(s).

Notwithstanding the provisions of this section, the City and Township agree that this Agreement shall not affect the continuation of mutual aid arrangements and agreements for fire protection currently in effect. This Section 2.2 is not intended to limit the ability of either the City and/or Township to negotiate mutual aid agreements in the future as they shall find mutually advantageous.

The City and Township recognize and agree that, within the territory subject to this Agreement, annexation of any portion of such territory that results in:

- A) An island or islands of Township Territory being located within the City and/or
- B) An island or islands of the City being located within the Township

will not be detrimental to the provision of government services or sewer or water utility services provided to residents and businesses located within such islands [which Township and City recognize as being especially true when territory annexed to the City will not be excluded from Township] and the creation of such island or islands is neither unreasonable or arbitrary and should not and will not prevent the annexation of territory to the City.

Section 2.3 **Taxes.** The City and the Township acknowledge and agree that, to aid the Township in support of its provision of vital services within the Annexation Parcels, and to provide for City services as set forth herein to the same, tax revenue from the Annexation Parcels shall be allocated as set forth below, with amounts owed to the Township constituting payments in lieu of taxes under Ohio Revised Code Section 709.192. During the Term of this Agreement:

- A. **Income Tax:** The City shall retain 100% of any City income tax revenue generated from the Annexation Parcels.
- B. **Bed Tax:** The Township shall collect and retain 100% of any bed tax generated from the Annexation Parcels.
- C. **Property Tax:** Each of the City and the Township shall retain 100% of any real property tax generated from existing real estate value within the Annexation Parcels and relating to the applicable parties' inside millage or voted levies; provided, however, that service payments made in connection with the TIF shall be made available to the City in accordance with the Development Agreement. For the avoidance of doubt, the Parties acknowledge and agree that the annexation contemplated hereunder shall not result in the removal of any existing or future Township levies with respect to the Annexation Parcels.

In other words, during the term of this Agreement:

- (i) the Township shall be entitled to receive real property tax payments relating to the Annexation Parcels that it would have received, without the Project or the annexation provided for hereunder (i.e., inside millage and voted tax levies with respect to the taxable value of the Annexation Parcels established as the base value in connection with TIF).
- (ii) the City shall be entitled to receive real property tax payments relating to the Annexation Parcels that it would have received, without the Project but with the annexation provided for hereunder (i.e., inside millage and voted tax levies with respect to the taxable value of the Annexation Parcels established as the base value in connection with the TIF).

- (iii) service payments in lieu of taxes relating to the increment value of the Annexation Parcels during the term of the TIF shall be distributed by the City in accordance with the Development Agreement.
 - (iv) any real property tax payments received after the expiration of the TIF and during the term of this Agreement shall be allocated in accordance with subsections 2.3(C)(i)(ii) hereof.

- D. Effect of Tax Abatement on Township: Except with respect to the TIF, if, during the term of this Agreement, the City with respect to any property comprising any portion of the Annexation Parcels grants any exemption, deferral, or abatement of any residential, commercial or industrial, real, personal or public utility real and personal property taxes pursuant to Sections 725.02, 1728.10, 3735.67, 5709.40, 5709.41, 5709.62 or 5709.88 of the Revised Code (or any future or similar statute(s) of like tenor or effect) with respect to any such property, then, beginning on January 1 thereafter, the City shall pay the the Township a sum equal to the difference between (1) the tax revenue received by the Township during the previous calendar year with respect to the property on which such exemption, deferral or abatement was granted, and (ii) the tax revenue that the Township would have received during such previous year with respect to such property had such exemption, deferral or abatement not been granted by the City.

- E. The Parties agree that, during the Term of this Agreement, new taxes may be authorized by the Ohio General Assembly and some current taxes may be reduced or eliminated by the Ohio General Assembly. The Parties therefore agree to meet and discuss if any new tax(es) involving the land described in Section 1.1 arise(s) during the Term of this Agreement, or if local government or current tax forms change. The Parties also agree to negotiate in good faith to rework the financial terms of this Agreement, if necessary, to equitably divide the new or modified tax revenue in a manner consistent with the original terms of this Agreement.

Nothing in this Agreement shall be construed to require non-uniform taxation within the City or the Township, in violation of Article XII, Section 2 of the Ohio Constitution.

ARTICLE 3

TERM OF AGREEMENT

Section 3.1. Term and Renewal. The initial term of this Agreement shall be for a period of thirty (30) years, commencing on the Effective Date (the “Initial Term”). Unless one or both legislative authority(ies) of a/the Party(ies) affirmatively act(s) to terminate this Agreement within six (6) months prior to the expiration of the Initial Term or any subsequent ten (10)-year term provided for in this Section, this Agreement shall automatically be renewed for an additional period of ten (10) years, and this Agreement shall continue to be automatically renewed thereafter for similar ten (10)-year periods at the end of each renewal period with no limit upon the number

of such renewals. The “Term” of this Agreement shall include the Initial Term and any extensions thereof pursuant to this Section.

Notwithstanding the foregoing, the Parties agree to meet and confer at any time within the Initial Term and/or any subsequent ten (10)-year Term if one of the Parties reasonably determines that there has been a significant change in circumstances such that the Parties should consider amending the terms of this Agreement.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1. Support of Agreement. In the event that this Agreement, or any of its terms, conditions or provisions, is challenged by any third party or parties in a court of law, the Parties agree to cooperate with one another and to use their best efforts in defending this Agreement with the object of upholding this Agreement. Each Party shall bear its own costs in any such proceeding challenging this Agreement or any terms or provisions thereof.

During the Term(s) of this Agreement, if any proceedings or other effort is initiated or made that seeks to initiate change to the Township boundaries in order to exclude all or any portion of the Annexation Parcels from the Township, the City and the Township shall exercise their best efforts in resisting such proposed change, including, without limitation, denying any petition seeking such change; refraining from supporting such change; vigorously resisting, in both administrative and judicial forums, and with the assistance of the City’s and the Township’s respective legal counsel, any effort or action seeking such change; and otherwise undertaking such actions as may be reasonably required by either Party which will be detrimental to the success of any effort seeking such change.

Section 4.2. Signing Other Documents. The Parties agree to cooperate with one another and to use their best efforts in the implementation of this Agreement and to sign or cause to be signed, in a timely fashion, all other necessary instruments, legislation, and similar documents, and to take such other actions as either Party may reasonably request in order to effectuate the purposes of this Agreement.

Section 4.3. Mediation. In the event the Parties have a dispute as to any of the terms of applicability of this Agreement, the Parties agree to use their best efforts to resolve the dispute through a mutually acceptable mediation process prior to any Party filing a lawsuit. Each Party participating in mediation shall pay its own costs of mediation, including its proportionate share of the compensation and administrative expenses required by the mediator and by the mediation services provider selected by the Parties. If a mediator has not been selected by the Parties within sixty (60) days after one of the Parties has requested that a dispute arising under this Agreement be mediated, or if the dispute has not been resolved within ninety (90) days after notice of the dispute has been provided to the other Party, then any of the Parties may commence a lawsuit or commence such other method of pursuing such remedies as may be available to any of the Parties.

Section 4.4. Default. A failure to comply with the terms of this Agreement shall constitute a default hereunder. The Party in default shall have ninety (90) days, after receiving written notice from the other Party of the event of default, to cure that default. If the default is not cured within that time period, the non-defaulting Party may sue the defaulting Party for specific performance under this Agreement or for damages or both; or the non-defaulting party may pursue such other remedies as may be available.

Section 4.5. Character of Payments. Nothing in this Agreement is to be interpreted as the sharing of the proceeds of any tax levy or any other revenue by and between any Parties except as is explicitly set forth in Section 2.3. Any language within this Agreement which employs an amount of any tax to be collected as part of a calculation for determining a sum to be paid by one Party to the other Party is intended, and therefore to be interpreted, as a reasonable, practical and convenient mechanism which the Parties have agreed to use to compute, in a less controversial manner, the payments to be made by one Party to another for services and other items of value to be received by the paying Party. No payments to be made under this Agreement are intended to be a sharing of proceeds of any tax levy proscribed by Section 709.192(D) of the Ohio Revised Code.

Section 4.6. Amendments. This Agreement may be amended only by a writing approved by the legislative authorities of each of the Parties by means of appropriate legislation authorizing such amendment. Any amendment, in order to be effective, must be authorized by appropriate legislation passed by each of the Parties.

Section 4.7. Immunities Preserved. By entering into this Agreement, none of the Parties intend to relinquish or waive any of the immunities they now have or may hereafter be accorded under state and/or federal laws, including, without the limitation of any such immunities, all those immunities accorded to governmental entities and their officers and employees under Chapter 2744 of the Ohio Revised Code.

Section 4.8. No Personal Liability. All covenants, obligations and agreements of the Parties contained in this Agreement shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future member, officer, agent or employee of any Party in other than their official capacity, and no official or member of a legislative authority executing this Agreement on behalf of any Party or any present or future member, officer, agent or employee of any Party shall be liable personally by reason of the covenants, obligations or agreements of the Parties contained in this Agreement.

Section 4.9. Powers Preserved. This Agreement is not intended to be in derogation of the powers granted to municipal corporations by Article XVIII, Ohio Constitution, or any other provisions of the Ohio Constitution or of the Ohio Revised Code; nor is it intended to be in derogation of the powers granted to townships under any provisions of the Ohio Constitution or of the Ohio Revised Code.

Section 4.10. Beneficiaries. This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors. This Agreement shall not inure to the benefit of anyone other than as provided in the immediately preceding sentence. Except for the Parties, this

Agreement is not intended to and does not create rights or benefits of any kind for any other persons or entities that are not a party to this Agreement.

Section 4.11. Agreement. The Parties acknowledge and agree that this Agreement is intended to and shall serve as an annexation agreement pursuant to Section 709.192 of the Ohio Revised Code.

Section 4.12. Liberal Construction. The Parties agree that just as Section 709.192 of the Ohio Revised Code is to be liberally construed to allow the Parties to enter into annexation agreements, the Parties further agree that this Agreement shall be liberally construed in order to facilitate the desires of each of the Parties to carry out this Agreement. Each provision of this Agreement shall be construed and interpreted so as to permit maximum advantage to the Parties allowed by Section 709.192 of the Ohio Revised Code.

Section 4.13. Notices. All notices, demands, requests, consents or approvals given, required or permitted to be given hereunder shall be in writing and shall be deemed sufficiently given if actually received or if hand-delivered or sent by recognized, overnight delivery service or by certified mail, postage prepaid and return receipt requested, addressed to the other Party at the address set forth in this Agreement, or to such other address as the recipient shall have previously notified the sender of in writing, and shall be deemed received upon actual receipt, unless sent by certified mail, in which event such notice shall be deemed to have been received when the return receipt is signed or refused. For purposes of this Agreement, notices shall be addressed to:

(a) The Township at: Huron Township Board of Trustees, 1820 Bogart Road, Huron, Ohio 44839 Attention: _____, with a copy simultaneously sent or delivered to: _____.

(b) The City at: City of Huron, 417 Main Street, Huron, Ohio 44839 Attention: Matthew Lasko, City Manager, with a copy simultaneously sent or delivered to: Rob McCarthy, Bricker & Eckler LLP, 100 S. Third Street, Columbus, Ohio 43215.

The Parties, by notice given hereunder, may designate any further or different address to which subsequent notices, consents, certificates, requests or other communications shall be sent.

Section 4.14. Captions and Headings. The captions and headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections hereof.

Section 4.15. Counterparts. This Agreement may be executed in one or more counterparts or duplicate signature pages with the same force and effect as if all required signatures were contained in a single original instrument. Any one or more of such counterparts or duplicate signature pages may be removed from any one or more original copies of this Agreement and annexed to other counterparts or duplicate signature pages to form a completely executed original instrument.

Section 4.16. Governing Law and Choice of Forum. This Agreement shall be governed by and construed in accordance with the laws of the state of Ohio or applicable federal law. All claims, counterclaims, disputes and other matters in question between the Parties or their respective agents and employees arising out of or relating to this Agreement or its breach will be decided in a court of competent jurisdiction within Erie County, Ohio.

Section 4.17. Effective Date. This Agreement is effective upon each Party's formal acceptance thereof by its respective legislative authority, and the Effective Date is the date on which the last Party's authorized representative/officer signs the Agreement.

IN TESTIMONY WHEREOF, the Parties have caused multiple counterparts hereof to be executed by their duly authorized officers on the respective date(s) written below.

THE CITY OF HURON, ERIE COUNTY, OHIO

By: _____

Its: _____

Date: _____

Approved as to form:

By: _____

HURON TOWNSHIP, ERIE COUNTY, OHIO

By: _____

Its: _____

Date: _____

Approved as to form:

By: _____

ATTACHMENTS: Attachment A – Annexation Parcel Numbers/County Tax ID Numbers

PROPERTY OWNER’S CONSENT AND AGREEMENT

The Property Owner hereby acknowledges and agrees to the provisions of the foregoing Agreement and agrees to take such steps as may be reasonably necessary to effect the annexation contemplated herein. The Property Owner agrees to reimburse the Township for any costs incurred by the Township in connection with the annexation and the Development Agreement contemplated herein.

SAWMILL CREEK LLC

By: _____
Authorized Representative
Date: _____

ATTACHMENT A

The Annexation Parcel consists of the following parcels as numbered and in the records of the County Auditor of Erie County, Ohio, and as further depicted and shown on the Annexation Parcel Map attached as Attachment B:

Parcel Numbers:

39-01076.029

39-01076.004

39-01076.000

39-01076.005

39-00553.000

39-00827.000

39-00859.000

39-00864.000

39-00864.001

