

TEMPORARY ORDINANCE NO. 7-25

PERMANENT ORDINANCE NO. 11-25

AN ORDINANCE TO AUTHORIZE THE MAYOR TO ENTER INTO A SCHOOL COMPENSATION AGREEMENT FOR INCOME TAX SHARING BETWEEN LANCASTER CITY SCHOOL DISTRICT AND THE CITY OF LANCASTER AND TO DECLARE AN EMERGENCY

WHEREAS, the City created a community reinvestment area pursuant to Resolution No. 123-79 on November 12, 1979, known as the Pre-1994 CRA or CRA 1; and

WHEREAS, a portion of the territory of the Pre-1994 CRA overlaps with the territory of the Lancaster City School District ("School District"), specifically, the Magna Seating location ("Project") at 747 Mill Park Drive in Lancaster; and

WHEREAS, pursuant to Ohio Revised Code § 5709.82, the City and the School District desire to enter into a School Compensation Agreement ("Agreement") to compensate the School District in connection with the Pre-1994 CRA property tax exemptions relating to the Project for CRA Duration; and

WHEREAS, such an Agreement will compensate the School District for a portion of the real property taxes that the School District would have received had the Project site been improved and not been exempted from taxation under the exemption resulting from Pre-1994 CRA; now, therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LANCASTER, STATE OF OHIO:

SECTION 1. That the Mayor is hereby authorized to negotiate and enter into the Agreement attached hereto as Exhibit A with the Lancaster City School District regarding income tax sharing at the Project site known as 747 Mill Park Drive.

SECTION 2. That the School Compensation Agreement in the form presently attached hereto as Exhibit A is hereby approved and authorized with changes therein not inconsistent with this Ordinance and not substantially adverse to this City and which shall be approved by the Mayor. This Council further authorizes the Mayor for and in the name of the City, to execute any amendments or changes to the final documents, which amendments are not inconsistent with this Ordinance and not substantially adverse to the City.

SECTION 3. This ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety, and welfare of the Municipality and its inhabitants and for the further reason that this ordinance is necessary to remunerate the local school district; wherefore, this ordinance shall be in full force and effect immediately upon its passage and approval by the Mayor.

Passed: 2-24-25 after 3 reading. Vote: Yeas 10 Nays 0

Date Approved: February 24, 2025

Clerk: [Signature] President of Council

Jon G. McDaniel
Mayor

Offered by: Paul Wadell

Second by: Ken Walker

Requested by Finance Committee

I, Anitra Scott, Clerk of Council do hereby certify that on _____, 2025 the Lancaster Eagle Gazette published the summary of this ordinance in accordance with Ohio Revised Code 731.24.

Clerk of Council



SCHOOL COMPENSATION AGREEMENT

(Magna Seating – 747 Mill Park Drive, Lancaster, Ohio)

THIS SCHOOL COMPENSATION AGREEMENT (the “*Agreement*”) is made and entered into as of this [] day of [], 2025 (the “*Effective Date*”), by and between the **CITY OF LANCASTER, OHIO**, an Ohio municipal corporation, with its main offices located at 104 E. Main Street, Lancaster, Ohio 43130 (the “*City*”), and the **LANCASTER CITY SCHOOLS**, Fairfield County, Ohio, a public school district with its principal offices located at 2780 Coonpath Road NE, Lancaster, Ohio 43130 (the “*School District*” and, together with the City, the “*Parties*”).

WITNESSETH:

WHEREAS, the City created a community reinvestment area pursuant to Resolution No. 123-79 on November 12, 1979, as amended and/or supplemented from time (the “*Pre-1994 CRA – Zone 1*”) pursuant to Sections 3735.65 at seq. (the “*CRA Act*”);

WHEREAS, a portion of the territory of the Pre-1994 CRA – Zone 1 overlaps with the territory of the School District, specifically, the Project Site (as defined herein);

WHEREAS, on November 5, 2024, the School District received written notice from the City that the construction of a new building, as a commercial development, for the benefit of Magna Seating (the “*Project*”) located at 747 Mill Park Drive, Lancaster, Ohio (on parcel: 0531353330; see *Exhibit A* attached hereto and incorporated herein) (the “*Project Site*”) had been approved to receive a property tax exemption pursuant to the Pre-1994 CRA – Zone 1;

WHEREAS, as permitted by the CRA and the Pre-1994 CRA – Zone 1, the City intends that the property tax exemption for the Project commence on January 1, 2022, and that the duration of such exemption last for 15 years, ending on December 31, 2036 (the “*CRA Duration*”);

WHEREAS, amount of the property tax exemption associated with the Project is intended to be 100% of the dollar amount by which new construction attributable to the Project increases the market value of the structure;

WHEREAS, the Parties intend that any and all measurements hereunder (including, but not limited to, new employee payroll) shall include the Project and the CRA Duration at any given point in time;

WHEREAS, pursuant to Ohio Revised Code Section 5709.82, the City and the School District desire to enter into this Agreement to compensate the School District in connection with the Pre-1994 CRA – Zone 1 property tax exemptions relating to the Project for the CRA Duration;

WHEREAS, on _____, 2025, City Council for the City passed Ordinance No. X-25 (the “*Authorizing Ordinance*”), pursuant to which the City authorized execution of this Agreement; and,

WHEREAS, on DATE, the Board of Education of the School District adopted a resolution (the “**School District Resolution**”) granting its approval of this Agreement;

WHEREAS, to compensate the School District for a portion of the real property taxes that the School District would have received had the Project Site been improved and not been exempted from taxation under the exemption resulting from Pre-1994 CRA – Zone 1, the Parties have determined to enter into this Agreement, which Agreement is in the vital and best interest of the City and the School District and will improve the health, safety, and welfare of the citizens of the City and the School District;

NOW THEREFORE, in consideration of the premises and covenants contained in this Agreement, the Parties agree as follows:

Section 1. Approval; Compensation Payments to School District.

A. Income Tax Sharing. For each year that the Project Site is subject to the exemption or exemptions resulting from the Project as part of the Pre-1994 CRA – Zone 1, as applications for property tax exemptions are received and approved by the City, a housing officer of the City, or other authorized representative (collectively, the “**CRA Exemption**”), the City will pay to the School District an amount equal to 50% of the income taxes collected by the City with respect to each tax year for new employees located on a parcel of the Project Site for which the CRA Exemption is in effect, pursuant to Ohio law, in accordance with the following methodology for making distribution determinations:

- (i) for each tax year that the Project Site is subject to the CRA Exemption and the payroll of new employees equals or exceeds two million dollars (\$2,000,000), as adjusted under Section 5709.82(E) of the Ohio Revised Code, the City shall pay to the School District, based upon the allocable portion of the School District’s effective tax rate millage, within the territory of which the Project Site is located, an amount equal to either:
 - a. Twenty-five percent (25%) of the income taxes levied and collected by the City on the incomes of the new employees due to the Performance Based Payroll Withholding Incentive authorized pursuant to Lancaster Codified Ordinance 181.22 for the Project Site for tax years 2022 through 2030; or
 - b. Fifty percent (50%) of the amount of such income taxes levied and collected by the City on the incomes of the new employees for tax years 2031 through 2036.

The City will make the required payments due for any such year by April 1 of the following year, such period of time being necessary for the City to receive and review income tax returns and determine the amount of income taxes received. The foregoing income tax sharing applies to wages that are subject to City income tax withholding pursuant to Ohio Revised Code Section 718.011 for full and part time workers located at the Project Site and construction workers constructing any portion of the Project. As used in this Agreement, “new employee” is defined in Ohio Revised Code Section 5709.82 in effect on the date of this Agreement. For purposes of calculating the amount due to the School District hereunder, “new employee” shall include any

employee first employed at the site after 2020. As used in this Agreement, “infrastructure costs” is defined in Ohio Revised Code Section 5709.82 in effect on the date of this Agreement. For the avoidance of doubt, the City shall not receive a credit for the infrastructure costs incurred in connection with the Project for purposes of calculating the amount due to the School District hereunder.

B. Lump Sum Settlement. In exchange for School District’s waiver of payments for tax years 2022 and 2023, which are payment years 2023 and 2024, the City and School District agree to a one-time lump sum settlement of Three Hundred Three Thousand Eight Hundred Sixty-Five Dollars and Twenty-Seven Cents (\$303,865.27) to be paid by February 28, 2025, in addition to the amount described in Section 1.A.i above. By execution hereof, School District expressly agrees to waive its right to pursue any other claim, suit, right, or remedy against the City for property or income tax sharing from the Project Site.

C. Income Tax Calculation. The City shall submit to the School District, with the transmission of the amounts described in Section 1.A.i. above, a detailed accounting of its calculation of such payments (each a “**School Income Tax Payment**”). Subject to its confidentiality obligations imposed by Section 718.13 of the Ohio Revised Code and other applicable law, the City shall provide such back-up information for its calculations as the School District reasonably requests. In the event the School District disputes the amount of a School Income Tax Payment, as certified by the Tax Commissioner of the City, the School District shall certify, within thirty (30) days of receipt of the accounting from the City, the basis for the dispute and the amount that the School District claims is the correct amount of School Income Tax Payment to be paid to the School District. Within ten (10) days thereafter, the City’s Tax Commissioner and the School District’s Treasurer shall meet to discuss and resolve the dispute. In the event the Tax Commissioner and the Treasurer are unable to mutually agree on the amount of the School Income Tax Payment, the City shall, within fifteen (15) days thereafter, pay the amount that it has, in good faith, determined is due under this Agreement; provided that nothing contained in this Section shall limit the School District’s ability, after payment and receipt of such School Income Tax Payment amount, to seek recovery of amounts deemed underpaid.

In no case may the total School Income Tax Payments made hereunder over the entire period of the CRA Exemption exceed the amount of taxes that the School District would have received over the entire CRA Exemption period absent the CRA Exemption. Nothing contained in this Section shall limit the City’s ability, after payment and receipt of such School Income Tax Payment amount, to seek recovery of amounts deemed overpaid.

D. Sharing of Legal Expenses. The Parties hereto agree to evenly share legal expenses of the preparation of this Agreement up to a reasonable amount not to exceed \$3,000.00 (in the aggregate).

Section 2. Term of Agreement; Other Terms.

A. Term. The term of this Agreement commences on the date of this Agreement and expires on December 31st of the last year in which a CRA Exemption applies to any parcel of the Project Site.

Attention: Mayor
E-Mail: mayor@ci.lancaster.oh.us

If to the School District: Lancaster City Schools
2780 Coonpath Road NE
Lancaster, Ohio 43130
Attention: Treasurer
E-Mail: j_taylor@lcsschools.net

Any Party may change its address for receiving notices and reports by giving written notice of such change to the other Parties.

H. Events of Default and Remedies. Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement, or any of its terms or conditions, by any Party hereto, such defaulting Party shall, upon written notice from any non-defaulting Party, proceed immediately to cure or remedy such default or breach, and, in any event, within thirty (30) days after receipt of such notice. In the event such default or breach is of such nature that it cannot be cured or remedied within said thirty (30) day period, then in such event the defaulting Party shall upon written notice from any non-defaulting Party commence its actions to cure or remedy said breach within said thirty (30) day period, and proceed diligently thereafter to cure or remedy said breach. In case such action is not taken or not diligently pursued, or the default or breach is not to be cured or remedied within a reasonable time, the aggrieved non-defaulting Party may institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such default or breach, including, but not limited to, proceedings to compel specific performance by the defaulting Party.

I. Severability of Provisions. The invalidity of any provision of this Agreement will not affect the other provisions of this Agreement, and this Agreement will be construed in all respects as if any invalid portions were omitted.

J. Extent of Covenants; 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 the Parties other than in his or her official capacity, and neither the members of the legislative bodies of the City or the School District nor any official or authorized officer executing this Agreement shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of the execution thereof or by reason of the covenants, obligations, or agreements of the Parties contained in this Agreement.

K. Legal Authority. The Parties respectively represent and covenant that each is legally empowered to execute, deliver, and perform this Agreement and to enter into and carry out the transactions contemplated by this Agreement. The Parties further respectively represent and covenant that this Agreement has, by proper action, been duly authorized, executed, and delivered by the Parties and all steps necessary to be taken by the Parties have been taken to constitute this Agreement, and the covenants and agreements of the Parties contemplated herein, as a valid and binding obligation of the Parties, enforceable in accordance with its terms.

L. Limit on Liability. Notwithstanding any clause or provision of this Agreement to the contrary, in no event shall the Parties be liable to each other for punitive, special, consequential, or indirect damages of any type and regardless of whether such damages are claimed under contract, tort (including negligence and strict liability) or any other theory of law.

M. No Waiver. No right or remedy herein conferred upon or reserved to any Party is intended to be exclusive of any other right or remedy and each and every right or remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter legally existing upon the occurrence of any event of default hereunder, excepting Section 1.B. The failure of any Party to insist at any time upon the strict observance or performance of any of the provisions of this Agreement or to exercise any right or remedy as provided in this Agreement shall not impair any such right or remedy or be construed as a waiver or relinquishment thereof. Every right and remedy given by this Agreement to the Parties hereto may be exercised from time to time and as often as may be deemed expedient by the Parties hereto, as the case may be.

N. Ohio Laws. Any reference to a section or provision of the Constitution of the State, or to a section, provision or chapter of the Ohio Revised Code shall include such section, provision or chapter as modified, revised, supplemented, or superseded from time to time; provided, that no amendment, modification, revision, supplement, or superseding section, provision, or chapter shall be applicable solely by reason of this paragraph if it constitutes in any way an impairment of the rights or obligations of the Parties under this Agreement.

O. Recitals. The Parties acknowledge and agree that the facts and circumstances as described in the Recitals hereto are an integral part of this Agreement and as such are incorporated herein by reference.

P. Survival of Representations and Warranties. All representations and warranties of the Parties in this Agreement shall survive the execution and delivery of this Agreement.

Q. Counterparts. This Agreement may be executed in any number of counterparts (including electronically executed or transmitted counterparts), all of which taken together shall constitute one and the same instrument, and any Party to this Agreement may execute this Agreement by signing any such counterpart.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly signed as of the date set forth above.

CITY OF LANCASTER, OHIO

By: _____
Mayor

Approved as to Form:

City Law Director

LANCASTER CITY SCHOOLS

By: _____
President of the Board of Education

By: _____
Treasurer

Approved as to Form:

Counsel for Lancaster City Schools

R.C. 5705.41
CERTIFICATE OF AVAILABILITY OF FUNDS

The undersigned, Finance Director of the City of Lancaster, Ohio (the “City”), hereby certifies in connection with the Compensation Agreement between the City and the Lancaster City Schools, dated as of [_____], 2025, that:

The amount required to meet the contract, obligation, or expenditure for the attached during Fiscal Year 2025, has been lawfully appropriated for the purpose, and is in the treasury or in process of collection to the credit of an appropriate fund, free from any outstanding obligation or encumbrance. This certificate is given in compliance with Sections 5705.41 and 5705.44 of the Ohio Revised Code.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2025.

City Auditor

Dated: _____, 2025

EXHIBIT A

Project Site

Parcel Number(s):

0531353330