



COUNCIL UPDATE

February 7, 2020

MEETINGS & REMINDERS

Monday, February 10	-	6:30 p.m.	-	Municipal Services Committee of Council
Wednesday, February 12	-	7:30 p.m.	-	Planning Commission
Thursday, February 13	-	7:30 p.m.	-	Meet Your Police
Monday, February 17	-	City Hall and the Community Center are closed in observation of Presidents' Day		
Tuesday, February 18	-	6:30 p.m.	-	Committee of the Whole
	-	7:30 p.m.	-	City Council
Wednesday, February 19	-	7:00 p.m.	-	Board of Zoning Appeals
Thursday, February 20	-	6:00 p.m.	-	Meet Your Police

LEGISLATION

- **Top of the Hill Bond Ordinance, Third Reading.** An Ordinance providing for the issuance and sale of economic development tax increment financing revenue bonds, in a principal amount not to exceed \$26,000,000, for the purpose of paying a portion of the costs of the acquisition, construction, equipping, installation, furnishing and other improvement of a project, as defined in Section 165.01 of the Revised Code; authorizing execution and delivery of a trust agreement, a loan and service payment agreement, a bond placement agreement and related agreements, instruments and documents to provide for the revenues to pay and secure bond service charges and other required payments, the custody and application of funds and revenues, the permitted uses of bond proceeds in the financing of project costs, other requirements for the issuance, sale and delivery of the bonds and related matters
- **Top of the Hill – City Contribution, Third Reading.** An Ordinance providing for the issuance and sale of not to exceed \$1,850,000 of economic development nontax

revenue bond anticipation notes, in anticipation of the issuance of bonds, for the purpose of paying a portion of the costs of the acquisition, construction, equipping, installation, furnishing and other improvement of a project, as defined in Section 165.01 of the Revised Code

- **Top of the Hill TIF Reauthorization, Second Reading.** An Ordinance declaring certain improvements to real property located in the City of Cleveland Heights, Ohio to be a public purpose; declaring such improvements to be exempt from real property taxation; making provision for the collection of service payments in lieu of taxes; establishing an urban redevelopment tax increment equivalent fund for the deposit of such service payments; confirming a compensation agreement with the Cleveland Heights-University Heights City School District; providing related authorizations pursuant to Ohio Revised Code Sections 5709.41, 5709.42 and 5709.43; rescinding Ordinance No. 116-2019 adopted on December 2, 2019; rescinding Ordinance No. 16-2018 adopted on March 19, 2018 except as stated herein

UPDATES

- **Monday's Meeting**
We will meet briefly (10 minutes estimated) in Committee of the Whole to provide City Council members in attendance an opportunity to ask questions about the Top of the Hill project. We will then immediately proceed to the Municipal Services Committee meeting where the Refuse & Recycling Task Force will present their findings. The meeting will be held in the Council Chambers.
- **Top of the Hill**
Enclosed you will find a set of flow charts that illustrate the different aspects of the financing package for the TOH project. As a reminder, we are dealing with estimates/projections for most of the numbers; however, we have been diligent and conservative with the assumptions that are built into each figure. For those interested in the overall bottom line: the overall projected benefit to the City and Schools for the first 32 years of the project is estimated to be \$26.8MM. The **net** benefit to the City (minus the debt service on the City's contribution) is \$12.1MM over 32 years for all project-related revenues and \$3.5MM if you isolate non-tax revenues. These charts will be presented during the City Council meeting on February 18th.

Also enclosed is a draft of the RFP that will be distributed for owner's rep services pending approval of Council at the February 18th City Council meeting.



CLEVELAND HEIGHTS

Committee of the Whole

February 10, 2020

Agenda

1. Legislation
Goal: Review upcoming legislation
2. Follow Up Questions re: Top of the Hill
Goal: Staff will briefly address any new questions regarding the TOH project

Note – The Municipal Services Committee of Council will be held immediately following the Committee of the Whole



CLEVELAND HEIGHTS

Municipal Services Committee of Council

February 10, 2020

Agenda

1. Welcomes and Introductions
Mary Dunbar, Chairperson
2. Refuse & Recycling Task Force Presentation
Mike Ungar, Chairperson
3. Committee Discussion
Municipal Services Committee, other Council Members & RRTF Members
4. Next Steps
Mary Dunbar, Chairperson



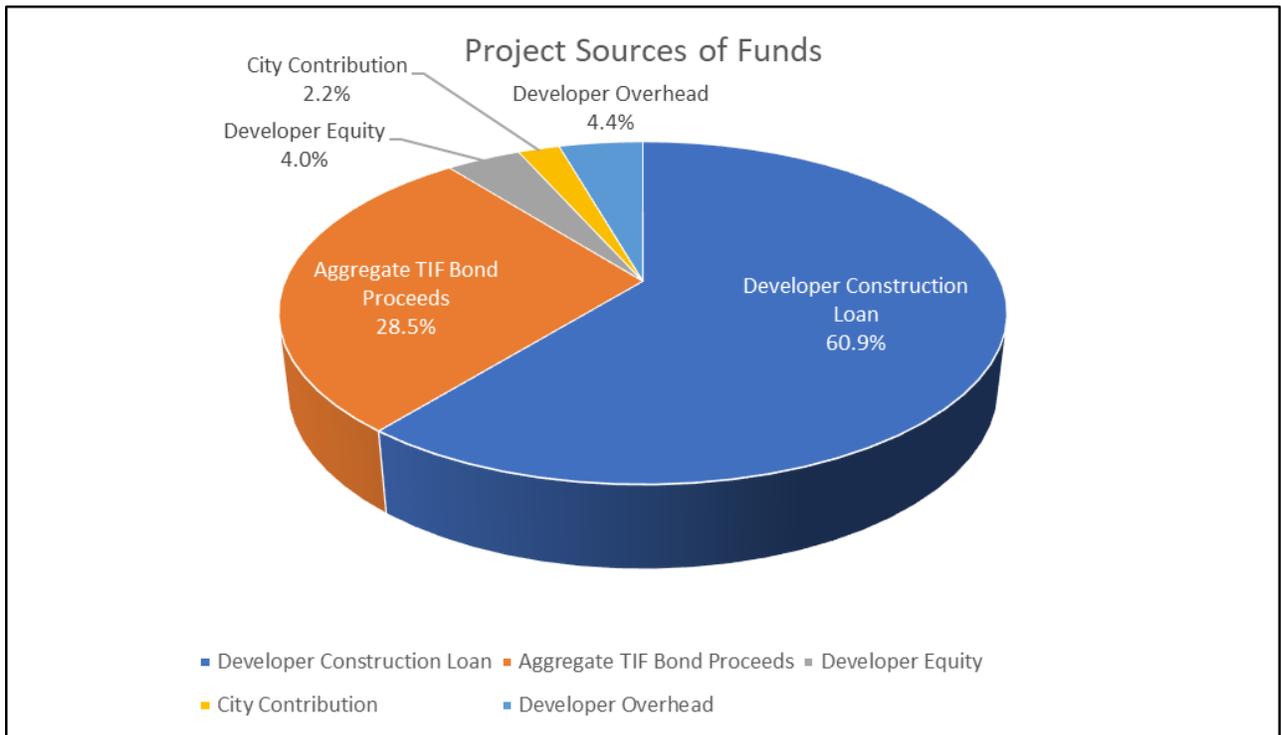
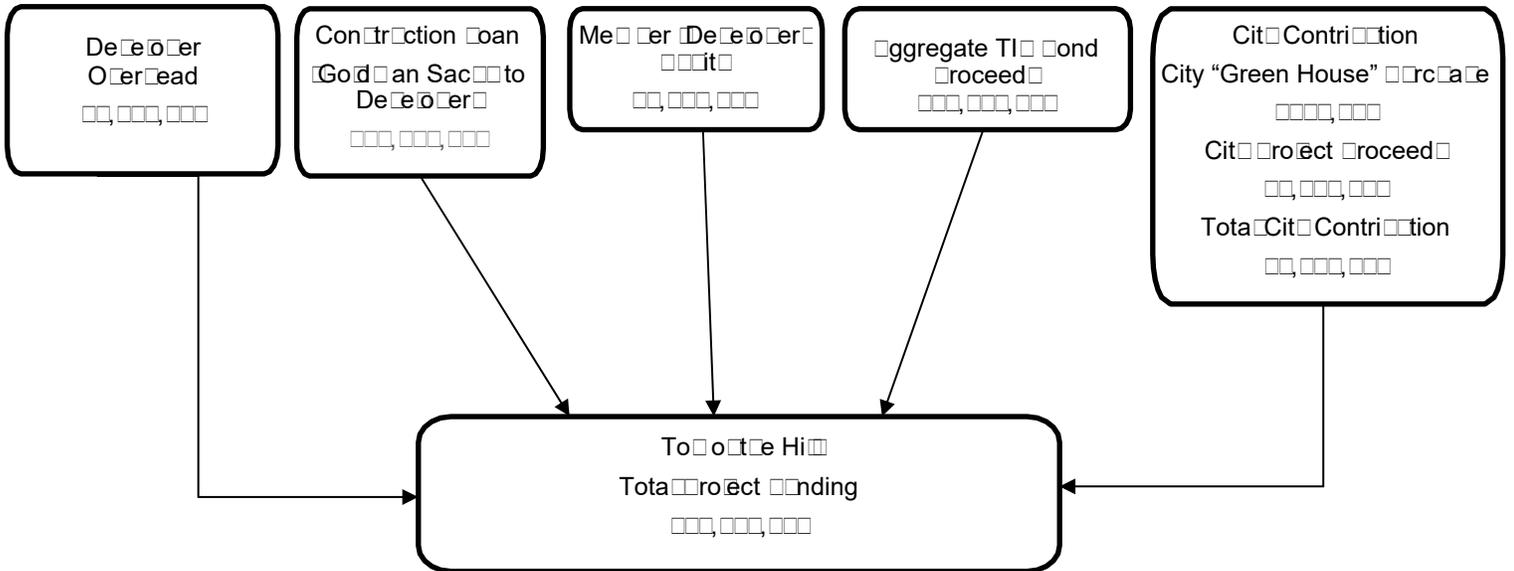
CITY OF CLEVELAND HEIGHTS PLANNING COMMISSION AGENDA

There will be a regular meeting of the Planning Commission of the City of Cleveland Heights at **7:30 p.m. on Wednesday, February 12, 2020**, in Council Chambers, located on the second floor of City Hall, 40 Severance Circle.

A G E N D A

1. Call to Order
2. Election of Chair
3. Approval of Minutes for the December 11, 2019, regular meeting.
4. **Proj. No. 20-01: Eye for Change Youth and Family Services, 2425 N. Taylor, "A"** Single-family zoning district, requests conditional use permit for: (a) adaptive reuse of non-residential building in residential district for 16-resident residential care facility, and (b) reduction of parking requirements per Code sections 1111, 1115, 1121, 1151, 1153, 1161, & 1166.
5. **Proj. No. 20-02: Integrity Realty Group, 2235 Overlook Drive & 2345-61 Euclid Heights Blvd., (PPN 685-02-012, 685-02-013, & 685-02-014),** MF3 Multi-Family zoning district, requests lot joining and, in addition to existing apartment building & carriage house, a conditional use permit for: (a) boarding house buildings with 58-units, and (b) reduction of parking requirements per Code sections 1111, 1115, 1123, 1151, 1153, 1161, & 1166.
6. **Proj. No. 20-03: Case Western Reserve University, 2315 Murray Hill Road,** MF-3 Multi-Family zoning district, requests revision to conditional use permit for expansion to Fribley Commons dining facility per Code sections 1111, 1115, 1123, 1151, 1153, 1161, & 1166.
7. **Proj. No. 20-04: X Dot OpCo LLC, 2950 Mayfield Road & 14253-14261 Superior Road,** S2 Mixed-Use zoning district, requests conditional use permit to operate existing Motorcars Toyota dealership and employee parking lot (new & used car sales, major/minor auto repair, car wash, office) per Code sections 1111, 1115, 1131, 1145, 1151, 1153, 1161, 1163, & 1166.
8. **Proj. No. 20-05: X Dot OpCo LLC, 2926 Mayfield Road,** S2 Mixed-Use zoning district, requests conditional use permit to operate existing Motorcars Toyota dealership (new & used car sales, major/minor auto repair, detailing, office) per Code sections 1111, 1115, 1131, 1145, 1151, 1153, 1161, 1163, & 1166.
9. **Proj. No. 20-06: X Dot OpCo LLC, 3077 Mayfield Road,** C1 Office zoning district, requests conditional use permit to operate existing Motorcars Collision Center for major service per Code sections 1111, 1115, 1131, 1151, 1153, 1161, 1163, & 1166.
10. Old Business
11. New Business
12. Adjournment

Top of the Hill Financing Project Sources of Funds*

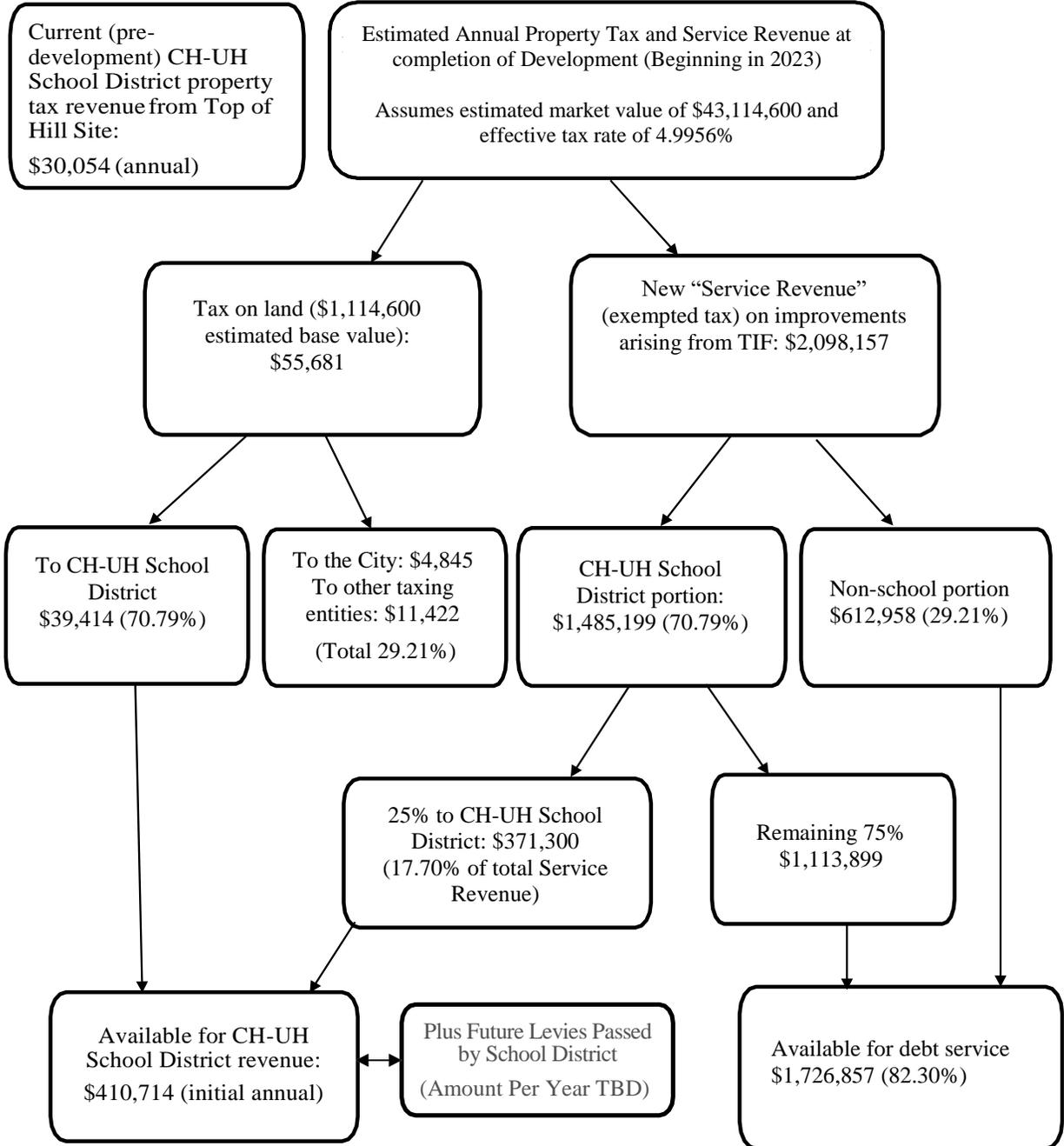


*Figures are estimates

2/7/2020

Top of the Hill

Projected Annual Flow of TIF Funding*



igreare etiate

□□□□□□

Top of the Hill Financing TIF Bonds Issuance*



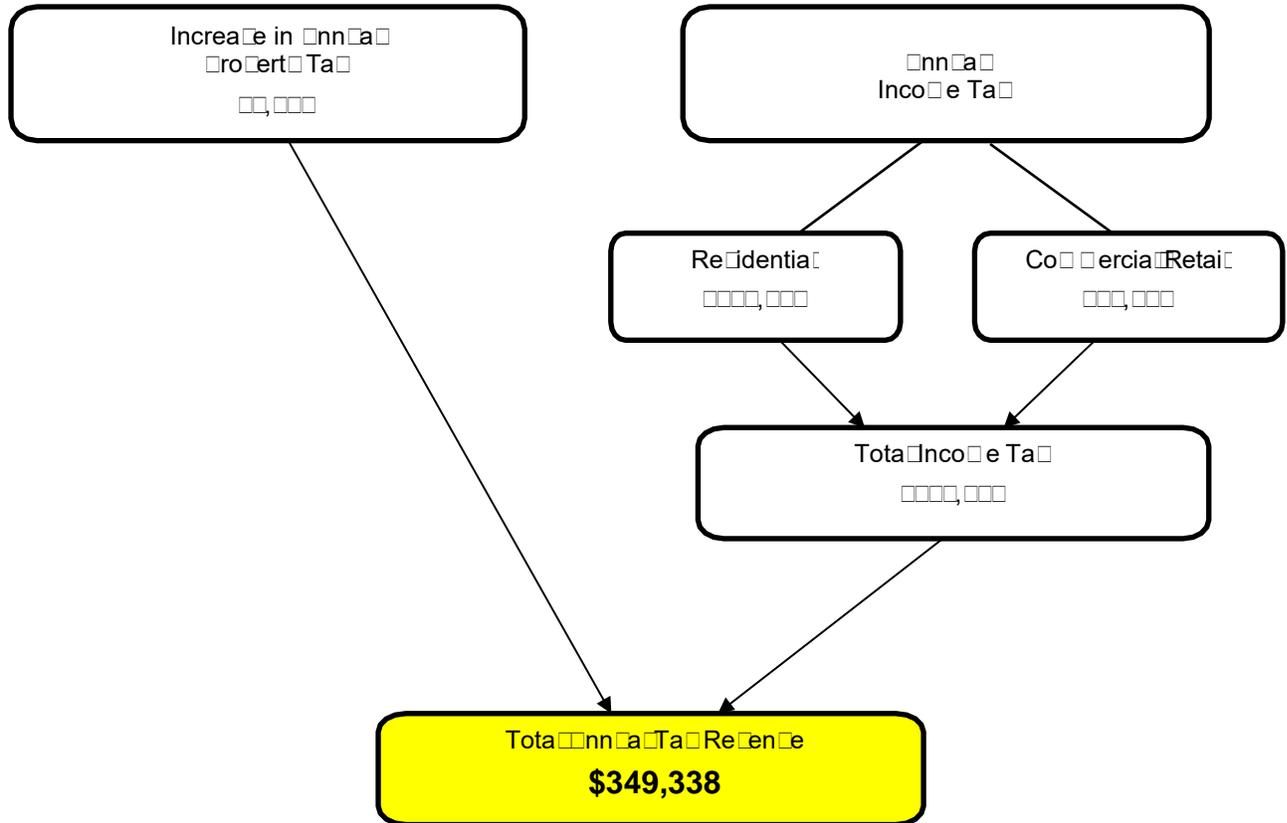
*Figures provided are estimates

2/7/2020

Top of the Hill

Economic Impact

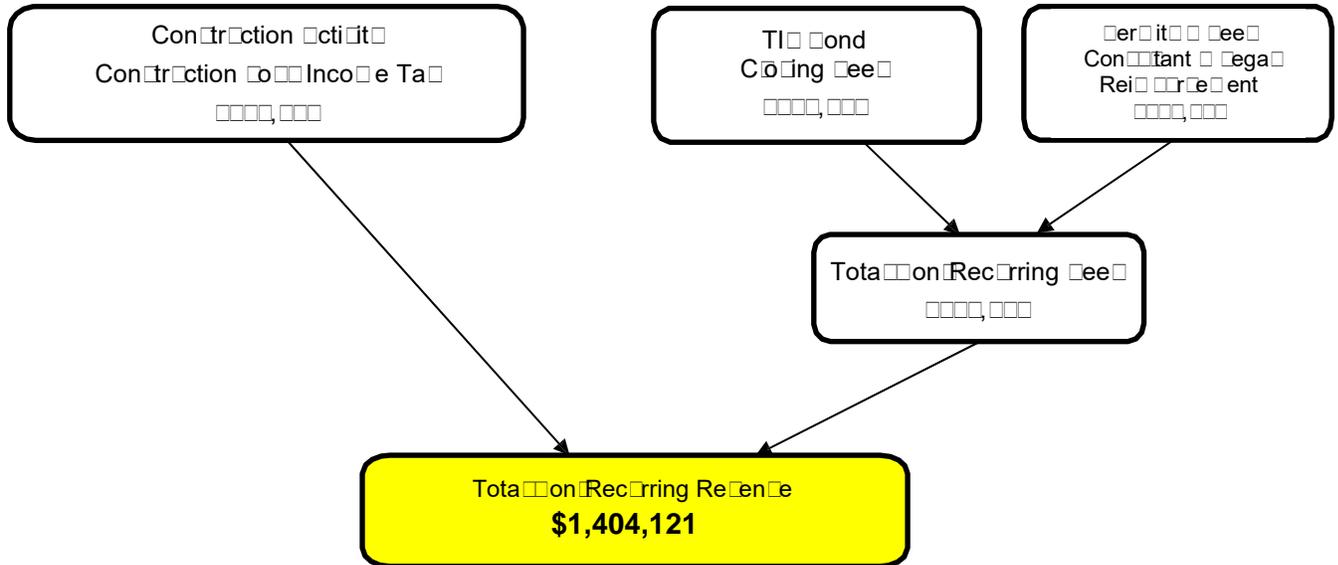
Annual Tax Revenue*



*Figures are estimates

Top of the Hill

Economic Impact Non-Recurring Revenue (Taxes, Fees)*



Recurring Fee Revenue

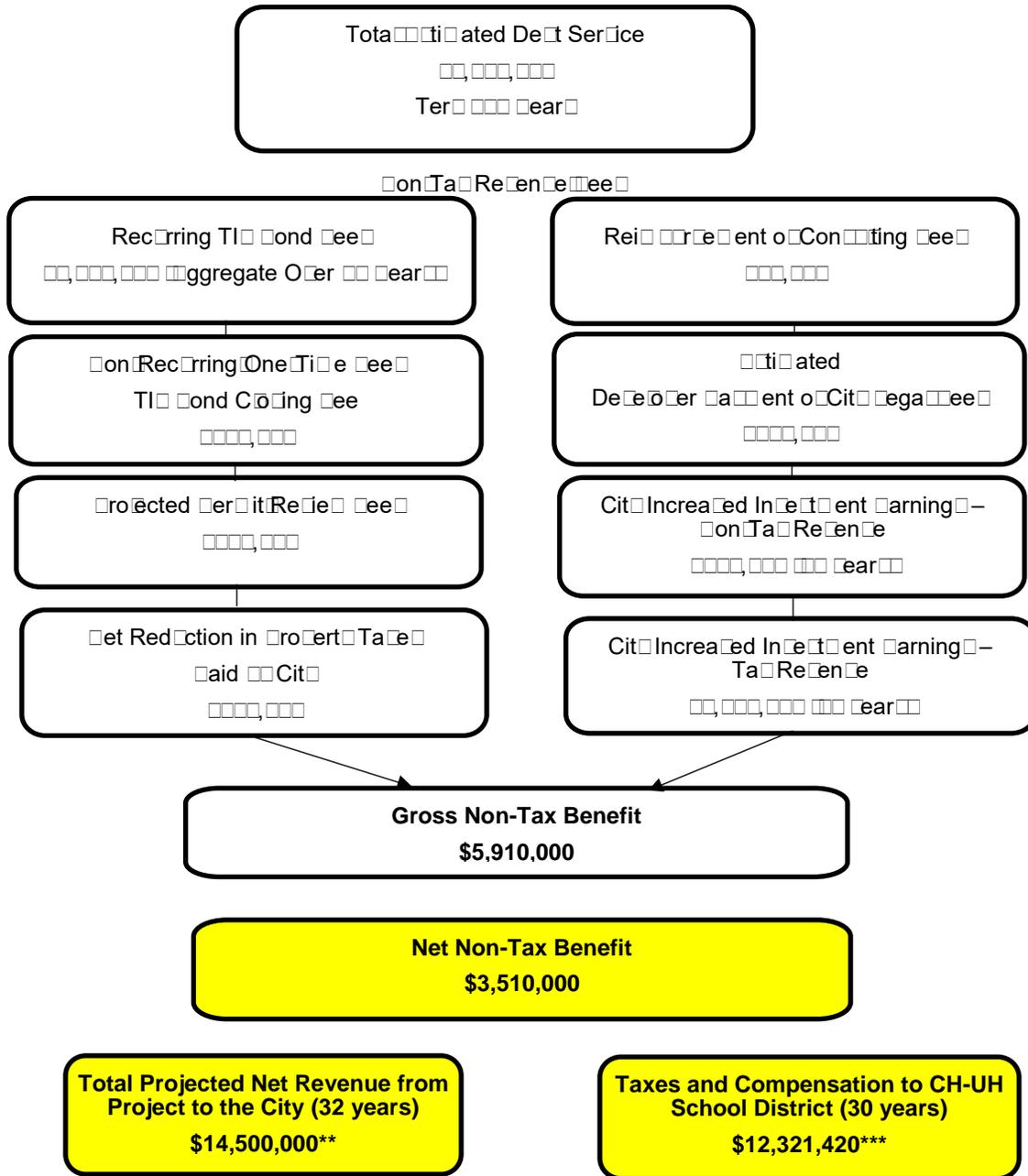
Aggregate Title Bond Fees
Over Year
\$1,016,940

*Figures are estimates

2/7/2020

Top of the Hill Financing

City Cash Commitment \$1,850,000 and Net Benefits*



*Figures are estimates

**Does not include potential TIF excess service payments or connection/impact fees

***This is a conservative estimate, as it does not take into account additional school compensation that would result from future levies that may be passed by the district. 2/7/2020

□

□

□

□



CLEVELAND HEIGHTS

□

□

□

□

Top of the Hill – Redevelopment Project

Owner’s Representative

Request for Proposals (RFP)

RFP Issued:

February XX, 2020

Response Deadline:

March XX, 2020 (5:00 pm EST)

DRAFT

□

CONTENTS

A. RFP OVERVIEW	3
B. BACKGROUND	3
C. SCOPE OF WORK	4
D. ANTICIPATED TIMELINE	5
E. PROPOSAL SUBMISSION GUIDELINES	6

A. RFP OVERVIEW

The City of Cleveland Heights is seeking a consultant to function as an owner's representative for the Top of the Hill Project. The project will be built by Flaherty & Collins Properties, the Developer, but with significant public involvement and investment. While the project will be built and the structures owned by the Developer, the City will retain ownership of the underlying property through a long-term ground lease.

The City is looking for a person or firm who will be a part of the City's project management team. The position will report to the City's Economic Development Director and will facilitate and coordinate finalization of plan review and permitting, construction and the inspection process with City departments as well as with the Developer.

B. BACKGROUND

The Top of the Hill project, located atop Cedar Hill (intersection of Euclid Heights Blvd. & Cedar Road), has now advanced to the construction document review & approval / preparation for construction phase with construction slated to begin late 1st Quarter / early 2nd Quarter of 2020. The project is anticipated to be constructed within one phase, 18 – 24 months in duration. The project is anticipated to be nearing completion by the end of 2021. As a highly visible property at the gateway between the Heights and University Circle, developing this property has been an important long-time goal of the City.

Indianapolis-based Flaherty & Collins Properties, who was selected as the development partner for this project after an extensive RFQ/RFP vetting process, has an extensive development track record, completing more than \$2 billion in development projects since their founding in 1993, including mixed-use projects similar in scope to what is being envisioned for the Top of the Hill.

This estimated \$80 million+ project is anticipated to consist of approximately 261 market-rate luxury apartments, 11,400 square feet of new first floor commercial/retail/restaurant space, close to 25,000 square feet of green space, and a structured parking garage resulting in approximately 550 parking spaces. The project represents a catalytic & transformative mixed-use gateway redevelopment bringing new residents, businesses, vibrancy, economic activity and tax revenue to the City.

More information / background on the project can be found at www.clevelandheights.com/toh.

C. SCOPE OF WORK

Kickoff Meeting: *Projected for early March, 2020*

The session is to bring together key internal City Departments, officials and the consultant who are involved in the plan review, permitting and the construction process. The purpose of the session is to map out the wrapping up of review and permitting activities, and dress rehearse the construction and inspection activities with the City, focusing on upcoming construction inspections, identifying mutual goals, possible obstacles and opportunities. The session will address the following:

- Familiarization with City staff of the role of the City's consultant;
- Current project status discussion;
- Identification of practical project issues or problems;
- Action steps to get the project to the Pre-Construction meeting;

Session deliverables will include minutes from the meeting and management action plans and Schedules.

Plan Review and Permitting Finalization (currently underway): *Approximate completion in March 2020*

City's representative, appropriate City department team members and key contacts with Flaherty & Collins and General Contractor (Cleveland Construction) Construction team shall collaborate resulting in the completion of the following action items:

- Development of overall schedule for the completion of permitting and plan reviews
- Facilitating the permitting process;
 - Coordinating other city departments and codes (Fire, Planning, Building, Public Works/Engineering, etc.);
- Facilitating between Flaherty & Collins and plans examiner on avoiding building code appeals;
- Facilitating internal communication among the various City departments and the consultant;

Pre-Construction Meeting: *Projected for late March, 2020*

The session is to bring together Flaherty & Collins, the General Contractor (Cleveland Construction) with key city departmental officials and the city consultant, utility providers and other related agencies who will be involved in the construction process. The purpose of the session is to dress rehearse construction and inspection activities between Flaherty & Collins, their General Contractor (Cleveland Construction) and the City, focusing on construction inspections, identifying mutual goals, possible obstacles and opportunities. The session will address the following:

- Detailed review and discussion of the project, including safety planning (Safety at the job site is the contractor's responsibility, including making sure passersby can safely travel along Cedar Road and Euclid Heights Boulevard sidewalks);
- Sharing of all contact information (emergency and routine) for individuals involved in the project;
- Initiation of detailed action plans and schedules for dealing with project processes and issues;
- Project alignment exercise that helps identify the roles and responsibilities of the team members, a communication tree and issue resolution plan;
- Determination of start of construction date.

Session deliverables will include minutes from the meeting and management action plans and Schedules.

Construction Phase: *Approximately 18 - 24 Months*

Owner's representative consultant, appropriate City department team members and key contacts with Flaherty & Collins & General Contractor (Cleveland Construction) Construction team shall collaborate resulting in the completion of the following action items:

- Development of overall process and construction schedule, including City inspections;
- Perform construction observations reasonably sufficient to chronicle that the project is built according to the approved construction documents;
- Monthly reviews of project with key City departments and City consultants;
- Facilitating with any Flaherty & Collins commercial tenants through permitting and final build out of commercial/retail/restaurant space;
- Facilitate any issue disputes between Flaherty & Collins / the General Contractor (Cleveland Construction) and the City of Cleveland Heights;
- Facilitating internal communication among the various City departments and consultant;

D. ANTICIPATED SCHEDULE

- RFP due date – XXXXXXXX, 2020, 5:00 pm.
- Interviews – week of XXXXXXXXXX
- Award – proposed consultant will be selected
- Contract commencement – March 2020 with kickoff session

E. PROPOSAL SUBMISSION GUIDELINES

Responses to this RFP should be submitted electronically to Tim Boland at tboland@clvhts.com by XXXXXXXX, 2020 at 5pm. All proposals submitted for consideration shall include, but not be limited to, the following components. If the consultant's team consist of more than one company, please provide the requested qualifications for all companies.

- A description of the approach to each section of the scope of work, suggested adjustments to the scope, and/or how you would propose partnering with the City team to manage the project;
- Firm qualifications;
- Bios of the proposed owner's representative consulting firm and others who may be involved in the project;
- Examples of similar or comparable projects with private/public partnerships describing ways in which you helped solve problems that would have otherwise delayed or diminished the project;
- Recommended fee structure for each portion of the scope of work and anticipated not to exceed amount;
- Three references.

Please direct all questions regarding this RFP to Timothy M. Boland, Director of Economic Development at tboland@clvhts.com. Questions and responses with general relevance will be posted on the City's Top of the Hill website: www.clevelandheights.com/toh.

Mr. Boland is the single point of contact for any questions related to this RFP. Please do not contact anyone else at the City to discuss this RFP.

The City of Cleveland Heights reserves the right to reject any and all submittals, to negotiate with interested parties, to change, without notice, the RFP and evaluation process, and to waive any formality in submissions whenever same is in the interest of the City of Cleveland Heights and its development objectives.

This page left intentionally blank. □

Proposed: 01/21/2020

ORDINANCE NO. 5-2020 (F), *Third Reading*

By Council Member Hart

An Ordinance providing for the issuance and sale of economic development tax increment financing revenue bonds, in a principal amount not to exceed \$26,000,000, for the purpose of paying a portion of the costs of the acquisition, construction, equipping, installation, furnishing and other improvement of a project, as defined in Section 165.01 of the Revised Code; authorizing execution and delivery of a trust agreement, a loan and service payment agreement, a bond placement agreement and related agreements, instruments and documents to provide for the revenues to pay and secure bond service charges and other required payments, the custody and application of funds and revenues, the permitted uses of bond proceeds in the financing of project costs, other requirements for the issuance, sale and delivery of the bonds and related matters; and declaring an emergency.

WHEREAS, the City is authorized and empowered by virtue of the laws of the State of Ohio, including, without limitation, Section 13 of Article VIII of the Ohio Constitution and Chapter 165 of the Revised Code (“Act”), among other things, (i) to issue bonds to acquire, construct, reconstruct, equip, or improve a “project” as defined in Section 165.01 of the Revised Code, comprising an industrial, commercial or research facility, located within the boundaries of the City, for the purpose of creating or preserving jobs and employment opportunities and improving the economic welfare of the people of the City and of the State; (ii) to secure such bonds by a pledge of revenues, as provided herein; and (iii) to pass this Ordinance and to sign, deliver and enter into the agreements, instruments and other documents authorized herein on the terms and conditions provided herein; and

WHEREAS, for the purpose of creating or preserving jobs and employment opportunities and improving the economic welfare of the people of the City and the State, the City has determined to issue the economic development tax increment financing revenue bonds described herein, to provide funds necessary to pay a portion of the costs of the redevelopment by F & C Development, Inc. (together with designated affiliates, “Developer”), of the site generally known as “Top of the Hill” located on approximately four acres of land situated between Euclid Heights Boulevard and Cedar Road at the top of Cedar Hill in the City (“Project Site”), with the Top of the Hill site to be leased to the Developer pursuant to a development agreement between the City and the Developer (as supplemented and amended, “Development Agreement”), and with Project Site improvements by the Developer to include (i) approximately 261 market-rate apartments, (ii) approximately 11,400 square feet of first floor restaurant, retail and commercial space, (iii) a public parking garage resulting in approximately 550 parking spaces, (iv) public gathering and green spaces and (v) all sidewalks, driveways, access ways and utility connections necessary for the improvements described in (i) through (iv) above (“Project Improvements” and, together with the Project Site, “Project”); and

WHEREAS, this Council has previously enacted legislation relating to and approving the Development Agreement, the ground lease and redevelopment of the Project Site, the Project Improvements, the exemption of 100% of the “improvements” (herein “TIF Improvements”), as defined in or for purposes of Section 5709.41 of the Revised Code (together with related statutory provisions, “TIF Act”), from real property taxation for a period of thirty (30) years ending not later than tax year 2050 (tax collection year 2051) (“TIF Exemption”) and the imposition of requirements

ORDINANCE NO. 5-2020 (F)

for payments in lieu of such exempted taxes (collectively “Service Payments”) by the Developer and future owners of the Project (collectively “Owners”), including payments to the Cuyahoga County Fiscal Officer in the same amounts and at the same times as the taxes exempted (“Statutory Service Payments”) and such supplemental or minimum service payments as are imposed on the Project consistent herewith (“Minimum Service Payments” and, together with the Statutory Service Payments, “TIF Payments”), an agreement (as amended and supplemented, “School Compensation Agreement”) with the Board of Education of the Cleveland Heights-University Heights City School District (“School District”) relating to the compensation to be paid to the School District from any Statutory Service Payments (“School Compensation Payments”) and related matters, and has previously determined and hereby confirmed that the Project constitutes a “project” as defined in the Act, that the Project is in furtherance of the City’s plans and actions in support of urban redevelopment in the City and that the City may, under the Act, issue tax increment financing revenue bonds and loan the proceeds thereof to the Developer to finance a portion of the costs of the Project; and

WHEREAS, the Cleveland Heights Community Improvement Corporation has certified to the City that the Project is in accordance with its plan for the industrial, commercial, distribution and research development of the City, as adopted and confirmed by the City pursuant to Section 1724.10 of the Revised Code; and

WHEREAS, the Developer and the City, together with Ross, Sinclair & Associates, LLC (“Placement Agent”) have signed a Preliminary Financing Term Sheet dated January 27, 2020 (“Term Sheet”) outlining the terms and conditions for the issuance of tax increment financing revenue bonds by the City under the Act, in an aggregate principal amount estimated not to exceed \$26,000,000, to finance a portion of the costs of the Project, a copy of which is on file with this Council; and

WHEREAS, this Council has now determined that it is necessary and desirable, and in the best interest of the City, to enact this Ordinance to authorize, approve and provide for the issuance and sale of economic development tax increment financing revenue bonds (“Bonds”), in an aggregate principal amount not to exceed \$26,000,000, the loan of the proceeds thereof to the Developer to pay or provide for a portion of the costs of the acquisition, construction, equipping, installation, furnishing and other improvement of the Project, the execution and delivery of a trust agreement, a loan and service payment agreement, a bond placement agreement and related agreements, instruments and documents (collectively “Bond Documents”) to provide for the revenues to pay and secure the payment of the principal of and the interest and any premium on the Bonds (collectively “Bond Service Charges”), administrative expenses and charges relating to the Bonds, including fees payable to the City, to the corporate bond trustee under such trust agreement (“Trustee”), to a qualified administrator appointed by the City to fulfill requirements under the Bond Documents (“Administrator”) or otherwise (collectively “Administrative Expenses” and, together with Bond Service Charges, “Bond Payments”) and to provide for the School Compensation Payments and any other required payments from the Service Payments, the custody and application of funds and revenues, the permitted uses of proceeds of the Bonds, and the requirements for the issuance, sale and delivery of the Bonds and related matters;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Cleveland Heights, County of Cuyahoga, Ohio, that:

ORDINANCE NO. 5-2020 (F)

SECTION 1. Recitals and Definitions. This Council hereby adopts, confirms and restates, as fully as if set forth in this Section 1, the Recitals to this Ordinance, which are incorporated herein by reference as a statement of the findings and determinations of this Council, including as to the public purposes of the City in enacting this Ordinance, entering into the Bond Documents, issuing the Bonds and taking such other actions as are authorized by this Ordinance. In addition to the words and terms defined elsewhere in this Ordinance (including in the Recitals incorporated herein) or by reference to the Act or TIF Act, unless the context or use clearly indicates another meaning or intent:

“Administration Agreement” means an agreement for administrative services among the City, the Trustee and the Administrator appointed from time to time by the City Executive, which agreement is authorized hereby and may be amended, supplemented or replaced from time to time consistent with the Bond Legislation, the Loan/Service Agreement and the Bond Indenture.

“Bond Indenture” means the trust indenture or agreement authorized hereby between the City and the Trustee, as the same may be supplemented and amended from time to time consistent with the Bond Legislation.

“Bond Legislation” means this Ordinance, together with the Certificate of Award, as either or both may be amended or supplemented from time to time.

“Bonds” means the revenue bonds authorized in Section 3 of this Ordinance and to be issued under the Bond Indenture and designated “Taxable Economic Development TIF Revenue Bonds, Series 2020 (Top of the Hill Development Project)” or as may be otherwise approved in the Certificate of Award or the Bond Indenture.

“Certificate of Award” means the certificate to be executed by the City Executive and Director of Finance pursuant to the delegations and authorizations in this Ordinance to provide for certain terms of the Bonds and their sale and to make the additional designations, appointments or approvals authorized hereby, which may be amended or supplemented from time to time consistent with this Ordinance (as amended or supplemented to the applicable time).

“City Executive” means the City Manager or the Mayor.

“City Manager” means the City Manager, other chief administrative officer of the City, or any person serving in an interim or acting capacity with respect to such office or offices.

“Closing Date” means the date of issuance and delivery of all Bonds maturing on or before January 1, 2050.

“Continuing Disclosure Agreement” means any agreement or provisions within an agreement to provide any continuing disclosure that may be required pursuant to the Placement Agreement and by and between the City and the Administrator (or other designated agent retained for the purpose of providing such disclosure), which agreement is authorized hereby and may be amended, supplemented or replaced from time to time consistent with the Bond Legislation, the Placement Agreement and the Bond Indenture.

“County” means the County of Cuyahoga, Ohio.

ORDINANCE NO. 5-2020 (F)

“County Treasurer Agreement” means an agreement between the City and the County, acting on behalf of the County Treasurer, providing for the agreement of the County Treasurer not to sell any tax lien certificate related to the Project Site for an amount less than 100% of the applicable tax lien without consent of the City and Trustee, which agreement is authorized hereby and may be supplemented and amended from time to time consistent with the Bond Indenture.

“Deferred Delivery Dates” means July 1, 2020, January 4, 2021, July 1, 2021 and January 3, 2022.

“Deferred Delivery Bonds” means those Bonds maturing on or after July 1, 2050.

“Delivery Dates” means the Closing Date and each of the Deferred Delivery Dates.

“Director of Finance” means the Director of Finance or any person serving in an interim or acting capacity with respect to that office.

“Director of Law” means the Director of Law or the person at the time performing the duties of the chief legal officer of the City.

“Final Maturity Date” means January 1, 2052.

“Fund” or “Funds” means, as applicable, the Special Funds and the “Project Fund” and “Surplus Fund” to be established under the Bond Indenture, together with all of the accounts (and any subaccounts in those accounts) from time to time created in such Funds in accordance with the Bond Indenture, all of which are authorized hereby.

“Ground Lease” means the Ground Lease authorized pursuant to the Development Agreement between the City, as lessor, and the Developer, as lessee (which, as used herein, includes a Ground Lease between the City and Ground Lessee and a Sub-Ground Lease, co-terminous with and including all material terms of the Ground Lease, between the Ground Lessee and the Leasehold Owner), recorded, by memorandum or otherwise on or promptly after the Closing Date, as the same may be supplemented and amended in accordance with the terms and conditions of the Bond Indenture, Loan/Service Agreement and Development Agreement

“Ground Lessee” means Cleveland Heights FC II, LLC, an Ohio limited liability company, and its successors and permitted assigns.

“Guarantor” means David M. Flaherty, an individual and Indiana resident and one of the principals of the Developer.

“Holder” or “Bondholder” means the person in whose name a Bond is registered on the Bond register maintained by the Trustee, as Bond registrar.

“Interest Payment Date” means, as to the outstanding Bonds, January 1 and July 1 of each year commencing July 1, 2020.

“Leasehold Owner” means Cleveland Heights FC III, LLC, an Ohio limited liability company, and its successors and permitted assigns.

ORDINANCE NO. 5-2020 (F)

“Loan/Service Agreement” means a loan and service agreement between the City and Leasehold Owner, as borrower, joined as to certain service agreement covenants therein by the Ground Lessee, which agreement is authorized hereby and may be amended or supplemented from time to time consistent with the Bond Legislation and the Bond Indenture.

“Maturity Dates” means January 1 and July 1 of each year from July 1, 2023 through the Final Maturity Date.

“Mayor” means the Mayor of the City or any person serving in an interim or acting capacity with respect to that office.

“Owners” means the Ground Lessee, the Leasehold Owner, their successors and any permitted transferees therefrom, as lessees of the Project Site and owners of the Project Improvements.

“Placement Agreement” means a bond placement agreement with respect to the Bonds among the City, the Placement Agent, the Developer and, if and to the extent required, the Purchaser, which agreement is authorized hereby and may be amended or supplemented from time to time consistent with the Bond Legislation and the Bond Indenture.

“Pledged Revenues” means the TIF Payments, any other payments or amounts received or to be received by or on behalf of the City pursuant to the Loan/Service Agreement, the TIF Declaration/Mortgage and the other instruments and agreements contemplated by the Bond Indenture and intended to be used for Bond Service Charges, the proceeds of the sale of the Bonds (until applied to, and subject to application for, the purposes contemplated by the Bond Indenture), all other moneys received or to be received by the City or the Trustee and intended to be used for Bond Service Charges, any moneys, investments or other assets in or to be credited to the TIF Fund or the Special Funds, and all income and profit derived from the investment of the foregoing moneys (excepting any income or profit derived from investments in the TIF Fund). The term “Pledged Revenues” does not include any moneys or investments in the Surplus Fund, including any amounts transferred thereto to pay School Compensation Payments or otherwise constituting excess Service Payments to be applied in accordance with the Development Agreement.

“Purchaser” means, individually or collectively, the purchaser or purchasers of the Bonds, as identified by the Placement Agent in or pursuant to the Placement Agreement.

“Special Funds” means the “Revenue Fund”, the “Administrative Expense Fund”, the “Bond Fund” and the “Bond Reserve Fund” to be established under the Bond Indenture, together with all of the accounts (and any subaccounts in those accounts) from time to time created in such Funds in accordance with the Bond Indenture, all of which are authorized hereby.

“TIF Declaration/Mortgage” means an open-end mortgage and declaration of covenants and conditions relative to payments in lieu of taxes to be executed by the Owners and the City and recorded against the Project Site in the real estate records maintained by the Cuyahoga County Fiscal Officer on or promptly after the Closing Date.

“TIF Fund” means the urban redevelopment tax increment equivalent fund established by the City under the TIF Ordinance for the deposit of the Statutory Service Payments

ORDINANCE NO. 5-2020 (F)

“TIF Ordinance” means the ordinance passed by this Council approving the TIF Exemption.

“Trustee” means the corporate bond trustee appointed from time to time by the City Executive under the Bond Indenture and means initially The Huntington National Bank or another corporate bond trustee appointed in the Certificate of Award and its successors and permitted assigns, including any successor Trustee appointed consistent with the Bond Indenture.

Any reference herein to the City, to this Council, or to any officer, official or member of either, includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions, and any document authorized hereunder may be signed on behalf of the City by an official who, on the date of signing is the proper official, although on the date of this Ordinance (or any other ordinance or instrument providing authority to act), that person was not the proper official.

Any reference to a section or provision of the Constitution of the State or the Act, the TIF Act or the Revised Code includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no such amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this provision if it constitutes in any way an impairment of the rights or obligations of the City or the holder of the Bonds under this Ordinance, the Bond Indenture, the Bonds or any other instrument or document entered into in connection with any of the foregoing, including, without limitation, any alteration of the obligation to pay the Bond Service Charges and other Bond Payments in the amount and manner, at the times and from the sources provided in this Ordinance, except as permitted herein.

SECTION 2. Council Determinations. This Council hereby adopts and confirms its prior determinations, approvals and authorizations relating to the Project and the public purposes thereof, the Development Agreement, the Ground Lease and the issuance of the Bonds to finance a portion of the costs of the Project and, without implied limitation on the foregoing, hereby further determines or confirms that: (i) the Project is a “project” as defined in the Act and is consistent with the purposes of Section 13 of Article VIII of the Ohio Constitution and is in furtherance of the City’s plans and actions in support of urban redevelopment in the City; (ii) the acquisition, construction, equipping, installation, furnishing and other improvement of the Project, and the issuance of the Bonds and the loan of the proceeds thereof to the Leasehold Owner, is in furtherance of the purposes of the Act and will benefit the people of the City and of the State by creating and preserving jobs and employment opportunities and improving the economic welfare of the people of the City and of the State; and (iii) it is necessary and desirable, and in the best interest of the City, to enact this Ordinance to authorize, approve and provide for (A) the issuance and sale of the Bonds, in an aggregate principal amount not to exceed \$26,000,000, (B) the loan of the proceeds of the Bonds to the Leasehold Owner to pay or provide for a portion of the costs of the acquisition, construction, equipping, installation, furnishing and other improvement of the Project, (C) the execution and delivery by the City of the Bond Documents to which it is a party (“City Documents”), including the Bond Indenture, the Loan/Service Agreement, the TIF Declaration/Mortgage, the Placement Agreement, the Administration Agreement, any Continuing Disclosure Agreement and the County Treasurer Agreement, to provide for (x) the revenues necessary to pay and secure the payment of Bond Service Charges and Administrative Expenses and to provide for the School Compensation Payments and any other required payments, (y) the custody and application of funds and revenues

ORDINANCE NO. 5-2020 (F)

and the permitted uses of proceeds of the Bonds, and (z) the requirements for the issuance, sale and delivery of the Bonds and related matters.

SECTION 3. Issuance and Terms of Bonds. The Bonds shall be issued pursuant to the Bond Indenture and the Loan/Service Agreement, and shall be issued only in certificated fully-registered form, and in form and substance authorized in the Bond Indenture consistent with the Bond Legislation and otherwise approved by the City Executive, Director of Finance and Director of Law, such approvals being conclusively established by the execution and delivery thereof in accordance herewith. The Bonds shall each be dated its respective Delivery Date and shall be designated “Taxable Economic Development TIF Revenue Bonds, Series 2020 (Top of the Hill Development Project)” or as may be otherwise approved in the Certificate of Award or the Bond Indenture. The Bonds shall express upon their faces the purpose, in summary terms, for which they are issued and that they are issued pursuant to this Ordinance and the Bond Indenture.

The Bonds shall be numbered in such manner as is determined by the Trustee in order to distinguish each Bond from any other Bond, shall be of such authorized denominations as are authorized by the Bond Indenture, and each Bond shall bear interest (based on a 360-day year comprised of twelve 30-day months) from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date. Bonds shall be exchangeable for Bonds of any authorized denomination or denominations and shall be subject to such transfer restrictions, including provision for a suitable legend evidencing those restrictions, as are further provided in or pursuant to the Bond Legislation and the Bond Indenture. Bond Service Charges shall be payable in such manner and at such place or places as are provided in the Bond Indenture.

The Bonds shall be issued in the aggregate principal amount, not to exceed \$26,000,000, established in the Certificate of Award, shall bear interest at the rate or rates, not to exceed seven percent (7.00%) per year, established in the Certificate of Award, payable on the Interest Payment Dates. The interest rate applicable to any Bond may vary from time to time in such manner as is approved in the Certificate of Award and provided for in the Bond Indenture. The Bonds shall mature serially in semiannual installments, in such amounts as are established in the Certificate of Award, on their respective Maturity Dates, each within 30 years from its respective Delivery Date, and all of the Bonds shall mature on or before the Final Maturity Date. The Bonds may be issued as one Bond, or multiple Bonds, maturing in serial installments; however, no such Bond shall bear interest at more than one rate at any particular time. The Bonds shall be subject to redemption prior to maturity at such times, in such principal amounts and at such prices as shall be established in the Certificate of Award, including redemption at the option of the City and on such notice and other conditions as shall be established in the Bond Indenture.

The principal maturities, the interest rate or rates and all other matters determined in the Certificate of Award shall be determined in the best interests of the City, shall be consistent with applicable requirements of the Development Agreement and School Compensation Agreement, and shall be established such that the Statutory Service Payments, as projected by a qualified consultant, will be sufficient in each year, together with the amounts deposited or to be deposited in the Funds for those purposes upon the Delivery Dates for the Bonds, to pay all scheduled Bond Payments and the projected School Compensation Payments payable therefrom.

ORDINANCE NO. 5-2020 (F)

The Bonds shall be signed by the City Executive and the Director of Finance, in the name of the City and in their official capacities, provided that one or both of those signatures may be a facsimile, and those officials are hereby authorized and directed to execute and deliver the Bonds in accordance herewith and with the Bond Indenture, but subject to satisfaction or waiver of any conditions stated in the Bond Legislation or the City Documents. The Bonds shall be issued and delivered on their respective Delivery Dates in the authorized denominations and numbers requested by the Placement Agent or Purchaser. A Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Legislation or the Bond Indenture unless and until a certificate of authentication on such Bond is signed by the Trustee, as registrar and authenticating agent pursuant to the Bond Indenture.

SECTION 4. Sale and Delivery of Bonds. The Bonds shall be awarded and sold to the Purchaser pursuant to the Certificate of Award and Placement Agreement, and shall be sold at a purchase price equal to not less than 97% of the aggregate principal amount thereof plus any interest accrued from their Delivery Date, with all such discount representing net original issue discount. The City Manager and Director of Finance shall, in accordance with such officers' determination of the best interests of and financial advantages to the City and based on conditions then existing in the financial markets, consistently with the provisions of this Ordinance, establish the aggregate principal amount of and interest rate or rates to be borne by the Bonds, and the maturities thereof and other terms required in this Ordinance to be set forth in the Certificate of Award, sign the Certificate of Award evidencing that sale to the Purchaser, cause the Bonds to be prepared, and have the Bonds signed and delivered to the Trustee for authentication and delivery, on the respective Delivery Dates, to the Purchaser against payment by the Purchaser on such Delivery Dates, of the purchase price or prices thereof, and they shall, in the Certificate of Award, fix the principal amount of the Bonds to be issued in an amount which will provide the moneys necessary, together with other moneys expected to be available therefor, to make the deposits and payments required by the Bond Legislation and Bond Indenture, including those amounts to be used to pay Project costs, but subject to the limitations set forth or referenced herein or in the Bond Documents.

Other terms of the Bonds and the sale thereof may be specified in the Certificate of Award including, without limitation, the compensation payable to the Placement Agent in connection with the structuring, placement and sale of the Bonds, but not to exceed 1.3% of the principal amount of the Bonds, the amount and manner of funding of the Bond Reserve Fund, the amount of interest to be paid from Bond proceeds or other sources, the amount of the City's fees to be paid or reimbursed from the proceeds of the Bonds or other sources, the amounts of other fees and expenses to be paid or reimbursed from the proceeds of the Bonds or other sources, designation of an Administrator qualified to perform the duties required under the Administration Agreement and other City Documents and, if other than as identified herein, the Trustee. Nothing herein shall require that anything be done or established in the Certificate of Award (whether or not amended or supplemented, and whether or not previously done or established in the Certificate of Award) merely because this Ordinance authorizes the same to be done or established therein, so long as such thing is done or established consistent with this Ordinance. All matters determined in the Certificate of Award, or otherwise determined consistent with this Ordinance, as the same may be amended from time to time, shall be conclusive and binding on the City. All amounts payable with respect to the Project costs including, without limitation, any interest capitalized or otherwise funded consistent with the Act, counsel fees and other fees and charges to be paid or reimbursed in connection with the structuring, placement, issuance, sale and delivery of the Bonds may be

ORDINANCE NO. 5-2020 (F)

paid or reimbursed from, and as further described herein are hereby appropriated from, the proceeds of the sale of the Bonds and any other sources made available therefor under the Loan/Service Agreement and the Bond Indenture.

The City Executive and the Director of Finance are each authorized and directed, alone or together, to make the necessary arrangements with the Placement Agent and the Purchaser to establish the date or dates, and the location or locations, procedures and conditions, for delivery of the Bonds to the Purchaser pursuant to the Placement Agreement and the Bond Indenture, and are further authorized and directed to execute and deliver the Placement Agreement, with such necessary and customary terms and conditions that are not inconsistent with the provisions of the Bond Legislation, and otherwise in form and substance approved as in the best interest of the City by the official or officials executing the same and approved as to form and correctness by the Director of Law; provided, that the Placement Agreement shall provide that the Bonds are sold in a private placement to one or more investors knowledgeable with respect to the nature of, and risks related to, Ohio tax increment financing revenue bonds secured by service payments imposed pursuant to the TIF Act, and are so placed based on such customary representations of the Purchaser (in the Placement Agreement, a separate “investor acknowledgment letter” or both) relating to its status as such an investor and to its knowledge, research, diligence, non-distribution and investment intent as are acceptable to the official or officials signing or approving the Placement Agreement, all of which approvals shall be evidenced conclusively by the execution and delivery of the Placement Agreement consistent with this Ordinance. It is determined by this Council that the price for and the terms of the Bonds and the sale thereof, all as provided in this Ordinance and the Certificate of Award, Placement Agreement, Bond Indenture and other Bond Documents, are in the best interests of the City and are in compliance with all legal requirements.

SECTION 5. Application of Proceeds of Bonds; Creation of Funds. The Funds are hereby authorized and directed to be created, and the proceeds from the sale of the Bonds, together with any other amounts to be delivered to the Trustee for deposit therein, shall be deposited in accordance with the Bond Indenture and the written direction of the City Executive or Director of Finance, and all such amounts so deposited shall be applied in accordance with the Loan/Service Agreement and the Bond Indenture, including to pay or reimburse Project costs in accordance therewith and to pay or reimburse closing and other transaction costs relating to the issuance of the Bonds and the financing of Project costs (including costs of issuance of the Bonds, fees and expenses of the City, costs of funding the initial deposit to the Bond Reserve Fund, costs of funding permitted interest and Administrative Expenses with respect to the Bonds), all as provided in the Bond Indenture; and the proceeds from the sale of the Bonds, and any other moneys provided by or on behalf of the City for those purposes, are hereby appropriated for those purposes. Disbursement and application of amounts deposited in the Funds (and any accounts and subaccounts established therein under the Bond Indenture, all of which are authorized hereby) shall be in accordance with the Bond Indenture and Loan/Service Agreement.

SECTION 6. Security for the Bonds. Notwithstanding anything to the contrary herein or in the Bonds or in the Bond Indenture or any Bond Document: (i) the Bonds and the Bond Service Charges thereon shall be payable solely from and secured only by the Pledged Revenues and the Special Funds, as provided herein and in the Bond Indenture; (ii) the Bonds do not and shall not represent or constitute a debt or pledge of the faith and credit of the City, and do not and shall not pledge the general credit or taxing power of the City; (ii) nothing herein or in any of the Bonds, or

ORDINANCE NO. 5-2020 (F)

in the Bond Indenture, the Loan/Service Agreement, the TIF Declaration/Mortgage or any of the Bond Documents, gives the holders or owners of the Bonds, and they do not have, the right to have excises or taxes levied by this Council, or by the City or the State, for the payment of Bond Service Charges or any other obligations under or with respect to the Bonds, the Bond Indenture or any Bond Documents; and (iv) each of the Bonds shall contain a statement to the foregoing effects; provided, however, that nothing herein shall be deemed to prohibit the City, of its own volition and upon due appropriation therefor, from using to the extent it is lawfully authorized to do so, any other resources or revenues for the fulfillment of any of the terms, conditions or obligations of the Bond Legislation, the Bond Indenture or the Bonds.

SECTION 7. City Covenants. In addition to other representations and warranties of the City contained in this Ordinance, the City covenants and agrees that:

(a) Performance of Covenants and City Actions. The City will at all times faithfully observe and perform all agreements, covenants, undertakings, stipulations and provisions to be performed on its part under the Bond Legislation and the Bonds, the Bond Documents and all proceedings of this Council pertaining thereto. The City represents that (i) it is a municipal corporation, duly organized and existing under and by virtue of the laws of the State; (ii) it is, and upon delivery of the Bonds covenants that it will be, duly authorized by the Constitution and laws of the State, to issue the Bonds, to execute and deliver the City Documents, and to provide the security for payment of the Bond Service Charges in the manner and to the extent set forth herein and in the Bond Indenture and the Bonds; (iii) all actions on its part for the issuance of the Bonds, and the loan and use of the proceeds thereof, have been or will be taken duly and effectively; and (iv) the Bonds will be a valid and enforceable special obligations of the City according to their terms. Each obligation of the City required to be undertaken pursuant to the Bond Legislation, the Bond Indenture and the Bonds is binding upon the City, and upon each officer or employee of the City as may from time to time have the authority under law to take any action on behalf of the City as may be necessary to perform all or any part of such obligation, as a duty of the City and of each of those officers and employees resulting from an office, trust or station within the meaning of Section 2731.01 of the Revised Code, providing for enforcement by writ of mandamus.

(b) Use of Proceeds. The City will use, or cause or require to be used, the proceeds of the Bonds to pay such costs of and relating to the Project and the Bonds as are authorized herein and in the Bond Documents.

(c) Payment of Bond Service Charges; Segregation of Funds. The City will, solely from the Pledged Revenues, pay or cause to be paid the Bond Service Charges on the dates, at the places and in the manner provided in the Bond Legislation, the Bond Indenture and the Bonds. The City will segregate, for accounting purposes, the Pledged Revenues and the Funds from all other revenues and funds of the City.

(d) Further Actions and Delivery of Instruments. The City will, at any and all times, cause to be done all such further acts and things and cause to be executed and delivered all such further instruments as may be necessary to carry out the purpose of the Bonds and the Bond Legislation or as may be required or authorized by the TIF Act, the Act, including Section 13 of Article VIII of the Ohio Constitution, the Bond Indenture or the Loan/Service Agreement, and will comply with all requirements of law applicable to the Bonds.

(e) Inspection of Project Books. All books and documents in the City's possession relating to the Project and the Pledged Revenues shall be open at all times during the City's regular business hours to inspection by such accountants or other agents of the holders of the Bonds as the holders of the Bonds may from time to time designate.

(f) Transcript of Proceedings. The Clerk of Council, or another appropriate officer of the City, shall furnish to the Bond Trustee a true transcript of proceedings, certified by that officer, of all proceedings had with reference to the issuance of the Bonds along with such information from its records as is necessary to determine the regularity and validity of the issuance of the Bonds.

SECTION 8. City Documents. To secure the payment of the Bond Service Charges on the Bonds as the same shall become due and payable and the performance by the City as provided in this Ordinance and in the City Documents, and to provide for the issuance and sale of the Bonds and the loan of proceeds thereof in accordance herewith to finance a portion of the costs of the acquisition, construction, installation, equipping, furnishing and other improvement of the Project Improvements, the City Executive and the Director of Finance, alone or together, are hereby authorized, for and in the name of the City and on its behalf, to execute and deliver the City Documents, and to acknowledge, approve or otherwise accept any Bond Documents benefiting the City, with such necessary and customary terms and conditions that are not inconsistent with the provisions of the Bond Legislation and otherwise in form and substance approved as in the best interest of the City by the official or officials executing, acknowledging, approving or otherwise accepting the same, and approved as to form and correctness by the Director of Law. To the extent applicable, the terms and conditions of the Bond Documents shall be in substantial conformity to the Term Sheet, but with such changes as are not inconsistent with the Bond Legislation, as are permitted by the Act and as are approved by the officer or officers executing, acknowledging, approving or otherwise accepting the Bond Documents. The approval of the City Documents, and of any other Bond Documents benefiting the City, shall be conclusively evidenced by the execution, acknowledgment, approval or acceptance of those documents by the officer or officers of the City authorized hereunder.

SECTION 9. Further Actions. The City Executive, Director of Finance, Director of Law and Clerk of Council, alone or together, are hereby further authorized and directed to execute any certifications, financing statements, assignments, memoranda, affidavits, applications, requests, consents, approvals, acknowledgments, notices, agreements, instruments and other documents, and any amendments or supplements thereto or replacements thereof, and to take such further actions as are necessary or appropriate to permit, undertake, implement, consummate and complete the transactions contemplated herein and in the Bonds and City Documents consistent with the Bond Legislation, the Bond Documents, the Development Agreement and the School Compensation Agreement and the best interests of the City, including (i) any such actions taken or to be taken either prior to or after the issuance and delivery of the Bonds, (ii) any such actions taken or to be taken in connection with disbursements of Bond proceeds or the collection, deposit, application and transfer of Service Payments, Pledged Revenues or other funds held from time to time in or to the credit of the TIF Fund or under the Bond Indenture, (iii) any such actions taken or to be taken in connection with the succession or replacement of the Trustee or Administrator, or the delivery of any credit enhancement or other additional or substitute security for the Bonds, (iv) any such actions taken or to be taken in connection with the determination, documentation or payment of School Compensation Payments, or any other amounts payable from the Statutory

ORDINANCE NO. 5-2020 (F)

Service Payments, (v) any such actions taken or to be taken in connection with any amendments or supplements to the City Documents, and (vi) any other action authorized, directed or permitted by the City Documents from time to time, all to the extent consistent with the Bond Legislation and the authority therein granted and at the time in effect.

SECTION 10. Certification and Delivery of Ordinance and Certificate of Award; Notice to Director of Development Services Agency. The Clerk of Council is directed to deliver or cause to be delivered a certified copy of this Ordinance and a signed copy of the Certificate of Award to the Cuyahoga County Fiscal Officer. The City Manager is directed to deliver or cause to be delivered written notice by certified mail to the director of the Ohio Development Services Agency advising such director of the proposed delivery of the Bonds, the principal amount thereof, the identities of the Ground Lessee and Leasehold Owner, and a general description of the Project.

SECTION 11. Satisfaction of Conditions to Issue Bonds. This Council determines that all acts and conditions necessary to be done or performed by the City or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding special obligations of the City have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

SECTION 12. Severability. Each section of this Ordinance and each subdivision of any section thereof is hereby declared to be independent, and the finding or holding of any section or subdivision of any section thereof to be invalid or void shall not be deemed nor held to affect the validity of any other section or subdivision of this Ordinance.

SECTION 13. Ratification. Each action taken by the City and any officer or official of the City in connection with the Project and the Bonds is hereby ratified and confirmed and shall be given full force and effect as of the time such action was taken.

SECTION 14. Compliance with Open Meeting Requirements. This Council finds and determines that all formal actions of this Council and of any of its committees concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council or any such committee, and that all deliberations of this Council and of any of its committees that resulted in those formal actions were in meetings open to the public, all in compliance with the law.

SECTION 15. Captions and Headings. The captions and headings in this Ordinance are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Sections, subsections, paragraphs, subparagraphs or clauses hereof. Reference to a Section means a section of this Ordinance unless otherwise indicated.

SECTION 16. Declaration of Emergency; Effective Date. This Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety of the City, and for the further reason that this Ordinance is required to be immediately effective in order to execute and deliver the City Documents and to issue and sell the Bonds, which is necessary to enable the undertaking and financing of the Project consistent with the Development Agreement, and so that the City may provide for additional jobs and employment opportunities and improve the economic welfare of the City and its residents; wherefore, this Ordinance shall be in full force and

ORDINANCE NO. 5-2020 (F)

effect immediately upon its passage, provided it receives the affirmative vote of five members of Council elected thereto; otherwise, it shall be in full force and effect from and after the earliest period allowed by law.

JASON S. STEIN, Mayor
President of Council

SUSANNA NIERMANN O'NEIL
Acting Clerk of Council

PASSED: _____, 2020

Proposed: 01/21/2020

ORDINANCE NO. -2020

By Council Member Hart

An Ordinance providing for the issuance and sale of economic development tax increment financing revenue bonds, in a principal amount not to exceed \$26,000,000, for the purpose of paying a portion of the costs of the acquisition, construction, equipping, installation, furnishing and other improvement of a project, as defined in Section 165.01 of the Revised Code; authorizing execution and delivery of a trust agreement, a loan and service payment agreement, a bond placement agreement and related agreements, instruments and documents to provide for the revenues to pay and secure bond service charges and other required payments, the custody and application of funds and revenues, the permitted uses of bond proceeds in the financing of project costs, other requirements for the issuance, sale and delivery of the bonds and related matters; and declaring an emergency.

WHEREAS, the City is authorized and empowered by virtue of the laws of the State of Ohio, including, without limitation, Section 13 of Article VIII of the Ohio Constitution and Chapter 165 of the Revised Code (“Act”), among other things, (i) to issue bonds to acquire, construct, reconstruct, equip, or improve a “project” as defined in Section 165.01 of the Revised Code, comprising an industrial, commercial or research facility, located within the boundaries of the City, for the purpose of creating or preserving jobs and employment opportunities and improving the economic welfare of the people of the City and of the State; (ii) to secure such bonds by a pledge of revenues, as provided herein; and (iii) to pass this Ordinance and to sign, deliver and enter into the agreements, instruments and other documents authorized herein on the terms and conditions provided herein; and

WHEREAS, for the purpose of creating or preserving jobs and employment opportunities and improving the economic welfare of the people of the City and the State, the City has determined to issue the economic development tax increment financing revenue bonds described herein, to provide funds necessary to pay a portion of the costs of the redevelopment by F & C Development, Inc. (together with designated affiliates, “Developer”), of the site generally known as “Top of the Hill” located on approximately four acres of land situated between Euclid Heights Boulevard and Cedar Road at the top of Cedar Hill in the City (“Project Site”), with the Top of the Hill site to be leased to the Developer pursuant to a development agreement between the City and the Developer (as supplemented and amended, “Development Agreement”), and with Project Site improvements by the Developer to include (i) approximately 261 market-rate apartments, (ii) approximately 11,400 square feet of first floor restaurant, retail and commercial space, (iii) a public parking garage resulting in approximately 550 parking spaces, (iv) public gathering and green spaces and (v) all sidewalks, driveways, access ways and utility connections necessary for the improvements described in (i) through (iv) above (“Project Improvements” and, together with the Project Site, “Project”); and

WHEREAS, this Council has previously enacted legislation relating to and approving the Development Agreement, the ground lease and redevelopment of the Project Site, the Project Improvements, the exemption of 100% of the “improvements” (herein “TIF Improvements”), as defined in or for purposes of Section 5709.41 of the Revised Code (together with related statutory provisions, “TIF Act”), from real property taxation for a period of thirty (30) years ending not later than tax year 2050 (tax collection year 2051) (“TIF Exemption”) and the imposition of requirements

for payments in lieu of such exempted taxes (collectively “Service Payments”) by the Developer and future owners of the Project (collectively “Owners”), including payments to the Cuyahoga County Fiscal Officer in the same amounts and at the same times as the taxes exempted (“Statutory Service Payments”) and such supplemental or minimum service payments as are imposed on the Project consistent herewith (“Minimum Service Payments” and, together with the Statutory Service Payments, “TIF Payments”), an agreement (as amended and supplemented, “School Compensation Agreement”) with the Board of Education of the Cleveland Heights-University Heights City School District (“School District”) relating to the compensation to be paid to the School District from any Statutory Service Payments (“School Compensation Payments”) and related matters, and has previously determined and hereby confirmed that the Project constitutes a “project” as defined in the Act, that the Project is in furtherance of the City’s plans and actions in support of urban redevelopment in the City and that the City may, under the Act, issue tax increment financing revenue bonds and loan the proceeds thereof to the Developer to finance a portion of the costs of the Project; and

WHEREAS, the Cleveland Heights Community Improvement Corporation has certified to the City that the Project is in accordance with its plan for the industrial, commercial, distribution and research development of the City, as adopted and confirmed by the City pursuant to Section 1724.10 of the Revised Code; and

WHEREAS, the Developer and the City, together with Ross, Sinclair & Associates, LLC (“Placement Agent”) have signed a Preliminary Financing Term Sheet dated January ~~24~~27, 2020 (“Term Sheet”) outlining the terms and conditions for the issuance of tax increment financing revenue bonds by the City under the Act, in an aggregate principal amount estimated not to exceed \$26,000,000, to finance a portion of the costs of the Project, a copy of which is on file with this Council; and

WHEREAS, this Council has now determined that it is necessary and desirable, and in the best interest of the City, to enact this Ordinance to authorize, approve and provide for the issuance and sale of economic development tax increment financing revenue bonds (“Bonds”), in an aggregate principal amount not to exceed \$26,000,000, the loan of the proceeds thereof to the Developer to pay or provide for a portion of the costs of the acquisition, construction, equipping, installation, furnishing and other improvement of the Project, the execution and delivery of a trust agreement, a loan and service payment agreement, a bond placement agreement and related agreements, instruments and documents (collectively “Bond Documents”) to provide for the revenues to pay and secure the payment of the principal of and the interest and any premium on the Bonds (collectively “Bond Service Charges”), administrative expenses and charges relating to the Bonds, including fees payable to the City, to the corporate bond trustee under such trust agreement (“Trustee”), to a qualified administrator appointed by the City to fulfill requirements under the Bond Documents (“Administrator”) or otherwise (collectively “Administrative Expenses” and, together with Bond Service Charges, “Bond Payments”) and to provide for the School Compensation Payments and any other required payments from the Service Payments, the custody and application of funds and revenues, the permitted uses of proceeds of the Bonds, and the requirements for the issuance, sale and delivery of the Bonds and related matters;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Cleveland Heights, County of Cuyahoga, Ohio, that:

SECTION 1. Recitals and Definitions. This Council hereby adopts, confirms and restates, as fully as if set forth in this Section 1, the Recitals to this Ordinance, which are incorporated herein by reference as a statement of the findings and determinations of this Council, including as to the public purposes of the City in enacting this Ordinance, entering into the Bond Documents, issuing the Bonds and taking such other actions as are authorized by this Ordinance. In addition to the words and terms defined elsewhere in this Ordinance (including in the Recitals incorporated herein) or by reference to the Act or TIF Act, unless the context or use clearly indicates another meaning or intent:

“Administration Agreement” means an agreement for administrative services among the City, the Trustee and the Administrator appointed from time to time by the City Executive, which agreement is authorized hereby and may be amended, supplemented or replaced from time to time consistent with the Bond Legislation, the Loan/Service Agreement and the Bond Indenture.

“Bond Indenture” means the trust indenture or agreement authorized hereby between the City and the Trustee, as the same may be supplemented and amended from time to time consistent with the Bond Legislation.

“Bond Legislation” means this Ordinance, together with the Certificate of Award, as either or both may be amended or supplemented from time to time.

“Bonds” means the revenue bonds authorized in Section 3 of this Ordinance and to be issued under the Bond Indenture and designated “Taxable Economic Development TIF Revenue Bonds, Series 2020 (Top of the Hill Development Project)” or as may be otherwise approved in the Certificate of Award or the Bond Indenture.

“Certificate of Award” means the certificate to be executed by the City Executive and Director of Finance pursuant to the delegations and authorizations in this Ordinance to provide for certain terms of the Bonds and their sale and to make the additional designations, appointments or approvals authorized hereby, which may be amended or supplemented from time to time consistent with this Ordinance (as amended or supplemented to the applicable time).

“City Executive” means the City Manager or the Mayor.

“City Manager” means the City Manager, other chief administrative officer of the City, or any person serving in an interim or acting capacity with respect to such office or offices.

“Closing Date” means the date of issuance and delivery of all Bonds maturing on or before January 1, 2050.

“Continuing Disclosure Agreement” means any agreement or provisions within an agreement to provide any continuing disclosure that may be required pursuant to the Placement Agreement and by and between the City and the Administrator (or other designated agent retained for the purpose of providing such disclosure), which agreement is authorized hereby and may be amended, supplemented or replaced from time to time consistent with the Bond Legislation, the Placement Agreement and the Bond Indenture.

“County” means the County of Cuyahoga, Ohio.

“County Treasurer Agreement” means an agreement between the City and the County, acting on behalf of the County Treasurer, providing for the agreement of the County Treasurer not to sell any tax lien certificate related to the Project Site for an amount less than 100% of the applicable tax lien without consent of the City and Trustee, which agreement is authorized hereby and may be supplemented and amended from time to time consistent with the Bond Indenture.

“Deferred Delivery Dates” means July 1, 2020~~and~~, January 4, 2021, July 1, 2021 and January 3, 2022.

“Deferred Delivery Bonds” means those Bonds maturing on or after July 1, 2050.

“Delivery Dates” means the Closing Date and each of the Deferred Delivery Dates.

“Director of Finance” means the Director of Finance or any person serving in an interim or acting capacity with respect to that office.

“Director of Law” means the Director of Law or the person at the time performing the duties of the chief legal officer of the City.

“Final Maturity Date” means January 1, 2052.

“Fund” or “Funds” means, as applicable, the Special Funds and the “Project Fund” and “Surplus Fund” to be established under the Bond Indenture, together with all of the accounts (and any subaccounts in those accounts) from time to time created in such Funds in accordance with the Bond Indenture, all of which are authorized hereby.

“Ground Lease” means the Ground Lease authorized pursuant to the Development Agreement between the City, as lessor, and the Developer, as lessee (which, as used herein, includes a Ground Lease between the City and Ground Lessee and a Sub-Ground Lease, co-terminous with and including all material terms of the Ground Lease, between the Ground Lessee and the Leasehold Owner), recorded, by memorandum or otherwise on or promptly after the Closing Date, as the same may be supplemented and amended in accordance with the terms and conditions of the Bond Indenture, Loan/Service Agreement and Development Agreement

“Ground Lessee” means Cleveland Heights FC II, LLC, an Ohio limited liability company, and its successors and permitted assigns.

“Guarantor” means David M. Flaherty, an individual and Indiana resident and one of the principals of the Developer.

“Holder” or “Bondholder” means the person in whose name a Bond is registered on the Bond register maintained by the Trustee, as Bond registrar.

“Interest Payment Date” means, as to the outstanding Bonds, January 1 and July 1 of each year commencing July 1, 2020.

“Leasehold Owner” means Cleveland Heights FC III, LLC, an Ohio limited liability company, and its successors and permitted assigns.

“Loan/Service Agreement” means a loan and service agreement between the City and Leasehold Owner, as borrower, joined as to certain service agreement covenants therein by the Ground Lessee, which agreement is authorized hereby and may be amended or supplemented from time to time consistent with the Bond Legislation and the Bond Indenture.

“Maturity Dates” means January 1 and July 1 of each year from July 1, 2023 through the Final Maturity Date.

“Mayor” means the Mayor of the City or any person serving in an interim or acting capacity with respect to that office.

“Owners” means the Ground Lessee, the Leasehold Owner, their successors and any permitted transferees therefrom, as lessees of the Project Site and owners of the Project Improvements.

“Placement Agreement” means a bond placement agreement with respect to the Bonds among the City, the Placement Agent, the Developer and, if and to the extent required, the Purchaser, which agreement is authorized hereby and may be amended or supplemented from time to time consistent with the Bond Legislation and the Bond Indenture.

“Pledged Revenues” means the TIF Payments, any other payments or amounts received or to be received by or on behalf of the City pursuant to the Loan/Service Agreement, the TIF Declaration/Mortgage and the other instruments and agreements contemplated by the Bond Indenture and intended to be used for Bond Service Charges, the proceeds of the sale of the Bonds (until applied to, and subject to application for, the purposes contemplated by the Bond Indenture), all other moneys received or to be received by the City or the Trustee and intended to be used for Bond Service Charges, any moneys, investments or other assets in or to be credited to the TIF Fund or the Special Funds, and all income and profit derived from the investment of the foregoing moneys- (excepting any income or profit derived from investments in the TIF Fund). The term “Pledged Revenues” does not include any moneys or investments in the Surplus Fund, including any amounts transferred thereto to pay School Compensation Payments or otherwise constituting excess Service Payments to be applied in accordance with the Development Agreement.

“Purchaser” means, individually or collectively, the purchaser or purchasers of the Bonds, as identified by the Placement Agent in or pursuant to the Placement Agreement.

“Special Funds” means the “Revenue Fund”, the “Administrative Expense Fund”, the “Bond Fund” and the “Bond Reserve Fund” to be established under the Bond Indenture, together with all of the accounts (and any subaccounts in those accounts) from time to time created in such Funds in accordance with the Bond Indenture, all of which are authorized hereby.

“TIF Declaration/Mortgage” means an open-end mortgage and declaration of covenants and conditions relative to payments in lieu of taxes to be executed by the Owners and the City and recorded against the Project Site in the real estate records maintained by the Cuyahoga County Fiscal Officer on or promptly after the Closing Date.

“TIF Fund” means the urban redevelopment tax increment equivalent fund established by the City under the TIF Ordinance for the deposit of the Statutory Service Payments

“TIF Ordinance” means ~~Ordinance No. _____~~ the ordinance passed by this Council approving the TIF Exemption.

“Trustee” means the corporate bond trustee appointed from time to time by the City Executive under the Bond Indenture and means initially The Huntington National Bank or another corporate bond trustee appointed in the Certificate of Award and its successors and permitted assigns, including any successor Trustee appointed consistent with the Bond Indenture.

Any reference herein to the City, to this Council, or to any officer, official or member of either, includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions, and any document authorized hereunder may be signed on behalf of the City by an official who, on the date of signing is the proper official, although on the date of this Ordinance (or any other ordinance or instrument providing authority to act), that person was not the proper official.

Any reference to a section or provision of the Constitution of the State or the Act, the TIF Act or the Revised Code includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no such amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this provision if it constitutes in any way an impairment of the rights or obligations of the City or the holder of the Bonds under this Ordinance, the Bond Indenture, the Bonds or any other instrument or document entered into in connection with any of the foregoing, including, without limitation, any alteration of the obligation to pay the Bond Service Charges and other Bond Payments in the amount and manner, at the times and from the sources provided in this Ordinance, except as permitted herein.

SECTION 2. Council Determinations. This Council hereby adopts and confirms its prior determinations, approvals and authorizations relating to the Project and the public purposes thereof, the Development Agreement, the Ground Lease and the issuance of the Bonds to finance a portion of the costs of the Project and, without implied limitation on the foregoing, hereby further determines or confirms that: (i) the Project is a “project” as defined in the Act and is consistent with the purposes of Section 13 of Article VIII of the Ohio Constitution and is in furtherance of the City’s plans and actions in support of urban redevelopment in the City; (ii) the acquisition, construction, equipping, installation, furnishing and other improvement of the Project, and the issuance of the Bonds and the loan of the proceeds thereof to the Leasehold Owner, is in furtherance of the purposes of the Act and will benefit the people of the City and of the State by creating and preserving jobs and employment opportunities and improving the economic welfare of the people of the City and of the State; and (iii) it is necessary and desirable, and in the best interest of the City, to enact this Ordinance to authorize, approve and provide for (A) the issuance and sale of the Bonds, in an aggregate principal amount not to exceed \$26,000,000, (B) the loan of the proceeds of the Bonds to the Leasehold Owner to pay or provide for a portion of the costs of the acquisition, construction, equipping, installation, furnishing and other improvement of the Project, (C) the execution and delivery by the City of the Bond Documents to which it is a party (“City Documents”), including the Bond Indenture, the Loan/Service Agreement, the TIF Declaration/Mortgage, the Placement Agreement, the Administration Agreement, any Continuing Disclosure Agreement and the County Treasurer Agreement, to provide for (x) the revenues necessary to pay and secure the payment of Bond Service Charges and Administrative Expenses and to provide for the School Compensation Payments and any other required payments, (y) the custody and application of funds and revenues

and the permitted uses of proceeds of the Bonds, and (z) the requirements for the issuance, sale and delivery of the Bonds and related matters.

SECTION 3. Issuance and Terms of Bonds. The Bonds shall be issued pursuant to the Bond Indenture and the Loan/Service Agreement, and shall be issued only in certificated fully-registered form, and in form and substance authorized in the Bond Indenture consistent with the Bond Legislation and otherwise approved by the City Executive, Director of Finance and Director of Law, such approvals being conclusively established by the execution and delivery thereof in accordance herewith. The Bonds shall each be dated its respective Delivery Date and shall be designated “Taxable Economic Development TIF Revenue Bonds, Series 2020 (Top of the Hill Development Project)” or as may be otherwise approved in the Certificate of Award or the Bond Indenture. The Bonds shall express upon their faces the purpose, in summary terms, for which they are issued and that they are issued pursuant to this Ordinance and the Bond Indenture.

The Bonds shall be numbered in such manner as is determined by the Trustee in order to distinguish each Bond from any other Bond, shall be of such authorized denominations as are authorized by the Bond Indenture, and each Bond shall bear interest (based on a 360-day year comprised of twelve 30-day months) from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date. Bonds shall be exchangeable for Bonds of any authorized denomination or denominations and shall be subject to such transfer restrictions, including provision for a suitable legend evidencing those restrictions, as are further provided in or pursuant to the Bond Legislation and the Bond Indenture. Bond Service Charges shall be payable in such manner and at such place or places as are provided in the Bond Indenture.

The Bonds shall be issued in the aggregate principal amount, not to exceed \$26,000,000, established in the Certificate of Award, shall bear interest at the rate or rates, not to exceed seven percent (7.00%) per year, established in the Certificate of Award, payable on the Interest Payment Dates. The interest rate applicable to any Bond may vary from time to time in such manner as is approved in the Certificate of Award and provided for in the Bond Indenture. The Bonds shall mature serially in semiannual installments, in such amounts as are established in the Certificate of Award, on their respective Maturity Dates, each within 30 years from its respective Delivery Date, and all of the Bonds shall mature on or before the Final Maturity Date. The Bonds may be issued as one Bond, or multiple Bonds, maturing in serial installments; however, no such Bond shall bear interest at more than one rate at any particular time. The Bonds shall be subject to redemption prior to maturity at such times, in such principal amounts and at such prices as shall be established in the Certificate of Award, including redemption at the option of the City and on such notice and other conditions as shall be established in the Bond Indenture.

The principal maturities, the interest rate or rates and all other matters determined in the Certificate of Award shall be determined in the best interests of the City, shall be consistent with applicable requirements of the Development Agreement and School Compensation Agreement, and shall be established such that the Statutory Service Payments, as projected by a qualified consultant, will be sufficient in each year, together with the amounts deposited or to be deposited in the Funds for those purposes upon the Delivery Dates for the Bonds, to pay all scheduled Bond Payments and the projected School Compensation Payments payable therefrom.

The Bonds shall be signed by the City ~~Manager~~Executive and the Director of Finance, in the name of the City and in their official capacities, provided that one or both of those signatures may be a facsimile, and those officials are hereby authorized and directed to execute and deliver the Bonds in accordance herewith and with the Bond Indenture, but subject to satisfaction or waiver of any conditions stated in the Bond Legislation or the City Documents. The Bonds shall be issued and delivered on their respective Delivery Dates in the authorized denominations and numbers requested by the Placement Agent or Purchaser. A Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Legislation or the Bond Indenture unless and until a certificate of authentication on such Bond is signed by the Trustee, as registrar and authenticating agent pursuant to the Bond Indenture.

SECTION 4. Sale and Delivery of Bonds. The Bonds shall be awarded and sold to the Purchaser pursuant to the Certificate of Award and Placement Agreement, and shall be sold at a purchase price equal to not less than 97% of the aggregate principal amount thereof plus any interest accrued from their Delivery Date, with all such discount representing net original issue discount. The City Manager and Director of Finance shall, in accordance with such officers' determination of the best interests of and financial advantages to the City and based on conditions then existing in the financial markets, consistently with the provisions of this Ordinance, establish the aggregate principal amount of and interest rate or rates to be borne by the Bonds, and the maturities thereof and other terms required in this Ordinance to be set forth in the Certificate of Award, sign the Certificate of Award evidencing that sale to the Purchaser, cause the Bonds to be prepared, and have the Bonds signed and delivered to the Trustee for authentication and delivery, on the respective Delivery Dates, to the Purchaser against payment by the Purchaser on such Delivery Dates, of the purchase price or prices thereof, and they shall, in the Certificate of Award, fix the principal amount of the Bonds to be issued in an amount which will provide the moneys necessary, together with other moneys expected to be available therefor, to make the deposits and payments required by the Bond Legislation and Bond Indenture, including those amounts to be used to pay Project costs, but subject to the limitations set forth or referenced herein or in the Bond Documents.

Other terms of the Bonds and the sale thereof may be specified in the Certificate of Award including, without limitation, the compensation payable to the Placement Agent in connection with the structuring, placement and sale of the Bonds, but not to exceed 1.3% of the principal amount of the Bonds, the amount and manner of funding of the Bond Reserve Fund, the amount of interest to be paid from Bond proceeds or other sources, the amount of the City's fees to be paid or reimbursed from the proceeds of the Bonds or other sources, the amounts of other fees and expenses to be paid or reimbursed from the proceeds of the Bonds or other sources, designation of an Administrator qualified to perform the duties required under the Administration Agreement and other City Documents and, if other than as identified herein, the Trustee. Nothing herein shall require that anything be done or established in the Certificate of Award (whether or not amended or supplemented, and whether or not previously done or established in the Certificate of Award) merely because this Ordinance authorizes the same to be done or established therein, so long as such thing is done or established consistent with this Ordinance. All matters determined in the Certificate of Award, or otherwise determined consistent with this Ordinance, as the same may be amended from time to time, shall be conclusive and binding on the City. All amounts payable with respect to the Project costs including, without limitation, any interest capitalized or otherwise funded consistent with the Act, counsel fees and other fees and charges to be paid or reimbursed in connection with the structuring, placement, issuance, sale and delivery of the Bonds may be

paid or reimbursed from, and as further described herein, are hereby appropriated from the proceeds of the sale of the Bonds and any other sources made available therefor under the Loan/Service Agreement and the Bond Indenture.

The City Executive and the Director of Finance are each authorized and directed, alone or together, to make the necessary arrangements with the Placement Agent and the Purchaser to establish the date or dates, and the location or locations, procedures and conditions, for delivery of the Bonds to the Purchaser pursuant to the Placement Agreement and the Bond Indenture, and are further authorized and directed to execute and deliver the Placement Agreement, with such necessary and customary terms and conditions that are not inconsistent with the provisions of the Bond Legislation, and otherwise in form and substance approved as in the best interest of the City by the official or officials executing the ~~same~~ and approved as to form and correctness by the Director of Law; provided, that the Placement Agreement shall provide that the Bonds are sold in a private placement to one or more investors knowledgeable with respect to the nature of, and risks related to, Ohio tax increment financing revenue bonds secured by service payments imposed pursuant to the TIF Act, and are so placed based on such customary representations of the Purchaser (in the Placement Agreement, a separate “investor acknowledgment letter” or both) relating to its status as such an investor and to its knowledge, research, diligence, non-distribution and investment intent as are acceptable to the official or officials signing or approving the Placement Agreement, all of which approvals shall be evidenced conclusively by the execution and delivery of the Placement Agreement consistent with this Ordinance. It is determined by this Council that the price for and the terms of the Bonds and the sale thereof, all as provided in this Ordinance and the Certificate of Award, Placement Agreement, Bond Indenture and other Bond Documents, are in the best interests of the City and are in compliance with all legal requirements.

SECTION 5. Application of Proceeds of Bonds; Creation of Funds. The Funds are hereby authorized and directed to be created, and the proceeds from the sale of the Bonds, together with any other amounts to be delivered to the Trustee for deposit therein, shall be deposited in accordance with the Bond Indenture and the written direction of the City Executive or Director of Finance, and all such amounts so deposited shall be applied in accordance with the Loan/Service Agreement and the Bond Indenture, including to pay or reimburse Project costs in accordance therewith and to pay or reimburse closing and other transaction costs relating to the issuance of the Bonds and the financing of Project costs (including costs of issuance of the Bonds, fees and expenses of the City, costs of funding the initial deposit to the Bond Reserve Fund, costs of funding permitted interest and Administrative Expenses with respect to the Bonds), all as provided in the Bond Indenture; and the proceeds from the sale of the Bonds, and any other moneys provided by or on behalf of the City for those purposes, are hereby appropriated for those purposes. Disbursement and application of amounts deposited in the Funds (and any accounts and subaccounts established therein under the Bond Indenture, all of which are authorized hereby) shall be in accordance with the Bond Indenture and Loan/Service Agreement.

SECTION 6. Security for the Bonds. Notwithstanding anything to the contrary herein or in the Bonds or in the Bond Indenture or any Bond Document: (i) the Bonds and the Bond Service Charges thereon shall be payable solely from and secured only by the Pledged Revenues and the Special Funds, as provided herein and in the Bond Indenture; (ii) the Bonds do not and shall not represent or constitute a debt or pledge of the faith and credit of the City, and do not and shall not pledge the general credit or taxing power of the City; (ii) nothing herein or in any of the Bonds, or

in the Bond Indenture, the Loan/Service Agreement, the TIF Declaration/Mortgage or any of the Bond Documents, gives the holders or owners of the Bonds, and they do not have, the right to have excises or taxes levied by this Council, or by the City or the State, for the payment of Bond Service Charges or any other obligations under or with respect to the Bonds, the Bond Indenture or any Bond Documents; and (iv) each of the Bonds shall contain a statement to the foregoing effects; provided, however, that nothing herein shall be deemed to prohibit the City, of its own volition and upon due appropriation therefor, from using to the extent it is lawfully authorized to do so, any other resources or revenues for the fulfillment of any of the terms, conditions or obligations of the Bond Legislation, the Bond Indenture or the Bonds.

SECTION 7. City Covenants. In addition to other representations and warranties of the City contained in this Ordinance, the City covenants and agrees that:

(a) Performance of Covenants and City Actions. The City will at all times faithfully observe and perform all agreements, covenants, undertakings, stipulations and provisions to be performed on its part under the Bond Legislation and the Bonds, the Bond Documents and all proceedings of this Council pertaining thereto. The City represents that (i) it is a municipal corporation, duly organized and existing under and by virtue of the laws of the State; (ii) it is, and upon delivery of the Bonds covenants that it will be, duly authorized by the Constitution and laws of the State, to issue the Bonds, to execute and deliver the City Documents, and to provide the security for payment of the Bond Service Charges in the manner and to the extent set forth herein and in the Bond Indenture and the Bonds; (iii) all actions on its part for the issuance of the Bonds, and the loan and use of the proceeds thereof, have been or will be taken duly and effectively; and (iv) the Bonds will be a valid and enforceable special obligations of the City according to their terms. Each obligation of the City required to be undertaken pursuant to the ~~Ordinance~~[Bond Legislation](#), the Bond Indenture and the Bonds is binding upon the City, and upon each officer or employee of the City as may from time to time have the authority under law to take any action on behalf of the City as may be necessary to perform all or any part of such obligation, as a duty of the City and of each of those officers and employees resulting from an office, trust or station within the meaning of Section 2731.01 of the Revised Code, providing for enforcement by writ of mandamus.

(b) Use of Proceeds. The City will use, or cause or require to be used, the proceeds of the Bonds to pay such costs of and relating to the Project and the Bonds as are authorized herein and in the Bond Documents.

(c) Payment of Bond Service Charges; Segregation of Funds. The City will, solely from the Pledged Revenues, pay or cause to be paid the Bond Service Charges on the dates, at the places and in the manner provided in the Bond Legislation, the Bond Indenture and the Bonds. The City will segregate, for accounting purposes, the Pledged Revenues and the Funds from all other revenues and funds of the City.

(d) Further Actions and Delivery of Instruments. The City will, at any and all times, cause to be done all such further acts and things and cause to be executed and delivered all such further instruments as may be necessary to carry out the purpose of the Bonds and the Bond Legislation or as may be required or authorized by the [TIF Act, the](#) Act, including Section 13 of Article VIII of the Ohio Constitution, the Bond Indenture or the Loan/Service Agreement, and will comply with all requirements of law applicable to the Bonds.

(e) Inspection of Project Books. All books and documents in the City's possession relating to the Project and the Pledged Revenues shall be open at all times during the City's regular business hours to inspection by such accountants or other agents of the ~~holder~~holders of the Bonds as the ~~holder~~holders of the Bonds may from time to time designate.

(f) Transcript of Proceedings. The Clerk of Council, or another appropriate officer of the City, shall furnish to the Bond Trustee a true transcript of proceedings, certified by that officer, of all proceedings had with reference to the issuance of the Bonds along with such information from its records as is necessary to determine the regularity and validity of the issuance of the Bonds.

SECTION 8. City Documents. To secure the payment of the Bond Service Charges on the Bonds as the same shall become due and payable and the performance by the City as provided in this Ordinance and in the City Documents, and to provide for the issuance and sale of the Bonds and the loan of proceeds thereof in accordance herewith to finance a portion of the costs of the acquisition, construction, installation, equipping, furnishing and other improvement of the Project Improvements, the City Executive and the Director of Finance, alone or together, are hereby authorized, for and in the name of the City and on its behalf, to execute and deliver the City Documents, and to acknowledge, approve or otherwise accept any Bond Documents benefiting the City, with such necessary and customary terms and conditions that are not inconsistent with the provisions of the Bond Legislation and otherwise in form and substance approved as in the best interest of the City by the official or officials executing, acknowledging, approving or otherwise accepting the same, and approved as to form and correctness by the Director of Law. To the extent applicable, the terms and conditions of the Bond Documents shall be in substantial conformity to the Term Sheet, but with such changes as are not inconsistent with the Bond Legislation, as are permitted by the Act and as are approved by the officer or officers executing, acknowledging, approving or otherwise accepting the Bond Documents. The approval of the City Documents, and of any other Bond Documents benefiting the City, shall be conclusively evidenced by the execution, acknowledgment, approval or acceptance of those documents by the officer or officers of the City authorized hereunder.

SECTION 9. Further Actions. The City Executive, Director of Finance, Director of Law and Clerk of Council, alone or together, are hereby further authorized and directed to execute any certifications, financing statements, assignments, memoranda, affidavits, applications, requests, consents, approvals, acknowledgments, notices, agreements, instruments and other documents, and any amendments or supplements thereto or replacements thereof, and to take such further actions as are necessary or appropriate to permit, undertake, implement, consummate and complete the transactions contemplated herein and in the Bonds and City Documents consistent with the Bond Legislation, the Bond Documents, the Development Agreement and the School Compensation Agreement and the best interests of the City, including (i) any such actions taken or to be taken either prior to or after the issuance and delivery of the Bonds, (ii) any such actions taken or to be taken in connection with disbursements of Bond proceeds or the collection, deposit, application and transfer of Service Payments, Pledged Revenues or other funds held from time to time in or to the credit of the TIF Fund or under the Bond Indenture, (iii) any such actions taken or to be taken in connection with the succession or replacement of the Trustee or Administrator, or the delivery of any credit enhancement or other additional or substitute security for the Bonds, (iv) any such actions taken or to be taken in connection with the determination, documentation or payment of School Compensation Payments, or any other amounts payable from the Statutory

Service Payments, (v) any such actions taken or to be taken in connection with any amendments or supplements to the City Documents, and (vi) any other action authorized, directed or permitted by the City Documents from time to time, all to the extent consistent with the Bond Legislation and the authority therein granted and at the time in effect.

SECTION 10. Certification and Delivery of Ordinance and Certificate of Award; Notice to Director of Development Services Agency. The Clerk of Council is directed to deliver or cause to be delivered a certified copy of this Ordinance and a signed copy of the Certificate of Award to the Cuyahoga County Fiscal Officer. The City Manager is directed to deliver or cause to be delivered written notice by certified mail to the director of the Ohio Development Services Agency advising such director of the proposed delivery of the Bonds, the principal amount thereof, the identities of the Ground Lessee and Leasehold Owner, and a general description of the Project.

SECTION 11. Satisfaction of Conditions to Issue Bonds. This Council determines that all acts and conditions necessary to be done or performed by the City or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding special obligations of the City have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

SECTION 12. Severability. Each section of this Ordinance and each subdivision of any section thereof is hereby declared to be independent, and the finding or holding of any section or subdivision of any section thereof to be invalid or void shall not be deemed nor held to affect the validity of any other section or subdivision of this Ordinance.

SECTION 13. Ratification. Each action taken by the City and any officer or official of the City in connection with the Project and the Bonds is hereby ratified and confirmed and shall be given full force and effect as of the time such action was taken.

SECTION 14. Compliance with Open Meeting Requirements. This Council finds and determines that all formal actions of this Council and of any of its committees concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council or ~~committees~~any such committee, and that all deliberations of this Council and of any of its committees that resulted in those formal actions were in meetings open to the public, all in compliance with the law.

SECTION 15. Captions and Headings. The captions and headings in this Ordinance are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Sections, subsections, paragraphs, subparagraphs or clauses hereof. Reference to a Section means a section of this Ordinance unless otherwise indicated.

SECTION 16. Declaration of Emergency; Effective Date. This Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety of the City, and for the further reason that this Ordinance is required to be immediately effective in order to execute and deliver the City Documents and to issue and sell the Bonds, which is necessary to enable the ~~City to meet its contractual commitments for the~~ undertaking and financing of the Project consistent with the Development Agreement, and so that the City may provide for additional jobs and employment opportunities and improve the economic welfare of the City and its residents; wherefore,

ORDINANCE NO. _____-2020

this Ordinance shall be in full force and effect immediately upon its passage, provided it receives the affirmative vote of five members of Council elected thereto; otherwise, it shall be in full force and effect from and after the earliest period allowed by law.

JASON S. STEIN, Mayor
President of Council

SUSANNA NIERMANN O'NEIL
Acting Clerk of Council

PASSED: _____, 2020

City of Cleveland Heights, Ohio
Taxable Economic Development TIF Revenue Bonds, Series 2020
(Top of the Hill Development Project)
(“Bonds” or “TIF Bonds”)

Preliminary Financing Term Sheet – February 7, 2020

Set forth below is a brief summary of certain terms relating to the TIF Bonds identified above and proposed to be issued by the City of Cleveland Heights, Ohio (“City”). The TIF Bonds are being issued to provide the “TIF Financing” contemplated by Section 8 of the Development Agreement dated February 21, 2018 between the City and F & C Development, Inc., an Indiana corporation qualified to transact business in Ohio (“Developer”), as amended and supplemented by a First Amendment to Development Agreement dated as of December 7, 2018 and a Second Amendment to Development Agreement approved December 2, 2019 (collectively, as further amended and supplemented, “Development Agreement”).

The City has previously acquired title to approximately four (4) acres of land commonly referred to as “Top of the Hill” and comprised of contiguous Parcel Numbers 685-18-008, 685-18-009, 685-18-010, 685-18-011, 685-18-012, 685-18-013, 685-18-016, 685-18-018 and 685-18-019 (each a “Parcel” and, collectively, “Parcels”), and has agreed to consolidate the Parcels with a portion of Edwards Road vacated or to be vacated, subject to reserved easements, pursuant to Ordinance No. 81-2019 enacted September 16, 2019, and then lease the consolidated site (“Project Site”) to Developer (or a designated affiliate) for a term of 99 years at nominal rent under a Ground Lease, the form and principal terms of which have been established under the Development Agreement and the First Amendment thereto (as completed, executed and delivered, “Ground Lease”). All Parcels other than Parcel 685-18-011 (“Greenhouse Parcel”) have been owned by the City for an extended period of time. The Greenhouse Parcel was acquired by Developer for transfer to the City and was so transferred on or about November 13, 2019 in accordance with the Development Agreement for a deferred payment of \$369,632.48 (“Greenhouse Purchase Price”).

Pursuant to the Development Agreement and Ground Lease, Developer (or a designated affiliate) is to provide for the acquisition, construction, equipping, installation, furnishing and other improvement of a project comprised of the following improvements: approximately 261 market-rate apartments, approximately 11,400 square feet of first floor restaurant, retail and commercial space, a public parking garage resulting in approximately 550 parking spaces, public gathering and green spaces, and all sidewalks, driveways, access ways and utility connections necessary for the foregoing improvements (“Project Improvements”) and together with the Project Site, “Project”). The City has determined that the Project constitutes a “project” within the meaning of Ohio Revised Code (“ORC”) Chapter 165, as enacted and amended from time to time pursuant to Article VIII, Section 13, of the Ohio Constitution (collectively, with applicable provisions of ORC Chapter 1724, the “Bond Act”), and has determined that it may, subject to certain conditions, issue the TIF Bonds under the Bond Act and make proceeds of the sale thereof (“TIF Bond Proceeds”), together with a “City Contribution” (defined below), available to Developer to finance a portion of the costs of the Project in the manner contemplated herein. The City has authorized preparation of this preliminary financing term sheet (“Term Sheet”) in anticipation of the issuance and sale of the TIF Bonds.

In addition to providing the Ground Lease and making the TIF Bond Proceeds available for costs of the Project, the City has agreed in the Development Agreement to make a contribution of up to \$1.85 million (as finally determined, “City Contribution”) available to Developer to provide funding for a portion of the costs of the Project (including payment of the Greenhouse Purchase Price and provision for a portion of the costs of the Project Improvements), as reflected in an agreed budget for costs of the Project prepared by Developer and approved by the City (“Approved Project Budget”). All other costs of the Project are to be borne by the Developer/affiliates except to the extent if any provided in the Development Agreement. Under the Development Agreement, all cost overruns relating to the Project Improvements are to be borne by the Developer, and the City has no responsibility whatsoever therefor.

The Developer has requested that the City now take the steps necessary to issue the TIF Bonds consistent with this Term Sheet and a legal structure that includes the following elements (among others): (i) the City will lease the Project Site under the Ground Lease to Cleveland Heights FC II, LLC, an Ohio limited liability company (“Ground Lessee”); (ii) the City will pay the Greenhouse Purchase Price to Developer and will provide the balance of the City Contribution (“City Project Proceeds”) to Ground Lessee, solely for use as a tenant improvement contribution to pay costs of Project Improvements; (iii) Ground Lessee will sublease the Project Site, under a sub-ground lease co-terminous with, and incorporating all material terms of, the Ground Lease (“Sub-Ground Lease”), to Cleveland Heights FC III, LLC, an Ohio limited liability company (“Leasehold Owner”), and will transfer the City Project Proceeds to Leasehold Owner, solely for use as a tenant improvement contribution to pay costs of Project Improvements; (iv) rent under the Sub-Ground Lease will be at market, as determined by Developer, reflecting the reasonable value of the Sub-Ground Lease and of the tenant improvement contribution of the City Project Proceeds; (v) the City will loan the TIF Bond Proceeds to Leasehold Owner to pay a portion of the costs of the

Project Improvements consistent with the Approved Project Budget; and (vi) Leasehold Owner will obtain a first-mortgage construction loan (“Construction Loan”) from Goldman Sachs Bank USA (“Construction Lender”) which, together with (x) City Project Proceeds plus (y) net TIF Bond Proceeds (net of all transactional and financing costs) plus (z) member-funded equity contributions to Leasehold Owner (“Member Equity”), is required to be sufficient to pay all costs of the Project Improvements consistent with the Approved Project Budget.

Developer has represented to the City that: (i) Ground Lessee will be owned and controlled entirely by principals of Developer and its affiliates through Cleveland Heights FCS, Inc., an Ohio s-corporation, (ii) Leasehold Owner will be owned entirely by Cleveland Heights FC Owners, LLC, an Ohio limited liability company (“Leasehold Owner Parent”), and (iii) Leasehold Owner and Leasehold Owner Parent will be managed and controlled by principals of Developer and its affiliates. Developer, Ground Lessee, Leasehold Owner, Leasehold Owner Parent and David M. Flaherty (an individual and Indiana resident, and herein the “Guarantor”) are referred to herein, collectively, as the “Developer Parties”.

This Term Sheet is provided by Ross, Sinclair & Associates, LLC (“RSA” or “Placement Agent”) and the City to the Developer Parties in anticipation of entering into agreements pertaining to the structuring and marketing of the TIF Bonds and is preliminary and subject to change. It is intended to serve as the basis for such structuring and marketing, but is not definitive or complete; all terms, costs and other items included herein are preliminary and will be finalized in the documentation providing for the issuance, sale and delivery of the Bonds, including the Placement Agreement, Loan/Service Agreement, Bond Indenture, TIF Declaration/Mortgage and Guaranties, all referred to below.

Description of the Project:

Project; Authorization: The Project is generally described in the Introduction to this Term Sheet and is comprised of the Project Site and Project Improvements authorized or to be authorized under each of the following: (1) the Bond Act, (2) the Development Agreement, (3) ORC §5709.41 and related statutory provisions (collectively, “TIF Act” and, together with the Bond Act, “Authorizing Acts”), (4) an Ordinance passed by City Council under the TIF Act and effective on or after January 1, 2020 (“TIF Ordinance”), and (5) an ordinance authorizing the TIF Bonds (“Bond Ordinance”).

Project Costs: Project Costs payable from TIF Bond Proceeds will include costs of acquisition, construction, equipping, installation, furnishing and other improvement of the Project Site and Project Improvements and related costs permitted under the Authorizing Acts, including costs of issuing the TIF Bonds and funding required capitalized interest and reserves. Aggregate Project Costs are estimated at approximately \$74,887,107, as shown under “Preliminary Sources and Uses” below. Aggregate TIF Bond Proceeds are currently projected at up to approximately \$24.2 million, with approximately \$18.6 million available, together with investment earnings on unspent construction-period TIF Bond proceeds (currently estimated at approximately \$100,000) (collectively “Net TIF Bond Proceeds”), for construction and related costs of the Project Improvements, all as further described below under *Preliminary Sources and Uses*. Project Costs that cannot be funded from TIF Bond Proceeds must be funded, or available without material conditions, at or prior to the closing of the initial TIF Bond issuance (“TIF Bond Closing”), including all Construction Loan proceeds, City Project Proceeds, and member equity contributions to Leasehold Owner.

TIF Bond Proceeds: The TIF Bonds are expected to be issued in such amount as can be supported by payments in lieu of exempted taxes required under the TIF Act and TIF Ordinance (“Statutory Service Payments”) derived from improvements to the Project Site Parcels, as projected by MuniCap, Inc. (“TIF Consultant”) consistent with (i) such information as may be available regarding the prospective completed and stabilized tax valuation (and related timing) of the Project, and (ii) requirements under the Development Agreement and a Compensation Agreement dated March 20, 2018 between the City and the Cleveland Heights-University Heights City School District (“School District”), as supplemented by an Addendum to Compensation Agreement dated as of November 25, 2019 between the City and School District (as supplemented, “School Compensation Agreement”). The net proceeds of the TIF Bonds will be

made available for and applied towards the payment of the Project Costs in accordance with (x) a Loan and Service Agreement between the City and Leasehold Owner, joined as to all Service Agreement covenants by Ground Lessee (“Loan/Service Agreement”) and (y) a Trust Indenture (“Bond Indenture”) between the City and a qualified corporate bond trustee (“Trustee”). Bond issuance costs and other specified Project Costs to be paid or reimbursed at or promptly after the TIF Bond Closing will be disbursed in accordance with direction given in the Bond Indenture. Funded interest and administrative expenses (for the period prior to anticipated receipt of Statutory Service Payments) will be disbursed in accordance with a schedule and direction included in the Bond Indenture. Amounts available for remaining costs of the Project Improvements will be disbursed on request of Developer, with approval of the City, in accordance with the Loan/Service Agreement and Bond Indenture.

Issuance and Sale of TIF Bonds:

Subject to approval of the Bond Ordinance by City Council, and to satisfaction of the conditions established in the Development Agreement, School Compensation Agreement, Bond Ordinance, Bond Indenture and Loan/Service Agreement, and based on satisfactory documentation and legal opinion of Squire Patton Boggs (US) LLP, bond counsel to the City (“Bond Counsel”), the City expects to issue (and the Placement Agent expects to place) the TIF Bonds to finance a portion of the costs of the Project Improvements. The TIF Bonds will be sold by the City, and placed by the Placement Agent, pursuant to a bond placement agreement (“Placement Agreement”) among the Placement Agent, the City, such Developer Parties as are acceptable to the Placement Agent and City, and, if applicable, the purchaser or purchasers of the TIF Bonds (collectively, “Purchaser”). To the extent required by the Purchaser for purposes of locking an interest rate or otherwise, parties to this Term Sheet agree to review and, if necessary sign a supplemental or separate term sheet further establishing agreed material terms of the TIF Bonds.

General Terms of the TIF Bonds

Principal Amount; Term; Serial Bonds. The principal amount of TIF Bonds issued for the Project is currently not expected to exceed approximately Twenty Six Million Dollars (\$26,000,000) and could vary significantly based on the projected tax valuation of the Project. That principal amount (and the related Net TIF Bond Proceeds) will depend on the amount of Statutory Service Payments projected by the TIF Consultant to be generated by the “*improvement*” (as defined in the TIF Act and herein “TIF Improvement”) to Project Site Parcels resulting from construction of the Project Improvements, the sale prices of and interest rates on the TIF Bonds, and other factors. The projected Statutory Service Payments (“TIF Projections”) will depend on the estimated valuation of the Project, as projected by the TIF Consultant consistent with County Fiscal Office assessor valuation protocols, projected “effective tax rates” of levies exempted by the TIF Ordinance, and the limits established by the School District compensation regime under the School Compensation Agreement. The actual Statutory Service Payments will differ from the TIF Projections and the variance could be significant. Consistent with the Bond Act, City Charter and Bond Ordinance, the TIF Bonds will mature serially within 30 years from their respective dates of issuance, with a final maturity of January 1, 2052 (“Final Maturity”). TIF Bonds are expected to mature serially in semiannual installments established under the Bond Indenture on January 1 and July 1 of each year from July 1, 2023 through Final Maturity (“Maturity Dates”). The term of the TIF Bonds may be reduced based upon market conditions and will be established in the Placement Agreement.

Interest Rates; Stepped-Coupon. Interest will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2020 (“Interest Payment Dates”). It is anticipated that all outstanding TIF Bonds will bear interest at the same fixed annual interest rate at any given time, but that the Bonds will have “stepped-coupon” interest rates established in the Bond Indenture and estimated

and summarized as follows: (i) from the TIF Bond Closing date through June 30, 2028, outstanding TIF Bonds will bear interest at approximately 5.00% per year (“Initial Rate”); (ii) from July 1, 2040 until maturity and final payment, outstanding TIF Bonds will bear interest at approximately 6.00% per year (“Final Rate”); and (iii) from July 1, 2028 through June 30, 2040, outstanding TIF Bonds will bear interest at an agreed rate between the Initial Rate and the Final Rate (“Second Rate”). Interest will be calculated for all periods, including the initial period, for a 360-day year comprised of twelve 30-day months. The interest rate or rates on the TIF Bonds are subject to market conditions at the time of pricing, and will be established in the Placement Agreement and may include a floor and ceiling (based on an agreed index and margin) for the Second Rate and Final Rate; provided, that debt service coverage requirements will, in that event, be determined based on the “ceiling” rates for the Second Rate and Final Rate periods.

Sale and Delivery; Deferred Deliveries. All of the TIF Bonds will be sold under the Placement Agreement for delivery as follows: (1) Bonds maturing on or before January 1, 2050 will be authenticated and delivered to the Purchaser at TIF Bond Closing, (2) Bonds maturing on July 1, 2050 will be authenticated and delivered to the Purchaser on July 1, 2020 (“First Deferred Delivery Date”), (3) Bonds maturing on January 1, 2051 will be authenticated and delivered to the Purchaser on January 4, 2021 (“Second Deferred Delivery Date”), (4) Bonds maturing on July 1, 2051 will be authenticated and delivered to the Purchaser on July 1, 2021 (“Third Deferred Delivery Date”), and (5) Bonds maturing on January 1, 2052 will be authenticated and delivered to the Purchaser on January 3, 2022 (“Final Deferred Delivery Date”). The process for delivery of and payment for Bonds to be delivered on each “Deferred Delivery Date” will be established in the Bond Indenture and Placement Agreement.

Optional Redemption. Subject to market conditions, it is expected that the TIF Bonds will be subject to optional redemption at par approximately five (5) years after the TIF Bond Closing date.

Denominations; Form; Global Bond. TIF Bonds may be issued in “authorized denominations” of \$100,000 and any integral multiple of \$5,000 in excess thereof. The TIF Bonds will be issued in certificated fully-registered form and may be issued as one or more Bonds maturing in serial installments; provided, that no Bond shall bear interest at more than one rate at any particular time.

Revenue Bonds; Non-Recourse to City. The Bonds will be issued as tax increment financing revenue bonds secured only by (i) the revenues and security pledged and provided under the Bond Indenture, including Statutory Service Payments and “Minimum Service Payments” or related “Supplemental Payments” (collectively “TIF Payments”) and any other loan payments made under the Loan/Service Agreement, all of which will be assigned by the City to the Trustee under the Bond Indenture, (ii) the TIF Declaration/Mortgage described below, and the (iii) “Guaranties” described below. The Bonds will not be secured by (x) any other revenues, including any tax revenues, of the City or (y) any obligation of the City except the obligation to transfer the TIF Payments to the Trustee at such times as are required under the Loan/Service Agreement and Bond Indenture. As such, the TIF Bonds will be special or limited non-recourse obligations of the City and will not be considered a debt of the City.

Rating; Credit Enhancement. The TIF Bonds will not be rated by any rating agency and will be issued without bond insurance or any other similar credit enhancement.

Additional Bonds. Additional Bonds are not expected to be issuable under the Bond Indenture.

Taxable Bonds. Interest on the TIF Bonds will not be excluded from gross income for federal income tax purposes. With certain exceptions, interest on, and any profit made on the sale, exchange or other disposition of the TIF Bonds, will be exempt from Ohio state and local taxation.

Preliminary Sources and Uses:

Project Costs. The current preliminary estimated sources and uses of funds for the Project, based on current estimates, projections, market conditions and assumptions and a draft of the Approved Project Budget, are as follows:

Sources:*

Construction Loan	\$51,000,000
TIF Bond Proceeds, including Earnings	\$23,865,000
City Greenhouse Purchase Price	\$ 369,632
City Project Proceeds (maximum)	\$ 1,480,368
Member Equity	<u>\$ 3,332,107</u>
Aggregate Project Sources	\$80,047,107

Uses:*

Greenhouse Purchase Price	\$ 369,632
Site Preparation	\$ 3,100,000
Arch., Eng., Design, Permits, Approvals	\$ 4,237,675
Project Improvements Construction	\$56,985,000
FF&E, TI and Project Soft Costs	\$ 6,885,550
Bond/TIF Soft Costs, including Interest	\$ 5,465,000
Contingency	<u>\$ 3,004,250</u>
Aggregate Project Uses	\$80,047,107

* All Project costs are preliminary, estimated, and subject to completion, execution and delivery of a “guaranteed maximum price” construction contract currently under negotiation by the Developer. Developer Member equity, and the Project sources and uses, do not include any allocation for Developer Parties’ overhead related to the Project (estimated at \$3,725,874).

TIF Bonds. The current preliminary estimated sources and uses of funds for the TIF Bonds, based on current information, estimates, projections, market conditions and assumptions, are as follows:

Sources:*

TIF Bond Closing	\$20,025,000
Deferred Deliveries	\$ 3,740,000
Investment Earnings	<u>\$ 100,000</u>
Aggregate TIF Bond Proceeds	\$23,865,000

Uses:*

Project Fund Deposits	\$18,400,000
Bond Reserve Fund	\$ 815,000
Capitalized Interest	\$ 3,230,000
Transaction Costs Paid/Reimbursed	\$ 1,200,000
Other Costs (during CAPI Period)	<u>\$ 220,000</u>
Aggregate TIF Bond Uses	\$23,865,000

* All amounts are estimated or assumed. This assumes \$24.2 million of TIF Bonds are issued and sold at 98.2% of par. All amounts will be adjusted and finalized (and may be adjusted significantly) as of the TIF Bond Closing date to reflect market conditions and pricing, known or revised estimated interest rates, costs, principal amounts, expectations and the TIF Projections.

Security for the Bonds:

Capitalized Interest and Other Payments: Subject to legal requirements, interest on the TIF Bonds is expected to be funded and paid from TIF Bond proceeds through completion of construction of the Project Improvements and until annual Statutory Service Payments are expected to be received in sufficient

amounts to pay the scheduled principal and interest on the TIF Bonds (“Bond Service Charges”) and associated “Administrative Expenses” (together with the Bond Service Charges, “Bond Payments”), including the annual or semiannual fees of the City, the Trustee and a qualified tax increment financing and/or special district administrator appointed by the City under the Bond Indenture (“TIF Administrator”), as well as anticipated additional costs of administering the trust estate under the Bond Indenture. Capitalized Bond Payments are not expected to extend beyond January 1, 2023 unless funded from Developer Party contributions (which will be required if the TIF Projections do not project a full year’s collection of Statutory Service Payments in TY22 (collection year 2023)).

Reserve Fund or Funds. From and after the TIF Bond Closing, a “Bond Reserve” shall be funded in an amount equal to average semi-annual debt service on the TIF Bonds from the TIF Bond Closing through Final Maturity (on the assumption that all Bonds to be delivered on Deferred Delivery Dates are, in fact, delivered on the applicable Deferred Delivery Date). So long as no default has occurred, the Bond Reserve requirement may be reduced in equal amounts (1/4 of original Bond Reserve requirement) on each Maturity Date beginning on July 1, 2050 – with released amounts applied to debt service due on such date[s]. In addition to the Bond Reserve, depending on the TIF Projections and marketing requirements, there may be a supplemental reserve fund requirement in place for the period through completion, valuation and first full-year Statutory Service Payment collection.

Loan and Service Agreement Covenants; TIF Declaration and Mortgage. The Loan/Service Agreement will provide for the terms of the loan of the TIF Bond Proceeds to the Leasehold Owner (“TIF Loan”). The obligation to make loan financing payments (including amounts sufficient to make all Bond Payments) will be evidenced by a promissory note delivered by the Leasehold Owner to the Bond Trustee (“TIF Loan Note”). The Loan/Service Agreement will also provide for the “service agreement” covenants of the Leasehold Owner and the joinder of the Ground Lessee therein, and such service agreement covenants shall be binding on all transferees and subsequent owners of the interests of the Developer Parties in all or any portion of the Project Site (the Ground Lessee, Leasehold Owner and all such transferees and subsequent owners, “Owners”), but subject to apportionment of payment obligations in the event the Ground Lease is subdivided in accordance with its terms. Such covenants, including (without limitation) covenants relating to development of the Project Site consistent with the Development Agreement and the Approved Project Budget, the application for the tax exemption granted under the TIF Ordinance, the statutory liens resulting from that tax exemption and the payment of all TIF Payments, in amounts sufficient to provide for all Bond Payments, will run with the land and be binding on the leasehold interests of the Ground Lessee and Leasehold Owner (and other interests derived therefrom exclusive of individual unit and store leases), and will be evidenced and secured by a declaration and open-end mortgage instrument recorded in the County real estate records, with foreclosure procedures benefiting the City and Bond Trustee, in form and substance satisfactory to the City and Placement Agent (“TIF Declaration/Mortgage”).

TIF Payments; Credits Against Loan Payments. It is anticipated that the County will collect and remit Statutory Service Payments to the City and that the City will transmit all such amounts, within twenty-one (21) days of final settlement with the County Fiscal Officer as to any amounts received, to the Bond Trustee, as assignee. Minimum Service Payments are expected to be invoiced by the Bond Trustee pursuant to direction of the TIF Administrator approximately thirty (30) days before, and will be due and payable at least three (3) business days before, the next-succeeding semiannual Interest Payment Date. The Bonds will be secured, in part, by a senior pledge of and lien on all TIF Payments. It is expected that TIF Payments will always be sufficient to pay all Bond Payments

when and as due and, if and to the extent that TIF Payments are timely made and available to make Bond Payments, such TIF Payments will be credited against the obligation of the Leasehold Owner to make payments to the Bond Trustee on the TIF Loan and TIF Loan Note.

School Compensation Payments. School Compensation Payments will be secured by a subordinate pledge of and lien on all Statutory Service Payments, and shall be paid annually within thirty (30) days after the end of each “Bond Year” (generally the period ending on a January 1 principal Maturity Date), in accordance with an acceptable report of the TIF Administrator calculating the annual School Compensation Payments due and payable for the applicable tax collection year. Any amounts remaining after the payment of all required School Compensation Payments for any year shall be applied in accordance with the 76:24 split required by the First Amendment to Development Agreement.

Owners: All Owners will be responsible for compliance with the covenants running with the land and evidenced by the TIF Declaration/Mortgage, including the Minimum Service Payment obligations. The Ground Lessee and Leasehold Owner will be the initial Owners and will be responsible for imposing all such covenants and related liens on their interests in the Project Site Parcel or Parcels, including obligations on each Owner to expressly transfer all such obligations to all succeeding Owners succeeding to such interests in any Project Site Parcel. Appropriate language consistent with the TIF Declaration/Mortgage must be included in any instrument transferring any portion of or interest in any of the Project Site Parcels to a subsequent Owner. Any such instruments shall be in form approved by the City and will require the signature of the transferee with respect to its acknowledgment and acceptance of all such covenants.

County Treasurer Agreement. To provide comfort that tax lien certificates relating to Project Site Parcels will not be sold at less than par, the County Treasurer, pursuant to an agreement with the City and/or Bond Trustee, will agree not to sell any tax lien certificate related to any Project Site Parcel for an amount less than 100% of the applicable tax lien without consent of the City and Bond Trustee.

Guaranties. The Developer Parties will jointly and severally guarantee timely completion of the Project Improvements in accordance with Development Agreement requirements under one or more completion guaranties in form and substance acceptable to the City and Placement Agent (“Completion Guaranty”). The Guarantor will guarantee the payment of all TIF Payments under a payment guaranty in form and substance acceptable to the City and Placement Agent (“Payment Guaranty”; together with the Completion Guaranty, “Guaranties”); provided, that such Payment Guaranty will be released at such time as the Statutory Service Payments have, for two consecutive tax collection years, met or exceeded 125% of the Bond Payments payable for the respective “Bond Year” ending on the January 1 immediately following the end of the applicable tax collection year.

City Requirements:

Development Agreement Generally. The Development Agreement will survive delivery of the TIF Bonds, Ground Lease and City Contribution, and completion of the Project Improvements, and the Developer Parties will confirm and perform their obligations thereunder except to the extent, if any, waived in writing by the City. The Loan/Service Agreement will include mutual agreement as to those Development Agreement requirements satisfied and outstanding.

Loan Commitment and Annual Fees. For issuing the Bonds and making the TIF Loan, the City will charge the Leasehold Owner a loan commitment fee equal to 0.4% of the principal amount of the TIF Bonds payable, in full (as to all TIF Bonds, regardless of the Delayed Delivery Dates of certain maturities), on the TIF Bond Closing date. In addition, the Leasehold Owner shall pay the City an

annual loan maintenance fee of 0.2% of the outstanding principal amount of the TIF Bonds, payable semiannually in advance beginning on the TIF Bond Closing Date (pro-rated for the period prior to the first Interest Payment Date) and thereafter on each Interest Payment Date (based on outstanding principal amount at the beginning of the interest period ending on the applicable Interest Payment Date). In addition, the Leasehold Owner will be responsible for all Bond Trustee, TIF Administrator fees and charges, and other Administrative Expenses. All such amounts due on the TIF Bond Closing date and during the period when interest is capitalized, are expected to be paid or provided for from TIF Bond Proceeds. Thereafter, all such Administrative Expenses are expected to be paid from the Statutory Service Payments as part of the Bond Payments and will, to the extent established in the Bond Indenture, have priority over Bond Service Charges.

Indemnification. The Developer Parties hereby accept responsibility for and will defend and indemnify the City and Bond Trustee against all costs, expenses and liabilities relating to the issuance, administration, security and enforcement of the TIF Bonds, the construction of the Project Improvements (except to the extent payable from Net TIF Bond Proceeds or the City Contribution), and the operation and use of the Project including, without limitation, any and all claims for damages or injury to persons or property in, on or about the Project Site or the Project Improvements. The Ground Lessee, the Leasehold Owner and any other Owner will be required to name the City and Bond Trustee as additional insureds under applicable liability policies and as loss payees on casualty policies, including builders' risk policies, insuring the Project.

Inclusion and Prevailing Wages. Developer Parties shall use commercially reasonable efforts, and will require that the general contractor ("GC") use commercially reasonable efforts (including requiring subcontractors to use commercially reasonable efforts), to achieve minority and female business enterprise ("MBE/FBE") participation goals acceptable to the City in connection with the construction of the Project Improvements, including utilization of certified MBE/FBE businesses in the construction of the Project Improvements at an aggregate level of 20% or greater. In addition, Developer Parties shall use commercially reasonable efforts, and will require that the GC use commercially reasonable efforts (including requiring subcontractors to use commercially reasonable efforts), to ensure that laborers and mechanics employed on the Project are paid at the prevailing rates of wages of laborers and mechanics for the class of work called for with respect to that work (determined in accordance with ORC Chapter 4115 requirements for such determinations) to the extent reasonably practicable consistent with the Approved Project Budget and, in any event, at an aggregate level of not less than 30% of related Project Costs (of laborers and mechanics employed on the Project). Representatives of Developer Parties and of GC will provide a semiannual status report to the City through completion (with the first such report due by August 1, 2020 (for the period ending June 30, 2020), with respect to then-current and cumulative MBE/FBE participation and prevailing wage payments, in the construction of the Project Improvements, and an affidavit as to cumulative MBE/FBE participation and prevailing wage payments upon completion.

Developer Parties shall also use commercially reasonable efforts, and will require that the GC use commercially reasonable efforts (including requiring subcontractors to use commercially reasonable efforts), to achieve the goals of having a majority of workers participating in construction on the Project Improvements (excluding Developer employees) being residents of northeast Ohio, and having the number of out-of-state workers (excluding Developer employees) not exceeding one-sixth (1/6) of the workforce on the Project Improvements. In furtherance of such goals, Developer and GC, together with applicable subcontractors, shall hold at least two worker outreach events in Cleveland Heights, with advance notice to the City, within six (6) months after

the TIF Bond Closing date, to promote local worker participation on the Project. The Developer Parties agree to share, and will require that the GC agree to share (and require its subcontractors to share) with the City and its agents, including but not limited to the Regional Income Tax Authority, all information needed to facilitate tracking of project construction workers on a monthly basis to assure payment of appropriate income taxes due to the City from such employment.

Other Participants:

Placement Agent. The City designated RSA as the Placement Agent to market the TIF Bonds after discussion with the Developer. The TIF Bonds are expected to be privately placed by RSA with the Purchaser (expected to be one or two financial institutions, funds or other permitted investors, as established in the Bond Placement Agreement). Purchaser will provide and confirm, on delivery, representations acceptable to the City and Placement Agent regarding its investigation, investment intent, and non-distribution. Fees and expenses of RSA in structuring and placing the Bonds will be established in the Bond Placement Agreement with approval of the Developer and the City.

Bond Counsel. The City retained Squire Patton Boggs (US) LLP as Bond Counsel after discussion with the Developer. Except to the extent paid previously, or paid or reimbursed from TIF Bond proceeds, the Developer Parties accepted and hereby confirm their responsibility for the reasonable fees and expenses of Bond Counsel, whether incurred prior to or after the signing of this Term Sheet or any separate engagement agreement and whether or not any TIF Bonds are ever issued. Any fees previously paid may be reimbursed from TIF Bond proceeds.

Other Counsel. For purposes of the transactions contemplated herein, the Developer Parties have designated Thompson Hine LLP as their counsel, the City has designated Tucker Ellis LLP as its development counsel, and the Placement Agent has retained Vorys, Sater, Seymour and Pease LLP as its counsel. Associated fees and expenses relating to issuance of the Bonds and any fees and expenses of counsel to the Purchaser, are expected to be payable from proceeds of the TIF Bonds.

TIF Consultant. RSA will retain MuniCap, Inc. or other qualified consultant acceptable to the City, at the Developer's cost, for an acceptable and independent estimate of the projected Statutory Service Payments expected to be realized from the Project Site Parcels and pledged to the Bond Payments. These TIF Projections will be disclosed to the Purchasers and must show that, while taking into account all terms of the School Compensation Agreement (including no increases in valuation after valuation upon stabilization and 100% payment to the School District of Statutory Service Payments relating to any School District millage approved as new after March 20, 2018), the projected Statutory Service Payments from the Project Site Parcels (at the time of marketing the TIF Bonds) are, in each year of collection, expected to equal at least (i) 125% of the estimated Bond Payments to be paid therefrom, and (ii) 100% of the sum of the estimated Bond Payments and estimated School Compensation Payments to be paid therefrom. All related costs will be paid or reimbursed from Bond proceeds.

TIF Administrator. MuniCap, Inc., or other qualified company appointed by the City under the Bond Indenture and a separate Administration Agreement. Will be responsible for Annual and Semiannual reports relating to administration of the TIF Bonds, application of available revenues, the need for and invoicing of any Supplemental Payments and any reporting required by the Purchaser.

Trustee. The Huntington National Bank, Cincinnati corporate trust office.

Timetable:

A preliminary critical path timeline has been issued and updated prior to the execution of this Term Sheet and will be further updated from time to time.

Modification:

This Term Sheet may be modified with the approval of all affected parties, but it is specifically understood and agreed that all final terms and conditions of the TIF Bonds will be established in the Financing Documents and in connection with the placement of the Bonds, and such terms and conditions may be different than those contained in this Term Sheet.

Subject to execution on behalf of the Developer Parties of this Term Sheet, the City will authorize Bond Counsel to commence drafting Financing Documents and other related documents for the issuance, sale and delivery of the TIF Bonds.

ROSS, SINCLAIRE & ASSOCIATES, LLC

CITY OF CLEVELAND HEIGHTS, OHIO

Daniel R. Blank, Managing Director

Tanisha Briley, City Manager

Approved as to form and correctness:

William Hanna, Law Director

Acknowledged, Approved, Accepted and Agreed, as authorized by and on behalf of all Developer Parties:

F & C DEVELOPMENT, INC., DEVELOPER

David Flaherty, Chief Executive Officer

City of Cleveland Heights, Ohio
Taxable Economic Development TIF Revenue Bonds, Series 2020
(Top of the Hill Development Project)
 (“Bonds” or “TIF Bonds”)

Preliminary Financing Term Sheet – ~~January 27~~ February 7, 2020

Set forth below is a brief summary of certain terms relating to the TIF Bonds identified above and proposed to be issued by the City of Cleveland Heights, Ohio (“City”). The TIF Bonds are being issued to provide the “TIF Financing” contemplated by Section 8 of the Development Agreement dated February 21, 2018 between the City and F & C Development, Inc., an Indiana corporation qualified to transact business in Ohio (“Developer”), as amended and supplemented by a First Amendment to Development Agreement dated as of December 7, 2018 and a Second Amendment to Development Agreement approved December 2, 2019 (collectively, as further amended and supplemented, “Development Agreement”).

The City has previously acquired title to approximately four (4) acres of land commonly referred to as “Top of the Hill” and comprised of contiguous Parcel Numbers 685-18-008, 685-18-009, 685-18-010, 685-18-011, 685-18-012, 685-18-013, 685-18-016, 685-18-018 and 685-18-019 (each a “Parcel” and, collectively, “Parcels”), and has agreed to consolidate the Parcels with a portion of Edwards Road vacated or to be vacated, subject to reserved easements, pursuant to Ordinance No. 81-2019 enacted September 16, 2019, and then lease the consolidated site (“Project Site”) to Developer (or a designated affiliate) for a term of 99 years at nominal rent under a Ground Lease, the form and principal terms of which have been established under the Development Agreement and the First Amendment thereto (as completed, executed and delivered, “Ground Lease”). All Parcels other than Parcel 685-18-011 (“Greenhouse Parcel”) have been owned by the City for an extended period of time. The Greenhouse Parcel was acquired by Developer for transfer to the City and was so transferred on or about November 13, 2019 in accordance with the Development Agreement for a deferred payment of \$369,632.48 (“Greenhouse Purchase Price”).

Pursuant to the Development Agreement and Ground Lease, Developer (or a designated affiliate) is to provide for the acquisition, construction, equipping, installation, furnishing and other improvement of a project comprised of the following improvements: approximately 261 market-rate apartments, approximately 11,400 square feet of first floor restaurant, retail and commercial space, a public parking garage resulting in approximately 550 parking spaces, public gathering and green spaces, and all sidewalks, driveways, access ways and utility connections necessary for the foregoing improvements (“Project Improvements”) and together with the Project Site, “Project”). The City has determined that the Project constitutes a “project” within the meaning of Ohio Revised Code (“ORC”) Chapter 165, as enacted and amended from time to time pursuant to Article VIII, Section 13, of the Ohio Constitution (collectively, with applicable provisions of ORC Chapter 1724, the “Bond Act”), and has determined that it may, subject to certain conditions, issue the TIF Bonds under the Bond Act and make proceeds of the sale thereof (“TIF Bond Proceeds”), together with a “City Contribution” (defined below), available to Developer to finance a portion of the costs of the Project in the manner contemplated herein. The City has authorized preparation of this preliminary financing term sheet (“Term Sheet”) in anticipation of the issuance and sale of the TIF Bonds.

In addition to providing the Ground Lease and making the TIF Bond Proceeds available for costs of the Project, the City has agreed in the Development Agreement to make a contribution of up to \$1.85 million (as finally determined, “City Contribution”) available to Developer to provide funding for a portion of the costs of the Project (including payment of the Greenhouse Purchase Price and provision for a portion of the costs of the Project Improvements), as reflected in an agreed budget for costs of the Project prepared by Developer and approved by the City (“Approved Project Budget”). All other costs of the Project are to be borne by the Developer/affiliates except to the extent if any provided in the Development Agreement. Under the Development Agreement, all cost overruns relating to the Project Improvements are to be borne by the Developer, and the City has no responsibility whatsoever therefor.

The Developer has requested that the City now take the steps necessary to issue the TIF Bonds consistent with this Term Sheet and a legal structure that includes the following elements (among others): (i) the City will lease the Project Site under the Ground Lease to Cleveland Heights FC II, LLC, an Ohio limited liability company (“Ground Lessee”); (ii) the City will pay the Greenhouse Purchase Price to Developer and will provide the balance of the City Contribution (“City Project Proceeds”) to Ground Lessee, solely for use as a tenant improvement contribution to pay costs of Project Improvements; (iii) Ground Lessee will sublease the Project Site, under a sub-ground lease co-terminous with, and incorporating all material terms of, the Ground Lease (“Sub-Ground Lease”), to Cleveland Heights FC III, LLC, an Ohio limited liability company (“Leasehold Owner”), and will transfer the City Project Proceeds to Leasehold Owner, solely for use as a tenant improvement contribution to pay costs of Project Improvements; (iv) rent under the Sub-Ground Lease will be at market, as determined by Developer, reflecting the reasonable value of the Sub-Ground Lease and of the tenant improvement contribution of the City

Project Proceeds; (v) the City will loan the TIF Bond Proceeds to Leasehold Owner to pay a portion of the costs of the Project Improvements consistent with the Approved Project Budget; and (vi) Leasehold Owner will obtain a first-mortgage construction loan ("Construction Loan") from Goldman Sachs Bank USA ("Construction Lender") which, together with (x) City Project Proceeds plus (y) net TIF Bond Proceeds (net of all transactional and financing costs) plus (z) member-funded equity contributions to Leasehold Owner ("Member Equity"), is required to be sufficient to pay all costs of the Project Improvements consistent with the Approved Project Budget.

Developer has represented to the City that: (i) Ground Lessee will be owned and controlled entirely by principals of Developer and its affiliates through Cleveland Heights FCS, Inc., an Ohio s-corporation, (ii) Leasehold Owner will be owned entirely by Cleveland Heights FC Owners, LLC, an Ohio limited liability company ("Leasehold Owner Parent"), and (iii) Leasehold Owner and Leasehold Owner Parent will be managed and controlled by principals of Developer and its affiliates. Developer, Ground Lessee, Leasehold Owner, Leasehold Owner Parent and David M. Flaherty (an individual and Indiana resident, and herein the "Guarantor") are referred to herein, collectively, as the "Developer Parties".

This Term Sheet is provided by Ross, Sinclair & Associates, LLC ("RSA" or "Placement Agent") and the City to the Developer Parties in anticipation of entering into agreements pertaining to the structuring and marketing of the TIF Bonds and is preliminary and subject to change. It is intended to serve as the basis for such structuring and marketing, but is not definitive or complete; all terms, costs and other items included herein are preliminary and will be finalized in the documentation providing for the issuance, sale and delivery of the Bonds, including the Placement Agreement, Loan/Service Agreement, Bond Indenture, TIF Declaration/Mortgage and Guaranties, all referred to below.

Description of the Project:

Project; Authorization: The Project is generally described in the Introduction to this Term Sheet and is comprised of the Project Site and Project Improvements authorized or to be authorized under each of the following: (1) the Bond Act, (2) the Development Agreement, (3) ORC §5709.41 and related statutory provisions (collectively, "TIF Act" and, together with the Bond Act, "Authorizing Acts"), (4) an Ordinance passed by City Council under the TIF Act and effective on or after January 1, 2020 ("TIF Ordinance"), and (5) an ordinance authorizing the TIF Bonds ("Bond Ordinance").

Project Costs: Project Costs payable from TIF Bond Proceeds will include costs of acquisition, construction, equipping, installation, furnishing and other improvement of the Project Site and Project Improvements and related costs permitted under the Authorizing Acts, including costs of issuing the TIF Bonds and funding required capitalized interest and reserves. Aggregate Project Costs are estimated at approximately \$74,887,107, as shown under "Preliminary Sources and Uses" below. Aggregate TIF Bond Proceeds are currently projected at up to approximately \$24.2 million, with approximately \$18.6 million available, together with investment earnings on unspent construction-period TIF Bond proceeds (currently estimated at ~~\$175~~approximately \$100,000) (collectively "Net TIF Bond Proceeds"), for construction and related costs of the Project Improvements, all as further described below under Preliminary Sources and Uses. Project Costs that cannot be funded from TIF Bond Proceeds must be funded, or available without material conditions, at or prior to the closing of the initial TIF Bond issuance ("TIF Bond Closing"), including all Construction Loan proceeds, City Project Proceeds, and member equity contributions to Leasehold Owner.

TIF Bond Proceeds: The TIF Bonds are expected to be issued in such amount as can be supported by payments in lieu of exempted taxes required under the TIF Act and TIF Ordinance ("Statutory Service Payments") derived from improvements to the Project Site Parcels, as projected by MuniCap, Inc. ("TIF Consultant") consistent with (i) such information as may be available regarding the prospective completed and stabilized tax valuation (and related timing) of the Project, and (ii) requirements under the Development Agreement and a Compensation Agreement dated March 20, 2018 between the City and the Cleveland Heights-University Heights City School District ("School District"), as supplemented by an Addendum to Compensation Agreement ~~previously approved and to be executed prior to sale~~ dated as of the TIF Bonds ~~November~~

25, 2019 between the City and School District (as supplemented, “School Compensation Agreement”). The net proceeds of the TIF Bonds will be made available for and applied towards the payment of the Project Costs in accordance with (x) a Loan and Service Agreement between the City and Leasehold Owner, joined as to all Service Agreement covenants by Ground Lessee (“Loan/Service Agreement”) and (y) a Trust Indenture (“Bond Indenture”) between the City and a qualified corporate bond trustee (“Trustee”). Bond issuance costs and other specified Project Costs to be paid or reimbursed at or promptly after the TIF Bond Closing will be disbursed in accordance with direction given in the Bond Indenture. Funded interest and administrative expenses (for the period prior to anticipated receipt of Statutory Service Payments) will be disbursed in accordance with a schedule and direction included in the Bond Indenture. Amounts available for remaining costs of the Project Improvements will be disbursed on request of Developer, with approval of the City, in accordance with the Loan/Service Agreement and Bond Indenture.

Issuance and Sale of TIF Bonds:

Subject to approval of the Bond Ordinance by City Council, and to satisfaction of the conditions established in the Development Agreement, School Compensation Agreement, Bond Ordinance, Bond Indenture and Loan/Service Agreement, and based on satisfactory documentation and legal opinion of Squire Patton Boggs (US) LLP, bond counsel to the City (“Bond Counsel”), the City expects to issue (and the Placement Agent expects to place) the TIF Bonds to finance a portion of the costs of the Project Improvements. The TIF Bonds will be sold by the City, and placed by the Placement Agent, pursuant to a bond placement agreement (“Placement Agreement”) among the Placement Agent, the City, such Developer Parties as are acceptable to the Placement Agent and City, and, if applicable, the purchaser or purchasers of the TIF Bonds (collectively, “Purchaser”). To the extent required by the Purchaser for purposes of locking an interest rate or otherwise, parties to this Term Sheet agree to review and, if necessary sign a supplemental or separate term sheet further establishing agreed material terms of the TIF Bonds.

General Terms of the TIF Bonds

Principal Amount; Term; Serial Bonds. The principal amount of TIF Bonds issued for the Project is currently not expected to exceed approximately Twenty Six Million Dollars (\$26,000,000) and could vary significantly based on the projected tax valuation of the Project. That principal amount (and the related Net TIF Bond Proceeds) will depend on the amount of Statutory Service Payments projected by the TIF Consultant to be generated by the “*improvement*” (as defined in the TIF Act and herein “TIF Improvement”) to Project Site Parcels resulting from construction of the Project Improvements, the sale prices of and interest rates on the TIF Bonds, and other factors. The projected Statutory Service Payments (“TIF Projections”) will depend on the estimated valuation of the Project, as projected by the TIF Consultant consistent with County Fiscal Office assessor valuation protocols, projected “effective tax rates” of levies exempted by the TIF Ordinance, and the limits established by the School District compensation regime under the School Compensation Agreement. The actual Statutory Service Payments will differ from the TIF Projections and the variance could be significant. Consistent with the Bond Act, City Charter and Bond Ordinance, the TIF Bonds will mature serially within 30 years from their respective dates of issuance, with a final maturity of January 1, 2052 (“Final Maturity”). TIF Bonds are expected to mature serially in semiannual installments established under the Bond Indenture on January 1 and July 1 of each year from July 1, 2023 through Final Maturity (“Maturity Dates”). The term of the TIF Bonds may be reduced based upon market conditions and will be established in the Placement Agreement.

Interest Rates; Stepped-Coupon. Interest will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2020 (“Interest Payment Dates”). It is anticipated that all outstanding TIF Bonds will bear interest at the same fixed annual interest rate at any given time, but that the Bonds will have

“stepped-coupon” interest rates established in the Bond Indenture and estimated and summarized as follows: (i) from the TIF Bond Closing date through June 30, 2028, outstanding TIF Bonds will bear interest at approximately 5.00% per year (“Initial Rate”); (ii) from July 1, 2040 until maturity and final payment, outstanding TIF Bonds will bear interest at approximately 6.00% per year (“Final Rate”); and (iii) from July 1, 2028 through June 30, 2040, outstanding TIF Bonds will bear interest at an agreed rate between the Initial Rate and the Final Rate (“Second Rate”). Interest will be calculated for all periods, including the initial period, for a 360-day year comprised of twelve 30-day months. The interest rate or rates on the TIF Bonds are subject to market conditions at the time of pricing, and will be established in the Placement Agreement and may include a floor and ceiling (based on an agreed index and margin) for the Second Rate and Final Rate; provided, that debt service coverage requirements will, in that event, be determined based on the “ceiling” rates for the Second Rate and Final Rate periods.

Sale and Delivery; Deferred Deliveries. All of the TIF Bonds will be sold under the Placement Agreement for delivery as follows: (1) Bonds maturing on or before January 1, 2050 will be authenticated and delivered to the Purchaser at TIF Bond Closing, (2) Bonds maturing on July 1, 2050 will be authenticated and delivered to the Purchaser on July 1, 2020 (“First Deferred Delivery Date”), (3) Bonds maturing on January 1, 2051 will be authenticated and delivered to the Purchaser on January 4, 2021 (“Second Deferred Delivery Date”), (4) Bonds maturing on July 1, 2051 will be authenticated and delivered to the Purchaser on July 1, 2021 (“Third Deferred Delivery Date”), and (5) Bonds maturing on January 1, 2052 will be authenticated and delivered to the Purchaser on January 3, 2022 (“Final Deferred Delivery Date”). The process for delivery of and payment for Bonds to be delivered on each “Deferred Delivery Date” will be established in the Bond Indenture and Placement Agreement.

Optional Redemption. Subject to market conditions, it is expected that the TIF Bonds will be subject to optional redemption at par approximately five (5) years after the TIF Bond Closing date.

Denominations; Form; Global Bond. TIF Bonds may be issued in “authorized denominations” of \$100,000 and any integral multiple of \$5,000 in excess thereof. The TIF Bonds will be issued in certificated fully-registered form and may be issued as one or more Bonds maturing in serial installments; provided, that no Bond shall bear interest at more than one rate at any particular time.

Revenue Bonds; Non-Recourse to City. The Bonds will be issued as tax increment financing revenue bonds secured only by (i) the revenues and security pledged and provided under the Bond Indenture, including Statutory Service Payments and “Minimum Service Payments” or related “Supplemental Payments” (collectively “TIF Payments”) and any other loan payments made under the Loan/Service Agreement, all of which will be assigned by the City to the Trustee under the Bond Indenture, (ii) the TIF Declaration/Mortgage described below, and the (iii) “Guaranties” described below. The Bonds will not be secured by (~~i~~) any other revenues, including any tax revenues, of the City or (~~ii~~) any obligation of the City except the obligation to transfer the TIF Payments to the Trustee at such times as are required under the Loan/Service Agreement and Bond Indenture. As such, the TIF Bonds will be special or limited non-recourse obligations of the City and will not be considered a debt of the City.

Rating; Credit Enhancement. The TIF Bonds will not be rated by any rating agency and will be issued without bond insurance or any other similar credit enhancement.

Additional Bonds. Additional Bonds are not expected to be issuable under the Bond Indenture.

Taxable Bonds. Interest on the TIF Bonds will not be excluded from gross income for federal income tax purposes. With certain exceptions, interest on, and any profit made on the sale, exchange or other disposition of the TIF Bonds, will be exempt from Ohio state and local taxation.

Preliminary Sources and Uses:

Project Costs. The current preliminary estimated sources and uses of funds for the Project, based on current estimates, projections, market conditions and assumptions and a draft of the Approved Project Budget, are as follows:

Sources:*

Construction Loan	\$51,000,000
TIF Bond Proceeds, including Earnings	\$23,940,865,000
City Greenhouse Purchase Price	\$ 369,632
City Project Proceeds (maximum)	\$ 1,480,368
Member Equity	\$ 3,257 332,107
Aggregate Project Sources	\$80,047,107

Uses:*

Greenhouse Purchase Price	\$ 369,632
Site Preparation	\$ 3,100,000
Architecture, Engineering and Arch., Eng., Design	\$ 3,454,675
City Connection/Impact Fees/ Permits	\$ 783,000
<u>Approvals</u>	<u>\$ 4,237,675</u>
Project Improvements Construction	\$56,985,000
FF&E, TI and Project Soft Costs	\$ 6,885,550
Bond/TIF Soft Costs, including Interest	\$ 5,465,000
Contingency	\$ 3,004,250
Aggregate Project Uses	\$80,047,107

* All Project costs are preliminary, estimated, and subject to completion, execution and delivery of a “guaranteed maximum price” construction contract currently under negotiation by the Developer. Developer Member equity, and the Project sources and uses, do not include any allocation for Developer Parties’ overhead related to the Project (estimated at \$3,725,874).

TIF Bonds. The current preliminary estimated sources and uses of funds for the TIF Bonds, based on current information, estimates, projections, market conditions and assumptions, are as follows:

Sources:*

TIF Bond Closing	\$20,025,000
Deferred Deliveries	\$ 3,740,000
<u>Investment Earnings</u>	<u>\$ 100,000</u>
Aggregate TIF Bond Proceeds	\$23,765,865,000

Uses:*

Project Fund Deposits	\$18,300,400,000
Bond Reserve Fund	\$ 815,000
Capitalized Interest	\$ 3,230,000
Transaction Costs Paid/Reimbursed	\$ 1,200,000
Other Costs (during CAPI Period)	\$ 220,000
Aggregate TIF Bond Uses	\$23,765,865,000

* All amounts are estimated or assumed. This assumes \$24.2 million of TIF Bonds are issued and sold at 98.2% of par. All amounts will be adjusted and finalized (and may be adjusted significantly) as of the TIF Bond Closing date to reflect market conditions and pricing, known or revised estimated interest rates, costs, principal amounts, expectations and the TIF Projections.

Security for the Bonds:

Capitalized Interest and Other Payments: Subject to legal requirements, interest on the TIF Bonds is expected to be funded and paid from TIF Bond proceeds through completion of construction of the Project Improvements and until annual Statutory Service Payments are expected to be received in sufficient amounts to pay the scheduled principal and interest on the TIF Bonds (“Bond Service Charges”) and associated “Administrative Expenses” (together with the Bond Service Charges, “Bond Payments”), including the annual or semiannual fees of the City, the Trustee and a qualified tax increment financing and/or special district administrator appointed by the City under the Bond Indenture (“TIF Administrator”), as well as anticipated additional costs of administering the trust estate under the Bond Indenture. Capitalized Bond Payments are not expected to extend beyond January 1, 2023 unless funded from Developer Party contributions (which will be required if the TIF Projections do not project a full year’s collection of Statutory Service Payments in TY22 (collection year 2023)).

Reserve Fund or Funds. From and after the TIF Bond Closing, a “Bond Reserve” shall be funded in an amount equal to average semi-annual debt service on the TIF Bonds from the TIF Bond Closing through Final Maturity (on the assumption that all Bonds to be delivered on Deferred Delivery Dates are, in fact, delivered on the applicable Deferred Delivery Date). So long as no default has occurred, the Bond Reserve requirement may be reduced in equal amounts (1/4 of original Bond Reserve requirement) on each Maturity Date beginning on July 1, 2050 – with released amounts applied to debt service due on such date[s]. In addition to the Bond Reserve, depending on the TIF Projections and marketing requirements, there may be a supplemental reserve fund requirement in place for the period through completion, valuation and first full-year Statutory Service Payment collection.

Loan and Service Agreement Covenants; TIF Declaration and Mortgage. The Loan/Service Agreement will provide for the terms of the loan of the TIF Bond Proceeds to the Leasehold Owner (“TIF Loan”). The obligation to make loan financing payments (including amounts sufficient to make all Bond Payments) will be evidenced by a promissory note delivered by the Leasehold Owner to the Bond Trustee (“TIF Loan Note”). The Loan/Service Agreement will also provide for the “service agreement” covenants of the Leasehold Owner and the joinder of the Ground Lessee therein, and such service agreement covenants shall be binding on all transferees and subsequent owners of the interests of the Developer Parties in all or any portion of the Project Site (the Ground Lessee, Leasehold Owner and all such transferees and subsequent owners, “Owners”), but subject to apportionment of payment obligations in the event the Ground Lease is subdivided in accordance with its terms. Such covenants, including (without limitation) covenants relating to development of the Project Site consistent with the Development Agreement and the Approved Project Budget, the application for the tax exemption granted under the TIF Ordinance, the statutory liens resulting from that tax exemption and the payment of all TIF Payments, in amounts sufficient to provide for all Bond Payments, will run with the land and be binding on the leasehold interests of the Ground Lessee and Leasehold Owner (and other interests derived therefrom exclusive of individual unit and store leases), and will be evidenced and secured by a declaration and open-end mortgage instrument recorded in the County real estate records, with foreclosure procedures benefiting the City and Bond Trustee, in form and substance satisfactory to the City and Placement Agent (“TIF Declaration/Mortgage”).

TIF Payments; Credits Against Loan Payments. It is anticipated that the County will collect and remit Statutory Service Payments to the City and that the City will transmit all such amounts, within twenty-one (21) days of final settlement with the County Fiscal Officer as to any amounts received, to the Bond Trustee, as assignee. Minimum Service Payments are expected to be invoiced by the Bond Trustee pursuant to direction of the TIF Administrator approximately

thirty (30) days before, and will be due and payable at least three (3) business days before, the next-succeeding semiannual Interest Payment Date. The Bonds will be secured, in part, by a senior pledge of and lien on all TIF Payments. It is expected that TIF Payments will always be sufficient to pay all Bond Payments when and as due and, if and to the extent that TIF Payments are timely made and available to make Bond Payments, such TIF Payments will be credited against the obligation of the Leasehold Owner to make payments to the Bond Trustee on the TIF Loan and TIF Loan Note.

School Compensation Payments. School Compensation Payments will be secured by a subordinate pledge of and lien on all Statutory Service Payments, and shall be paid annually within thirty (30) days after the end of each “Bond Year” (generally the period ending on a January 1 ~~Principal~~principal Maturity ~~date~~Date), in accordance with an acceptable report of the TIF Administrator calculating the annual School Compensation Payments due and payable for the applicable tax collection year. Any amounts remaining after the payment of all required School Compensation Payments for any year shall be applied in accordance with the 76:24 split required by the First Amendment to Development Agreement.

Owners: All Owners will be responsible for compliance with the covenants running with the land and evidenced by the TIF Declaration/Mortgage, including the Minimum Service Payment obligations. The Ground Lessee and Leasehold Owner will be the initial Owners and will be responsible for imposing all such covenants and related liens on their interests in the Project Site Parcel or Parcels, including obligations on each Owner to expressly transfer all such obligations to all succeeding Owners succeeding to such interests in any Project Site Parcel. Appropriate language consistent with the TIF Declaration/Mortgage must be included in any instrument transferring any portion of or interest in any of the Project Site Parcels to a subsequent Owner. Any such instruments shall be in form approved by the City and will require the signature of the transferee with respect to its acknowledgment and acceptance of all such covenants.

County Treasurer Agreement. To provide comfort that tax lien certificates relating to Project Site Parcels will not be sold at less than par, the County Treasurer, pursuant to an agreement with the City and/or Bond Trustee, will agree not to sell any tax lien certificate related to any Project Site Parcel for an amount less than 100% of the applicable tax lien without consent of the City and Bond Trustee.

Guaranties. The Developer Parties will jointly and severally guarantee timely completion of the Project Improvements in accordance with Development Agreement requirements under one or more completion guaranties in form and substance acceptable to the City and Placement Agent (“Completion Guaranty”). The Guarantor will guarantee the payment of all TIF Payments under a payment guaranty in form and substance acceptable to the City and Placement Agent (“Payment Guaranty”; together with the Completion Guaranty, “Guaranties”); provided, that such Payment Guaranty will be released at such time as the Statutory Service Payments have, for two consecutive tax collection years, met or exceeded 125% of the Bond Payments payable for the respective “Bond Year” ending on the January 1 immediately following the end of the applicable tax collection year.

City Requirements:

Development Agreement Generally. The Development Agreement will survive delivery of the TIF Bonds, Ground Lease and City Contribution, and completion of the Project Improvements, and the Developer Parties will confirm and perform their obligations thereunder except to the extent, if any, waived in writing by the City. The Loan/Service Agreement will include mutual agreement as to those Development Agreement requirements satisfied and outstanding.

Loan Commitment and Annual Fees. For issuing the Bonds and making the TIF Loan, the City will charge the Leasehold Owner a loan commitment fee equal to 0.4% of the principal amount of the TIF Bonds payable, in full (as to all TIF Bonds, regardless of the Delayed Delivery Dates of certain maturities), on the TIF Bond Closing date. In addition, the Leasehold Owner shall pay the City an annual loan maintenance fee of 0.2% of the outstanding principal amount of the TIF Bonds, payable semiannually in advance beginning on the TIF Bond Closing Date (pro-rated for the period prior to the first Interest Payment Date) and thereafter on each Interest Payment Date (based on outstanding principal amount at the beginning of the interest period ending on the applicable Interest Payment Date). In addition, the Leasehold Owner will be responsible for all Bond Trustee, TIF Administrator fees and charges, and other Administrative Expenses. All such amounts due on the TIF Bond Closing date and during the period when interest is capitalized, are expected to be paid or provided for from TIF Bond Proceeds. Thereafter, all such Administrative Expenses are expected to be paid from the Statutory Service Payments as part of the Bond Payments and will, to the extent established in the Bond Indenture, have priority over Bond Service Charges.

Indemnification. The Developer Parties hereby accept responsibility for and will defend and indemnify the City and Bond Trustee against all costs, expenses and liabilities relating to the issuance, administration, security and enforcement of the TIF Bonds, the construction of the Project Improvements (except to the extent payable from Net TIF Bond Proceeds or the City Contribution), and the operation and use of the Project including, without limitation, any and all claims for damages or injury to persons or property in, on or about the Project Site or the Project Improvements. The Ground Lessee, the Leasehold Owner and any other Owner will be required to name the City and Bond Trustee as additional insureds under applicable liability policies and as loss payees on casualty policies, including builders' risk policies, insuring the Project.

Inclusion and Prevailing Wages. Developer Parties shall use commercially reasonable efforts, and will require that the general contractor ("GC") use commercially reasonable efforts (including requiring subcontractors to use commercially reasonable efforts), to achieve minority and female business enterprise ("MBE/FBE") participation goals acceptable to the City in connection with the construction of the Project Improvements, including utilization of certified MBE/FBE businesses in the construction of the Project Improvements at an aggregate level of 20% or greater. In addition, Developer Parties shall use commercially reasonable efforts, and will require that the GC use commercially reasonable efforts (including requiring subcontractors to use commercially reasonable efforts), to ensure that laborers and mechanics employed on the Project are paid at the prevailing rates of wages of laborers and mechanics for the class of work called for with respect to that work (determined in accordance with ORC Chapter 4115 requirements for such determinations) to the extent reasonably practicable consistent with the Approved Project Budget and, in any event, at an aggregate level of not less than 30% of related Project Costs (of laborers and mechanics employed on the Project). Representatives of Developer Parties and of GC will provide a semiannual status report to the City through completion (with the first such report due by August 1, 2020 (for the period ending June 30, 2020), with respect to then-current and cumulative MBE/FBE participation and prevailing wage payments, in the construction of the Project Improvements, and an affidavit as to cumulative MBE/FBE participation and prevailing wage payments upon completion.

Developer Parties shall also use commercially reasonable efforts, and will require that the GC use commercially reasonable efforts (including requiring subcontractors to use commercially reasonable efforts), to achieve the goals of having a majority of workers participating in construction on the Project Improvements (excluding Developer employees) being residents of northeast

Ohio, and having the number of out-of-state workers (excluding Developer employees) not exceeding one-sixth (1/6) of the workforce on the Project Improvements. In furtherance of such goals, Developer and GC, together with applicable subcontractors, shall hold at least two worker outreach events in Cleveland Heights, with advance notice to the City, within six (6) months after the TIF Bond Closing date, to promote local worker participation on the Project. The Developer Parties agree to share, and will require that the GC agree to share (and require its subcontractors to share) with the City and its agents, including but not limited to the Regional Income Tax Authority, all information needed to facilitate tracking of project construction workers on a monthly basis to assure payment of appropriate income taxes due to the City from such employment.

Other Participants:

Placement Agent. The City designated RSA as the Placement Agent to market the TIF Bonds after discussion with the Developer. The TIF Bonds are expected to be privately placed by RSA with the Purchaser (expected to be one or two financial institutions, funds or other permitted investors, as established in the Bond Placement Agreement). Purchaser will provide and confirm, on delivery, representations acceptable to the City and Placement Agent regarding its investigation, investment intent, and non-distribution. Fees and expenses of RSA in structuring and placing the Bonds will be established in the Bond Placement Agreement with approval of the Developer and the City.

Bond Counsel. The City retained Squire Patton Boggs (US) LLP as Bond Counsel after discussion with the Developer. Except to the extent paid previously, or paid or reimbursed from TIF Bond proceeds, the Developer Parties accepted and hereby confirm their responsibility for the reasonable fees and expenses of Bond Counsel, whether incurred prior to or after the signing of this Term Sheet or any separate engagement agreement and whether or not any TIF Bonds are ever issued. Any fees previously paid may be reimbursed from TIF Bond proceeds.

Other Counsel. For purposes of the transactions contemplated herein, the Developer Parties have designated Thompson Hine LLP as their counsel, the City has designated Tucker Ellis LLP as its development counsel, and the Placement Agent has retained Vorys, Sater, Seymour and Pease LLP as its counsel. Associated fees and expenses relating to issuance of the Bonds and any fees and expenses of counsel to the Purchaser, are expected to be payable from proceeds of the TIF Bonds.

TIF Consultant. RSA will retain MuniCap, Inc. or other qualified consultant acceptable to the City, at the Developer's cost, for an acceptable and independent estimate of the projected Statutory Service Payments expected to be realized from the Project Site Parcels and pledged to the Bond Payments. These TIF Projections will be disclosed to the Purchasers and must show that, while taking into account all terms of the School Compensation Agreement (including no increases in valuation after valuation upon stabilization and 100% payment to the School District of Statutory Service Payments relating to any School District millage approved as new after March 20, 2018), the projected Statutory Service Payments from the Project Site Parcels (at the time of marketing the TIF Bonds) are, in each year of collection, expected to equal at least (i) 125% of the estimated Bond Payments to be paid therefrom, and (ii) 100% of the sum of the estimated Bond Payments and estimated School Compensation Payments to be paid therefrom. All related costs will be paid or reimbursed from Bond proceeds.

TIF Administrator. MuniCap, Inc., or other qualified company appointed by the City under the Bond Indenture and a separate Administration Agreement. Will be responsible for Annual and Semiannual reports relating to administration of the TIF Bonds, application of available revenues, the need for and invoicing of any Supplemental Payments and any reporting required by the Purchaser.

Trustee. The Huntington National Bank, Cincinnati corporate trust office.

Timetable:

A preliminary critical path timeline has been issued and updated prior to the execution of this Term Sheet and will be further updated from time to time.

Modification:

This Term Sheet may be modified with the approval of all affected parties, but it is specifically understood and agreed that all final terms and conditions of the TIF Bonds will be established in the Financing Documents and in connection with the placement of the Bonds, and such terms and conditions may be different than those contained in this Term Sheet.

Subject to execution on behalf of the Developer Parties of this Term Sheet, the City will authorize Bond Counsel to commence drafting Financing Documents and other related documents for the issuance, sale and delivery of the TIF Bonds.

ROSS, SINCLAIRE & ASSOCIATES, LLC

CITY OF CLEVELAND HEIGHTS, OHIO

Daniel R. Blank, Managing Director

Tanisha Briley, City Manager

Approved as to form and correctness:

William Hanna, Law Director

Acknowledged, Approved, Accepted and Agreed, as authorized by and on behalf of all Developer Parties:

F & C DEVELOPMENT, INC., DEVELOPER

David Flaherty, Chief Executive Officer

Proposed: 01/21/2020

ORDINANCE NO. 6-2020 (F), *Third Reading*

By Council Member Hart

An Ordinance providing for the issuance and sale of not to exceed \$1,850,000 of economic development nontax revenue bond anticipation notes, in anticipation of the issuance of bonds, for the purpose of paying a portion of the costs of the acquisition, construction, equipping, installation, furnishing and other improvement of a project, as defined in Section 165.01 of the Revised Code, and declaring an emergency.

WHEREAS, the City is authorized and empowered by virtue of the laws of the State of Ohio, including, without limitation, Section 13 of Article VIII of the Ohio Constitution and Chapter 165 of the Revised Code, among other things, (i) to issue bond anticipation notes and bonds to acquire, construct, reconstruct, equip, or improve a “project” as defined in Section 165.01 of the Revised Code, comprising an industrial, commercial or research facility, located within the boundaries of the City, for the purpose of creating or preserving jobs and employment opportunities and improving the economic welfare of the people of the City and of the State; (ii) to secure such notes and bonds by a pledge of nontax revenues, as provided herein; and (iii) to pass this Ordinance and enter into related agreements, upon the terms and conditions provided herein; and

WHEREAS, for the purpose of creating or preserving jobs and employment opportunities and improving the economic welfare of the people of the City, the City has determined to issue the economic development nontax revenue bond anticipation notes described in Section 3, in anticipation of the issuance of the bonds described in Section 5, to provide funds necessary to pay a portion of the costs of the acquisition of a portion of, and redevelopment by F & C Development, Inc. (together with certain designated affiliates, the Developer) of, the site generally known as “Top of the Hill” located on approximately four acres of land situated between Euclid Heights Boulevard and Cedar Road at the top of Cedar Hill in the City, the Top of the Hill site being leased to the Developer pursuant to a development agreement between the City and the Developer, with improvements to include (i) approximately 261 market-rate apartments, (ii) approximately 11,400 square feet of first floor restaurant, retail and commercial space, (iii) a public parking garage resulting in approximately 550 parking spaces, (iv) public gathering and green spaces and (v) all sidewalks, driveways, access ways and utility connections necessary for the improvements described in (i) through (iv) above; and

WHEREAS, the Cleveland Heights Community Improvement Corporation, as the City’s designated community improvement corporation, has approved the project described above as a

ORDINANCE NO. 6-2020

project in accordance with the plan for the industrial, commercial, distribution and research development of the City confirmed by the City pursuant to Section 1724.10 of the Revised Code;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Cleveland Heights, County of Cuyahoga, Ohio, that:

SECTION 1. Definitions. In addition to the words and terms defined elsewhere in this Ordinance or by reference to the Act, unless the context or use clearly indicates another meaning or intent:

“Act” means Chapter 165 of the Revised Code, as enacted and amended pursuant to Section 13 of Article VIII of the Ohio Constitution.

“Bonds” means the bonds in anticipation of which the Notes are issued, the estimated terms of which are described in Section 5.

“City Manager” means the City Manager or any person serving in an interim or acting capacity with respect to that office.

“Director of Finance” means the Director of Finance or any person serving in an interim or acting capacity with respect to that office.

“Director of Law” means the Director of Law or the person at the time performing the duties of the chief legal officer of the City.

“Nontax Revenues” means all moneys of the City which are not moneys raised by taxation, to the extent available for the purpose of paying Note service charges, including, but not limited to the following: (a) proceeds from the sale or lease of all or a portion of the Project Site; (b) grants from the United States of America and the State; (c) payments in lieu of taxes now or hereafter authorized by State statute to the extent not pledged to pay debt charges on other City indebtedness; (d) fines and forfeitures which are deposited in the City’s General Fund; (e) fees deposited in the City’s General Fund for services provided and from properly imposed licenses and permits; (f) investment earnings on the City’s General Fund and which are credited to the City’s General Fund; (g) investment earnings on other funds of the City that are credited to the City’s General Fund, including, without limitation, investment earnings on the Project Fund which are paid into the General Fund; (h) proceeds from the sale of assets which are deposited in the City’s General Fund; (i) gifts and donations; (j) all rental payments which are deposited in the City’s General Fund; and (k) any moneys in the Project Fund which are not needed to pay costs of the Project.

ORDINANCE NO. 6-2020

“Note Purchase Agreement” means a note purchase agreement, if any, between the City and the Original Purchaser of the Notes.

“Note service charges” means, for any period of time, the principal of and interest required to be paid by the City on the Notes for such time period.

“Notes” means the Economic Development Nontax Revenue Bond Anticipation Notes, Series 2020 (Top of the Hill Project), authorized in Section 3.

“Ordinance” means this Ordinance as amended or supplemented from time to time.

“Original Purchaser” means the purchaser to whom the Notes are sold in accordance with Section 7.

“Parity Obligations” means bonds, notes or other obligations of or guaranties by the City payable from Nontax Revenues on a parity with or prior to the Notes or Bonds.

“Paying Agent” means a bank or trust company designated by the Director of Finance to serve as paying agent for the Notes in the Certificate of Award, or the Director of Finance if agreed to by the Director of Finance and the Original Purchaser.

“Project” means the acquisition of a portion of, and redevelopment by F & C Development, Inc. (together with certain designated affiliates) of, the Project Site, with improvements to include (i) approximately 261 market-rate apartments, (ii) approximately 11,400 square feet of first floor restaurant, retail and commercial space, (iii) a public parking garage resulting in approximately 550 parking spaces, (iv) public gathering and green spaces and (v) all sidewalks, driveways, access ways and utility connections necessary for the improvements described in (i) through (iv) above.

“Project Fund” means the Project Fund described in Section 8.

“Project Site” means the approximately four acres of land situated between Euclid Heights Boulevard and Cedar Road at the top of Cedar Hill in the City.

Any reference herein to the City, to this Council, or to any officer or member of either, includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions.

Any reference to a section or provision of the Constitution of the State or the Act or the Revised Code includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; provided, that no such amendment, modification,

revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this provision if it constitutes in any way an impairment of the rights or obligations of the City or the holder of the Notes under this Ordinance, the Notes or any other instrument or document entered into in connection with any of the foregoing, including, without limitation, any alteration of the obligation to pay the Note service charges in the amount and manner, at the times and from the sources provided in this Ordinance, except as permitted herein.

SECTION 2. Council Determinations. This Council determines that (i) the Project is a “project” as defined in the Act and is consistent with the purposes of Section 13 of Article VIII of the Ohio Constitution; (ii) the utilization of the Project is in furtherance of the purposes of the Act and will benefit the people of the City and of the State by creating and preserving jobs and employment opportunities and improving the economic welfare of the people of the City and of the State; and (iii) it is necessary for the City to borrow money, by the issuance and sale of the Notes, as provided herein, to provide funds necessary to pay a portion of the costs of the Project.

SECTION 3. Authorized Principal Amount of Notes; Dating; Interest Rate; Parity Obligations. This Council determines it to be necessary to issue, and the City shall, issue, sell and deliver, as provided and authorized herein the Notes, in anticipation of the issuance of Bonds, in an aggregate principal amount not to exceed \$1,850,000 for the purpose of paying a portion of the costs of the Project. The Notes shall be designated “Economic Development Nontax Revenue Bond Anticipation Notes, Series 2020 (Top of the Hill Project)”, or as otherwise designated by the Director of Finance in the Certificate of Award (as defined below).

The Notes shall be dated the date of issuance and shall mature one year from the date of issuance; provided that the Director of Finance may, if it is determined to be necessary or advisable to the sale of the Notes, establish a maturity date that is any date up to one year from the date of issuance by setting forth that maturity date in the certificate signed in accordance with Section 7 (the Certificate of Award). The Notes shall bear interest at a rate not to exceed 4% per year (computed on the basis of a 360-day year consisting of 12 30-day months), payable at maturity and until the principal amount is paid or payment is provided for. The aggregate principal amount of and rate of interest on the Notes shall be determined by the Director of Finance in the Certificate of Award.

The City may in the future issue Parity Obligations. The Director of Finance may agree in the Certificate of Award to reasonable limits on the future issuance of Parity Obligations, consistent with that officer’s determination of the best interest of and financial advantages to the City; provided, that any limit on the maximum annual aggregate of estimated service charges on the Bonds and required payments on any existing Parity Obligations and proposed Parity Obligations payable from Nontax Revenues shall not be less than 50% of estimated Nontax Revenues for the fiscal year immediately following the issuance of the proposed Parity Obligations.

SECTION 4. Payment of Debt Charges; Paying Agent; Prepayment. The Note service charges shall be payable in lawful money of the United States of America, or in Federal Reserve funds of the United States of America, as determined by the Director of Finance in the Certificate of Award, and shall be payable, without deduction for services of the Paying Agent, at the designated office of the Paying Agent.

If agreed to by the Original Purchaser, the Notes shall be prepayable in whole or in part, without penalty or premium, at the option of the City, at any time or at any time following a period of no prepayment agreed to by the Original Purchaser (the Prepayment Date). Prepayment prior to maturity shall be made by deposit with the Paying Agent of the principal amount of the Notes to be prepaid, together with interest accrued thereon to the Prepayment Date. The City's right of prepayment shall be exercised by mailing a notice of prepayment, stating the principal amount to be prepaid, the Prepayment Date and the name and address of the Paying Agent, by certified or registered mail to the Original Purchaser of the Notes not less than 30 days prior to the Prepayment Date, unless such notice is waived by the Original Purchaser. If money for prepayment is on deposit with the Paying Agent on the Prepayment Date following the giving of that notice, interest on the principal amount prepaid shall cease to accrue on the Prepayment Date. The Director of Finance may request the Original Purchaser of the Notes to use its best efforts to arrange for the delivery of the Notes at the designated office of the Paying Agent for prepayment, surrender and cancellation if the Notes have been prepaid in whole, or for replacement with a Note or Notes in the principal amount then outstanding, if the Notes has been prepaid in part.

SECTION 5. Estimated Bond Terms. It is necessary that Bonds be issued in an aggregate principal amount not to exceed \$1,850,000 for the purpose of paying a portion of the costs of the Project, which Bonds are anticipated to be dated approximately February 1, 2021, shall bear interest at the now estimated rate of 6% per year, payable semiannually until the principal amount is paid; and such Bonds are estimated to mature in 30 annual principal installments on December 1 of each year that are in such amounts that the total principal and interest payments on the Bonds in any fiscal year in which principal is payable are not more than three times the amount of those payments in any other fiscal year. Nothing in this Ordinance shall prevent the City from retiring all or any portion of the Notes with the proceeds of bond anticipation notes, or with the proceeds of Bonds or other obligations containing terms different than those described in this Ordinance.

SECTION 6. Execution of Notes; Book Entry System. The Notes shall be signed by the City Manager and the Director of Finance, in the name of the City and in their official capacities, provided that one of those signatures may be a facsimile. The Notes shall be issued in the denominations and numbers as requested by the Original Purchaser and approved by the Director of Finance, provided that no Note shall be issued in a denomination less than \$100,000. The entire principal amount may be represented by a single note and may be issued as fully registered securities (for which the Director of Finance will serve as note registrar) and in book entry or other uncertificated

ORDINANCE NO. 6-2020

form in accordance with Section 9.96 and Chapter 133 of the Revised Code if it is determined by the Director of Finance that issuance of fully registered securities in that form will facilitate the sale and delivery of the Notes. The Notes shall not have coupons attached, shall be numbered as determined by the Director of Finance and shall express upon their faces the purpose, in summary terms, for which they are issued and that they are issued pursuant to this Ordinance. As used in this Section and in this Ordinance:

“Book entry form” or “book entry system” means a form or system under which (i) the ownership of beneficial interests in the Notes and the principal of, and interest on, the Notes may be transferred only through a book entry, and (ii) a single physical Note certificate is issued by the City and payable only to a Depository or its nominee, with such Notes deposited and maintained in the custody of the Depository or its agent for that purpose. The book entry maintained by others than the City is the record that identifies the owners of beneficial interests in the Notes and that principal and interest.

“Depository” means any securities depository that is a clearing agency under federal law operating and maintaining, with its Participants or otherwise, a book entry system to record ownership of beneficial interests in the Notes or the principal of, and interest on, the Notes and to effect transfers of the Notes, in book entry form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Participant” means any participant contracting with a Depository under a book entry system and includes security brokers and dealers, banks and trust companies, and clearing corporations.

The Notes may be issued to a Depository for use in a book entry system and, if and as long as a book entry system is utilized, (i) the Notes may be issued in the form of a single Note made payable to the Depository or its nominee and deposited and maintained in the custody of the Depository or its agent for that purpose; (ii) the beneficial owners in book entry form shall have no right to receive the Notes in the form of physical securities or certificates; (iii) ownership of beneficial interests in book entry form shall be shown by book entry on the system maintained and operated by the Depository and its Participants, and transfers of the ownership of beneficial interests shall be made only by book entry by the Depository and its Participants; and (iv) the Notes as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the City.

If any Depository determines not to continue to act as a Depository for the Notes for use in a book entry system, the Director of Finance may attempt to establish a securities depository/book entry relationship with another qualified Depository. If the Director of Finance does not or is unable to do so, the Director of Finance, after making provision for notification of the beneficial owners by the then Depository and any other arrangements deemed necessary, shall permit withdrawal of the Notes

from the Depository, and shall cause the Notes in bearer or payable to order form to be signed by the officers authorized to sign the Notes and delivered to the assigns of the Depository or its nominee, all at the cost and expense (including any costs of printing), if the event is not the result of City action or inaction, of those persons requesting such issuance.

The Director of Finance is also hereby authorized and directed, to the extent necessary or required, to enter into any agreements determined necessary in connection with the book entry system for the Notes, after determining that the signing thereof will not endanger the funds or securities of the City.

SECTION 7. Award and Sale of the Notes.

(a) To the Original Purchaser. The Notes shall be sold at not less than 97% of par at private sale by the Director of Finance in accordance with law and the provisions of this Ordinance. The Director of Finance shall, in accordance with that officer's determination of the best interests of and financial advantages to the City and based on conditions then existing in the financial markets, consistently with the provisions of this Ordinance, establish the aggregate principal amount of and interest rate to be borne by the Notes and their maturity and other terms required in this Ordinance to be set forth in the Certificate of Award, sign the Certificate of Award evidencing that sale to the selected Original Purchaser, cause the Notes to be prepared, and have the Notes signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Notes if requested by the Original Purchaser, to the Original Purchaser upon payment of the purchase price.

A Note Purchase Agreement is approved, and the City Manager and the Director of Finance are authorized to sign and deliver, on behalf of the City, the Note Purchase Agreement with such necessary and customary terms and conditions that are not inconsistent with the provisions of this Ordinance, are not materially adverse to the interests of the City and are approved by the City Manager and the Director of Finance. Such approval by the City Manager and the Director of Finance shall be evidenced conclusively by the signing of the Note Purchase Agreement by the City Manager and the Director of Finance.

The City Manager, the Director of Finance, the Director of Law, the Clerk of Council and other City officials, as appropriate, are each authorized and directed to sign any transcript certificates, financial statements, paying agent agreement, term sheet, placement agreement and other documents and instruments and to take such actions as are necessary or appropriate to consummate the transactions contemplated by this Ordinance.

(b) Application for Rating; Financing Costs. The Director of Finance is authorized to request a rating for the Notes from one or more nationally-recognized rating agencies in connection with the sale and issuance of the Notes. The expenditure of the amounts necessary to secure those

rating(s) and to pay the other financing costs (as defined in Section 133.01 of the Revised Code) in connection with the Notes is authorized and approved, and the Director of Finance is authorized to provide for the payment of any such amounts and costs from the proceeds of the Notes to the extent available and otherwise from any other funds lawfully available that are appropriated or shall be appropriated for that purpose.

SECTION 8. Appropriation and Expenditure of Proceeds of Notes; Project Fund. The proceeds from the sale of the Notes shall be deposited and credited to a separate account or fund (the Project Fund). Moneys in the Project Fund shall be invested in accordance with the provisions of the City's Charter, Codified Ordinances and investment policy. Those proceeds are hereby appropriated and shall be used to pay costs of the Project, including, without limitation, financing costs in connection with the issuance of the Notes and reimbursement of any funds advanced to pay costs of the Project by the City, and are hereby appropriated for that purpose. The expenditure of funds for the foregoing purpose is hereby authorized.

SECTION 9. Payment and Security of the Notes. The Notes and the Bonds shall be special obligations of the City, and the Note service charges on the Notes and the debt charges on any Bonds issued to retire the Notes shall be payable solely from the Nontax Revenues, and the payment of Note service charges is secured by a pledge of and lien on the Nontax Revenues on deposit in the Bond Fund, as described below. The Notes and any Bonds issued to retire the Notes are not and shall not be secured by an obligation or pledge of any money raised by taxation. The Notes and any Bonds issued to retire the Notes do not and shall not represent or constitute a debt or pledge of the faith and credit or taxing power of the City, and the holder or holders thereof have and shall have no right to have taxes levied by the City for the payment of Note service charges on the Notes or debt charges on any Bonds issued to retire the Notes.

There is hereby created a separate account or fund designated as the "Top of the Hill Retirement Fund" (the Note Fund) into which Nontax Revenues shall be deposited on or prior to the date of maturity of the Notes in an amount sufficient to pay Note service charges on the Notes. The City covenants and agrees that while the Notes are outstanding, it will appropriate and maintain Nontax Revenues at such times and in such amounts as will be sufficient, together with the proceeds of the Bonds or renewal notes issued in anticipation of the Bonds available for the purpose, to pay the Note service charges on the Notes and required payments on Parity Obligations when due and will so restrict the issuance of future Parity Obligations as will ensure the continuing availability for appropriation of sufficient Nontax Revenues to pay Note service charges and required payments on outstanding Parity Obligations when due, which Nontax Revenues are hereby selected by the City pursuant to Section 165.12 of the Revised Code as moneys that are not raised by taxation.

The par value to be received from the sale of any Bonds issued to retire the Notes or of any renewal notes and any excess funds resulting from the issuance of the Notes shall, to the extent

necessary, be used to pay the Note service charges on the Notes at maturity and are pledged for that purpose.

Nothing herein shall be construed as requiring the City to use or apply to the payment of Note service charges on the Notes any funds or revenues from any source other than Nontax Revenues. Nothing herein, however, shall be deemed to prohibit the City, of its own volition, from using, to the extent that it is authorized by law to do so, any other resources for the fulfillment of any of the terms, conditions or obligations of this Ordinance or of the Notes.

SECTION 10. City Covenants. In addition to other representations and warranties of the City contained in this Ordinance, the City covenants and agrees that:

(a) Payment of Note Service Charges. Except to the extent paid from the proceeds of refunding bond anticipation notes or the Bonds, the City will, solely from the Nontax Revenues, pay or cause to be paid the Note service charges on the dates, at the places and in the manner provided herein and in the Notes. For that purpose, in each year while the Notes are outstanding, this Council, after providing for the payment of debt charges payable on the City's general obligation securities in that year from sources available for that purpose, will appropriate Nontax Revenues required to pay, and for the purpose of paying, the Note service charges due and required payments on Parity Obligations due in that year. Further, this Council will give effect to such appropriations in all ordinances it passes thereafter in that year appropriating money for expenditure and encumbrance and limit the other appropriations of Nontax Revenues in that year to the amount available after deducting the amount required for the payment of debt charges payable on the City's general obligation securities and to pay those Note service charges and required payments on Parity Obligations.

(b) Performance of Covenants and City Actions. The City will at all times faithfully observe and perform all agreements, covenants, undertakings, stipulations and provisions to be performed on its part under this Ordinance and the Notes and under all proceedings of this Council pertaining thereto. The City represents that (i) it is a municipal corporation, duly organized and existing under and by virtue of the laws of the State; (ii) it is, and upon delivery of the Notes covenants that it will be, duly authorized by the Constitution and laws of the State, to issue the Notes and any Bonds issued to retire the Notes and to provide the security for payment of the Note service charges in the manner and to the extent set forth herein and in the Notes; (iii) all actions on its part for the issuance of the Notes have been or will be taken duly and effectively; and (iv) the Notes will be a valid and enforceable special obligations of the City according to their terms. Each obligation of the City required to be undertaken pursuant to the Ordinance and the Notes is binding upon the City, and upon each officer or employee of the City as may from time to time have the authority under law to take any action on behalf of the City as may be necessary to perform all or any part of such obligation, as a duty of the City and of each of those officers and employees resulting from an office, trust or

ORDINANCE NO. 6-2020

station within the meaning of Section 2731.01 of the Revised Code, providing for enforcement by writ of mandamus.

(c) Inspection of Project Books. All books and documents in the City's possession relating to the Project and the Nontax Revenues shall be open at all times during the City's regular business hours to inspection by such accountants or other agents of the holder of the Notes as the holder of the Notes may from time to time designate.

(d) Transcript of Proceedings. The Clerk of Council, or another appropriate officer of the City, shall furnish to the Original Purchaser a true transcript of proceedings, certified by that officer, of all proceedings had with reference to the issuance of the Notes along with such information from the records as is necessary to determine the regularity and validity of the issuance of the Notes.

SECTION 11. Federal Tax Considerations. The City covenants that it will use, and will restrict the use and investment of, the proceeds of the Notes in such manner and to such extent as may be necessary so that (a) the Notes will not (i) constitute private activity bonds or arbitrage bonds under Sections 141 or 148 of the Internal Revenue Code of 1986, as amended (the Code), or (ii) be treated other than as bonds the interest on which is excluded from gross income under Section 103 of the Code, and (b) the interest on the Notes will not be an item of tax preference under Section 57 of the Code.

The City further covenants that (a) it will take or cause to be taken such actions that may be required of it for the interest on the Notes to be and remain excluded from gross income for federal income tax purposes, (b) it will not take or authorize to be taken any actions that would adversely affect that exclusion, and (c) it, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Notes to the governmental purpose of the borrowing, (ii) restrict the yield on investment property, (iii) make timely and adequate payments to the federal government, (iv) maintain books and records and make calculations and reports and (v) refrain from certain uses of those proceeds, and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code.

The Director of Finance or any other officer of the City having responsibility for issuance of the Notes is hereby authorized (a) to make or effect any election, selection, designation (including specifically designation of the Notes as "qualified tax-exempt obligations" if such designation is applicable and desirable, and to make any related necessary representations and covenants), choice, consent, approval, or waiver on behalf of the City with respect to the Notes as the City is permitted to or required to make or give under the federal income tax laws, including, without limitation thereto, any of the elections provided for in or available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of the Notes or interest thereon or assisting compliance with requirements for that purpose, reducing the burden or expense of such

compliance, reducing the rebate amount or payments or penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments, as determined by that officer, which action shall be in writing and signed by the officer, (b) to take any and all other actions, make or obtain calculations, make payments, and make or give reports, covenants and certifications of and on behalf of the City, as may be appropriate to assure the exclusion of interest from gross income and the intended tax status of the Notes, and (c) to give one or more appropriate certificates of the City, for inclusion in the transcript of proceedings for the Notes, setting forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the Notes, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the interest on and the tax status of the Notes.

SECTION 12. Discharge of Notes and Related Covenants. If the City shall pay or cause to be paid and discharged the Notes, the covenants, agreements and other obligations of the City hereunder and in the Notes shall be discharged and satisfied.

SECTION 13. Payments on Sundays and Legal Holidays. If any date on which Note service charges are due shall be a Sunday or a day on which the holder of the Notes is required, or authorized or not prohibited, by law (including executive orders) to close and is closed, then payment of Note service charges need not be made on that date but may be made on the next succeeding business day on which the holder is open for business with the same force and effect as if made on the due date and no interest shall accrue for the period after that date.

SECTION 14. Notification of Note Issuance. The City Manager is directed to deliver or cause to be delivered the notification required by Section 165.03(D) of the Revised Code to the Director of the Ohio Development Services Agency.

SECTION 15. Satisfaction of Conditions to Issue Notes. This Council determines that all acts and conditions necessary to be done or performed by the City or to have been met precedent to and in the issuing of the Notes in order to make them legal, valid and binding special obligations of the City have been performed and have been met, or will at the time of delivery of the Notes have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Notes.

SECTION 16. Severability. Each section of this Ordinance and each subdivision of any section thereof is hereby declared to be independent, and the finding or holding of any section or subdivision of any section thereof to be invalid or void shall not be deemed nor held to affect the validity of any other section or subdivision of this Ordinance.

ORDINANCE NO. 6-2020

SECTION 17. Ratification. Each action taken by the City and any officer of the City in connection with the Project and the Notes is hereby ratified and confirmed and shall be given full force and effect as of the time such action was taken.

SECTION 18. Compliance with Open Meeting Requirements. This Council finds and determines that all formal actions of this Council and any of its committees concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council or committees, and that all deliberations of this Council and any of its committees that resulted in those formal actions were in meetings open to the public, all in compliance with the law.

SECTION 19. Captions and Headings. The captions and headings in this Ordinance are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Sections, subsections, paragraphs, subparagraphs or clauses hereof. Reference to a Section means a section of this Ordinance unless otherwise indicated.

SECTION 20. Declaration of Emergency; Effective Date. This Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety of the City, and for the further reason that this Ordinance is required to be immediately effective in order to issue and sell the Notes, which is necessary to enable the City to meet its contractual commitments for the undertaking of the Project and so that the City may provide for additional jobs and employment opportunities and improve the economic welfare of the City and its residents; wherefore, this Ordinance shall be in full force and effect immediately upon its passage, provided it receives the affirmative vote of five members of Council elected thereto; otherwise, it shall be in full force and effect from and after the earliest period allowed by law.

JASON S. STEIN, Mayor
President of Council

SUSANNA NIERMANN O'NEIL
Acting Clerk of Council

PASSED: _____, 2020

Proposed: 2/3/2020

ORDINANCE NO. 12-2020 (PD) , Second Reading

By Council Member Hart

An Ordinance declaring certain improvements to real property located in the City of Cleveland Heights, Ohio to be a public purpose; declaring such improvements to be exempt from real property taxation; making provision for the collection of service payments in lieu of taxes; establishing an urban redevelopment tax increment equivalent fund for the deposit of such service payments; confirming a compensation agreement with the Cleveland Heights-University Heights City School District; providing related authorizations pursuant to Ohio Revised Code Sections 5709.41, 5709.42 and 5709.43; rescinding Ordinance No. 116-2019 adopted on December 2, 2019; ~~rescinding~~ and Ordinance No. 16-2018 adopted on March 19, 2018, each except as stated herein; and declaring an emergency.

WHEREAS, the City of Cleveland Heights (the “City”) owns certain parcels of real property located at the intersection of Cedar Road and Euclid Heights Boulevard and referred to as the “Top of the Hill Property,” which parcels are described in Exhibit A hereto (collectively referred to herein as the “TIF Area,” with the parcels comprising the real property within the TIF Area, as improved, referred to herein as the “Parcels”); and

WHEREAS, Ohio Revised Code (“R.C.”) Section 5709.41 provides that this Council may, under certain circumstances, declare Improvements (as defined in R.C. Section 5709.41) to the Parcels to be a public purpose, thereby exempting those Improvements from real property taxation; and

WHEREAS, pursuant to R.C. Section 5709.41, said exemption may not exceed 75% of such Improvements for up to ten (10) years without the approval of the board of education of the city, local or exempted village school district within the territory in which the Parcels are located; and

WHEREAS, the City has entered into a Development Agreement (the “Development Agreement”) with F & C Development, Inc. pursuant to which a development entity established by F & C Development, Inc. (such entity, “the Developer”) will lease the Parcels from the City and improve the Parcels by building thereon a mixed-use development which will include construction of (a) approximately 261 market-rate apartments, (b) approximately 11,400 square feet of first floor restaurant, retail and commercial space, (c) a public parking garage resulting in 550 parking spaces, (d) public gathering and green spaces, and (e) all sidewalks, driveways, access ways and utility connections (all of the foregoing being referred to herein collectively as the “Development”); and

WHEREAS, on March 19, 2018, this Council passed Ordinance No. 16-2018 (“Ordinance No. 16-2018”) authorizing a Compensation Agreement dated March 20, 2018 (“Base Compensation Agreement”) with the Board of Education of the Cleveland Heights-University Heights City School District (“School District”), declaring certain Improvements to certain parcels included in the Top of the Hill Property to be a public purpose, declaring such

ORDINANCE NO. 12-2020

Improvements to be exempt from real property taxation, and making provision for the collection of service payments in lieu of the exempted real property taxes; and

WHEREAS, on December 2, 2019, this Council passed Ordinance No. 116-2019 on request of the Developer and for the purposes stated therein (“Ordinance No. 116-2019” and, together with Ordinance No. 16-2018, the “Prior Ordinances”), rescinding Ordinance No. 16-2018 (except to the extent expressly saved in Section 1 of Ordinance No. 116-2019), confirming the Base Compensation Agreement and approving an Addendum thereto, declaring Improvements to certain parcels included in the Top of the Hill Property to be a public purpose under R.C. Section 5709.41, declaring such Improvements to be exempt from real property taxation for a period of thirty (30) years commencing with tax year 2021 (the “Exemption Period”), and making provision for the collection of service payments in lieu of the exempted real property taxes; and

WHEREAS, the financing for the Development, including the issuance of tax increment financing revenue bonds of the City (“TIF Bonds”), secured by a pledge of the anticipated service payments in lieu of exempted real property taxes to be paid by the owners of the Parcels included in the Development (“Service Payments,” as further defined below) is being finalized, and in conjunction with such TIF Bond financing, the City desires to enact this Ordinance to ensure that the Ohio Department of Taxation will, upon application for the applicable real property tax exemptions, recognize and approve an Exemption Period of thirty (30) years commencing with tax year 2021 for each of the Parcels included in the Development; and

WHEREAS, this Council has determined that it is necessary and appropriate and in the best interests of the City to provide that the owner of the Development (initially, the Developer) be required to make Service Payments with respect to the Improvements to the Parcels pursuant to R.C. Section 5709.42; and

WHEREAS, the City and School District have entered into the Base Compensation Agreement and, on request of the City, ~~the School District has authorized~~ an Addendum to such Base Compensation Agreement (the “Addendum”; the Base Compensation Agreement, as amended and supplemented by the Addendum, is referred to herein as the “Compensation Agreement²”); ²) to evidence that (1) the description of the Development ~~has had~~ been modified since the date of the Base Compensation Agreement, and (2) the first year of the Exemption Period described in such Base Compensation Agreement may be tax year 2021; and

WHEREAS, under the Compensation Agreement, the Board of Education of the School District waived any notice periods prescribed in R.C. Section 5709.41 and 5709.83, approved a 100% exemption for the Improvements to the Parcels under R.C. Section 5709.41 for thirty (30) years, and waived any other rights to compensation related to the grant of that exemption; and

WHEREAS, R.C. Section 5709.85(A) requires the legislative authority of any municipal corporation granting an exemption from taxation under R.C. Section 5709.41 to create a tax incentive review council (“TIRC”), which TIRC is required to perform an annual review of exemptions from taxation granted pursuant to R.C. Section 5709.41, and the City has previously created a TIRC;

BE IT ORDAINED by the Council of the City of Cleveland Heights, that:

ORDINANCE NO. 12-2020

SECTION 1. The Prior Ordinances are hereby rescinded in their entirety; provided, however, that the authority granted in Section 5 of Ordinance No. 16-2018 (to enter into the Base Compensation Agreement), as saved, adopted, confirmed, ratified and incorporated in Section 1 of Ordinance No. ~~116-2019~~, is 116-2019, and the authority granted in Section 6 of Ordinance No. 116-2019 (to execute and deliver the Addendum) are hereby saved, adopted, confirmed, ratified and incorporated herein, effective as of the effective date of the respective Prior Ordinance ~~No. 16-2018~~, and the execution and delivery of the Base Compensation Agreement and Addendum by the City pursuant to that Section 5 authority is hereby approved, adopted, ratified and confirmed as fully as if ~~either~~ such sections of the Prior Ordinances had remained in effect.

SECTION 2. The Improvements (other than those Improvements, if any, to be used for residential purposes as such term is used in R.C. Section 5709.41(B)) to the Parcels on which the Developer will construct the Development are hereby declared to be a public purpose for purposes of R.C. Section 5709.41. One hundred percent (100%) of the increase in the assessed value of the Parcels (which increase in assessed value is an “Improvement” as defined in R.C. Section 5709.41) shall be exempt from real property taxation for a period of thirty (30) years commencing with tax year 2021.

SECTION 3. As provided in R.C. Section 5709.42, the owner of the Development (initially, the Developer) is hereby required to make annual service payments for a period of thirty (30) years in lieu of taxes to the County Fiscal Officer on or before the final dates for payment of real property taxes. Each such payment (including interest and penalties) shall be charged and collected in the same manner and in the same amount as the real property taxes that would have been charged and payable if the Improvements were not exempt from taxation (with the payments in lieu of taxes, including any penalties, interest and rollback payments, collectively referred to as “PILOTS”). The County Fiscal Officer shall remit all PILOTS to the City. In addition to the payment of PILOTS described herein, in accordance with the Compensation Agreement, in connection with any TIF Debt (as defined in the Compensation Agreement), the owner(s) of the Development may also be required to make minimum service payments (the “Minimum Service Payments” and, together with the PILOTS, the “Service Payments”) as described in the Compensation Agreement.

This Council hereby authorizes the City Manager or designee (the “City Manager”) or an officer of the City who succeeds to the functions, duties or responsibilities of the City Manager pursuant to or by operation of law or who is fully authorized to perform such functions or duties (an “Authorized Officer”) to provide such information and certifications and execute and deliver, or accept delivery of such instruments as are necessary and incidental to collect those PILOTS from the County Fiscal Officer or collect the Minimum Service Payments from the Developer and to make such arrangements as are necessary and proper for payment of the portion of PILOTS and/or Minimum Service Payments dedicated to TIF Debt to be paid, if appropriate, to the trustee for any TIF Debt. Any late payments of PILOTS shall be subject to penalty and bear interest at the then current rate established under R.C. Sections 323.121 and 5703.47, as may be amended from time to time, or any successor provisions thereto, as the same may be amended from time to time.

No Owner of any portion of the Development shall, under any circumstances, be required in any tax year to both pay PILOTS with respect to an Improvement and reimburse local taxing authorities for the amount of real property taxes that would have been payable to local taxing

ORDINANCE NO. 12-2020

authorities had the Improvements not been exempted from taxation to the extent set forth in this Ordinance.

SECTION 4. The City Manager or an Authorized Officer shall make, or cause to be made, payments to the School District as described in the Compensation Agreement.

SECTION 5. This Council hereby establishes pursuant to and in accordance with the provisions of R.C. Section 5709.43, the Top of the Hill Urban Redevelopment Tax Increment Equivalent Fund (the "Fund"), into which shall be deposited the PILOTS distributed to the City with respect to the Improvements on the Parcels by or on behalf of the County Fiscal Officer as provided in Section 5709.42 of the Revised Code. One hundred percent (100%) of the moneys collected shall be deposited in the Fund and shall be retained by the City and used for any or all of the following purposes:

(i) Payment of all costs associated with the construction of the Development, including costs incurred by the City or other governmental entity, and including debt service and related costs or obligations or loans issued by the City, the State of Ohio or other governmental entity;

(ii) Construction, operation and maintenance of public improvements and publicly-owned facilities on the Parcels, including, but not limited to, streets, storm and sanitary sewers, water treatment facilities and water transmission lines, sidewalks, curbs, street trees and furniture, transitway improvements, off-street parking facilities, street lighting and signalization, pedestrian walkways, and public parks and plazas, whether owned by the City or other governmental entity by agreement with the City, and associated land acquisition and demolition, planning and engineering costs;

(iii) Land and building acquisition, demolition, site preparation, and relocation expenses related to the Development;

(iv) Compensating the School District pursuant to the Compensation Agreement; and

(v) Any other expenditures made with respect to the Parcels in accordance with the Development Agreement or other agreements entered into in connection with development of the Parcels provided such expenditures are otherwise permitted by law.

The Fund shall remain in existence so long as such PILOTS are collected, after which said Fund may be dissolved in accordance with said Section 5709.43 and transferred to the General Fund or any other fund as permitted by applicable law.

SECTION 6. The Compensation Agreement, including the Base Compensation Agreement and the Addendum, each in the form attached to this Ordinance as Exhibit B, is hereby authorized, approved and ratified, with changes or amendments thereto, not inconsistent with this Ordinance and not substantially adverse to the City, as determined by the Director of Law and which are approved by the City Manager or an Authorized Officer. ~~The City Manager or an Authorized Officer, for and in the name of the City, is hereby authorized to execute the Addendum to the Compensation Agreement.~~ The approval of any such changes or amendments by the City Manager or an Authorized Officer, and the character of ~~the~~those changes or

ORDINANCE NO. 12-2020

amendments as not being inconsistent with this Ordinance and not being materially adverse to the City, shall be evidenced conclusively by the execution thereof by the City Manager or an Authorized Officer with the concurrence of the Director of Law. This Council further hereby authorizes and directs the City Manager or an Authorized Officer to make such arrangements as are necessary and proper for payments to be made to the School District pursuant to the Compensation Agreement.

SECTION 7. The City Manager or an Authorized Officer is authorized and directed to sign any other documents, instruments or certificates as are necessary or appropriate to consummate or implement the actions described herein, or contemplated by this Ordinance, including an agreement or agreements with the Developer to provide for the payment of PILOTS and Minimum Service Payments described in this Ordinance and in the Compensation Agreement.

SECTION 8. Pursuant to R.C, Section 5709.41, the City Manager is hereby directed to deliver a copy of this Ordinance to the Director of Development Services of the State within fifteen days after its passage. On or before March 31 of each year that the exemption set forth in Section 3 hereof remains in effect, the City Manager or an Authorized Officer shall prepare and submit to the Director of Development Services of the State the status report required under R.C. Section 5709.41(E).

SECTION 9. It is hereby found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council, and that all deliberations of this Council and any decision making bodies of the City that resulted in such formal actions were in meetings open to the public and in compliance with all legal requirements.

SECTION 10. Notice of the passage of this Ordinance shall be given by publishing the title and abstract of its contents, prepared by the Director of Law, once in one newspaper of general circulation in the City of Cleveland Heights.

SECTION 11. This Ordinance is hereby declared to be an emergency measure immediately necessary for the preservation of the public peace, health and safety of the inhabitants of the City of Cleveland Heights, such emergency being the need to implement the financing for the Development, including the issuance of the TIF Bonds, as soon as possible. Wherefore, provided it receives the affirmative vote of five (5) or more of the members elected or appointed to this Council, this Ordinance shall take effect and be in force immediately upon its passage; otherwise, it shall take effect and be in force from and after the earliest time allowed by law.

JASON STEIN, Mayor
President of the Council

SUSANNA NIERMANN O'NEIL
Acting Clerk of Council

ORDINANCE NO. 12-2020

PASSED: _____, 2020

EXHIBIT A

DESCRIPTION OF PARCELS INCLUDED IN TIF AREA

(Identified by Parcel Number)

685-18-008

685-18-009

685-18-010

685-18-011

685-18-012

685-18-013

685-18- 016

685-18-018

685-18-019

EXHIBIT B

COMPENSATION AGREEMENT AND FORM OF ADDENDUM

(See Attached)

EXHIBIT B

COMPENSATION AGREEMENT

This Compensation Agreement (this "Agreement"), is made and entered into on this day of March 20, 2018, by and between the CITY OF CLEVELAND HEIGHTS, OHIO (the "City"), a municipal corporation organized and existing under the laws of the State of Ohio, and the CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT (the "School District"), a city school district organized and existing under the laws of the State of Ohio.

WITNESSETH:

WHEREAS, the City owns (or may acquire) certain real property located at the intersection of Cedar Road and Euclid Heights Boulevard and sometimes referred to herein as the "Top of the Hill Property" more particularly depicted in Exhibit A attached hereto; and

WHEREAS, by Ordinance to be introduced in Cleveland Heights City Council (including any amendments thereto, the "TIF Ordinance"), the City proposes to establish a tax increment financing area with respect to the Top of the Hill Property, to exempt from real property taxation improvements to be made to the Top of the Hill Property pursuant to Section 5709.41 of the Ohio Revised Code (the "TIF Statute") and to require the development entity to be established by F & C Development, Inc. to lease from the City and improve the parcels included in the Top of the Hill Property (such entity, the "Developer"), to make Service Payments In Lieu of Taxes in an amount equal to the amount of real property taxes that would have been payable if the Improvements described below had not been exempted from taxation under the TIF Ordinance (those payments in lieu of taxes, together with any related penalties, interest and rollback payments, are collectively referred to herein as "PILOTS"), and to use such PILOTS to pay a portion of the principal of, interest on and premium, if any, with respect to bonds expected to be issued by the Cleveland-Cuyahoga County Port Authority (or any other such governmental authority as may be designated by the City) or other financing and any renewals or refunding thereof (collectively, the "TIF Debt") which may be issued or entered into to pay the cost of acquisition and construction of improvements as part of the proposed Top of the Hill Property development; and

WHEREAS, by the TIF Ordinance, the City intends to designate the parcels depicted in Exhibit A hereto (collectively referred to herein as the "TIF Area"), with the parcels comprising the real property within the TIF Area, as improved, referred to hereinafter as the "Parcels"; and

WHEREAS, the City has provided information to the School District with respect to a proposed mixed-use development of the Parcels which will include construction of (a) 200 luxury market-rate apartments, (b) 15,000 square feet of first floor restaurant, retail and commercial space, (c) a public parking garage containing 525 parking spaces, (d) public gathering and green spaces, (e) 20 for-sale townhomes, (f) a nationally-branded hotel or boutique hotel, (g) all sidewalks, driveways, access ways and utility connections, and which will potentially include (h) "Class A" office space (all of the foregoing being referred to herein collectively as the "Improvements"); and

WHEREAS, the City and the School District will derive substantial and significant benefits from the Improvements; and

WHEREAS, the City, in the TIF Ordinance, intends to declare the Improvements (other than those Improvements, if any, to be used for residential purposes as such term is used in Section 5709.41(B) of the Ohio Revised Code) to be for a "public purpose" and exempted 100% of the assessed valuation of the Improvements from real property taxation for a period not to exceed thirty (30) years in accordance with Section 5709.41 of the Ohio Revised Code; and

WHEREAS, on March [3], 2018, the Board of the School District adopted a resolution (the "School District Resolution") approving this Agreement and the exemption of the Improvements as will be provided in the TIF Ordinance (the "TIF Exemption"); and

WHEREAS, to facilitate the construction of the Improvements and to compensate the School District for a portion of the revenue that the School District would have received had the Improvements been made and not been exempted from taxation, the City and the School District have determined to enter into this Agreement, on the terms as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and covenants contained herein, and to induce the Developer to proceed with the construction of the Improvements, the parties hereto agree as follows:

Section 1. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

"Base Value" means the assessed value (35% of market value under current law) of the Parcels within the TIF Area for tax year 2017.

"Exempted Value" means the assessed value (35% of market value under current law) of the Parcels within the TIF Area over the Base Value that is to be exempted from real estate taxation under the TIF Ordinance and the TIF Statute.

"Exemption Year" means, for any Parcel, any calendar year in which Improvements would be taxable but for the exemption from taxation pursuant to the TIF Ordinance.

"\$44 Million Fair Market Value Threshold" means, for purposes of determining School Payments under Section 2(A) hereof, that portion of the market value of the Parcels within the TIF Area (excluding any Townhome Parcels) that is equal to or less than \$44,000,000.

"\$50 Million Fair Market Value Threshold" means, for purposes of determining School Payments under Section 2(A) hereof, that portion of the market value of the Parcels within the TIF Area (excluding any Townhome Parcels) that is equal to or greater than \$50,000,000.

"New School District Levies" means any School District levies first effective on or after the date of this Agreement. New School District Levies shall not include any replacement tax levies, to the extent of the effective rate of the levy that is being replaced, or any renewal levies. For example, if an existing levy has an effective tax rate of 10 mills as of the date of the replacement levy and 5 effective new mills are approved with the replacement of the existing levy,

New School District Levies shall exclude the prior existing effective millage (10 effective mills) and include the new 5 mills. The existing levies included in the School District's Effective Millage as of the 2017 tax year are set forth in Schedule I hereto.

"PILOTS to be received at the "\$44 Million Fair Market Threshold" means the PILOTS to be received by the City in any Exemption Year determined at the \$44 Million Fair Market Value Threshold.

"PILOTS to be received at the "\$50 Million Fair Market Threshold" means the PILOTS to be received by the City determined at the \$50 Million Fair Market Value Threshold.

"School District's Effective Millage" means the rate of real property tax millage applicable to the Parcels determined for the School District pursuant to Section 319.301 of the Ohio Revised Code in effect for any particular Exemption Year; provided, however, that the School District's Effective Millage shall not include any millage related to New School District Levies.

"Townhome Parcel" means any Parcel or portion thereof upon which is constructed a townhome or other Improvements to be used for residential purposes as such term is used in Section 5709.41(B) of the Ohio Revised Code.

Section 2. City Payments to School District. Unless otherwise agreed to in writing by the City and the School District, with respect to Improvements located within the TIF Area, for each Exemption Year for such Improvements, the City agrees to pay the School District the payments determined under subsection (A) of this Section 2 (referred to herein as the "School Payments"):

(A) School District Portion. The amounts calculated under the following clauses for each Exemption Year:

- (1) In any Exemption Year in which the market value of the Parcels in the TIF Area (excluding any Townhome Parcels) have a market value of equal to or less than the \$44 Million Fair Market Value Threshold, semi-annual payments equal to 25% of the tax revenue that the School District would have received with respect to that Exemption Year on the Exempted Value but for the TIF Exemption, based on the School District's Effective Millage.
- (2) In addition to the School Payments required by subsection (A)(1) hereof (i.e., the 25% payment calculated on the market value less than or equal to the \$44 Million Fair Market Value Threshold), in any Exemption Year in which the market value of the Parcels in the TIF Area (excluding any Townhome Parcels) have a market value of greater than the \$44 Million Fair Market Value Threshold but less than the \$50 Million Fair Market Value Threshold, semi-annual payments equal to 33.33% of the tax revenue that the School District would have received with respect to that Exemption Year on that portion of the Exempted Value attributable to that portion of the market value of the Parcels in the TIF Area (other than any Townhome Parcels) in excess of the \$44 Million Fair Market Value Threshold but for the TIF Exemption, based on the School District's Effective Millage.

- (3) In addition to the School Payments required by subsections (A)(1) and (A)(2) hereof (i.e., the 25% payment calculated on the market value less than or equal to the \$44 Million Fair Market Value Threshold and the 33.33% payment calculated on the market value greater than the \$44 Million Fair Market Value Threshold and less than or equal to the \$50 Million Fair Market Value Threshold), in any Exemption Year in which the market value of the Parcels in the TIF Area (excluding any Townhome Parcels) have a market value equal to or greater than the \$50 Million Fair Market Value Threshold, semi-annual payments equal to 50% of the tax revenue that the School District would have received with respect to that Exemption Year on that portion of the Exempted Value attributable to that portion of the market value of the Parcels in the TIF Area (other than any Townhome Parcels) in excess of the \$50 Million Fair Market Value Threshold but for the TIF Exemption, based on the School District's Effective Millage..
- (4) In addition to the School Payments required by subsections (A)(1), (A)(2) and (A)(3) hereof, semi-annual payments equal to 100% of the of the tax revenue that the School District would have received with respect to that Exemption Year from the New School District Levies, if any.

(B) Timing of Payments. The City shall cause the School Payments to be made semiannually within thirty (30) days after PILOT payments are received by the City from the Treasurer of Cuyahoga County, Ohio (the "Treasurer"). Such payments due to the School District shall be made by the City solely from the PILOTs it receives from the Treasurer. The City may provide that such amounts shall be paid directly by the Treasurer to the School District and shall not be paid to the City.

(C) Bond Issuance Test. Unless the School District consents as hereinafter described, no TIF Debt shall be issued by the City, the Cleveland-Cuyahoga County Port Authority or any such other governmental authority as may be designated by the City unless at the time of authorization of the TIF Debt the projected PILOTs based on the projected market value of the Exempted Property, according to pro forma projections presented to both the City and the School District, which projections shall assume no growth in value, will result in a debt service coverage ratio of not less than 1.25:1 for all of the TIF Debt, including principal and interest then due or coming due in the next succeeding 12-month period and administrative expenses of the City and the Cleveland-Cuyahoga County Port Authority (or any such other governmental authority as may be designated by the City) with respect to the TIF Debt, including but not limited to the fees of any trustee for the TIF Debt (the "Minimum Debt Service Coverage Ratio Requirement"). If the School District consents in writing, TIF Debt may be issued by the City, the Cleveland-Cuyahoga County Port Authority or any other such governmental authority as may be designated by the City even if the Minimum Debt Service Coverage Ratio Requirement is not satisfied. Such consent by the School District is in the sole and absolute discretion of the School District. It is the intention of the parties hereto that there will always be sufficient PILOTs during any given calendar year to pay both the debt service described in Section 2(D)(1)(a) below and all School Payments as required by this Agreement.

(D) Subordination of School Payments.

(1) The School District acknowledges and agrees that the right of the School District to receive School Payments is subordinate to the payment of the TIF Debt and that the PILOTs will be applied in the following order:

(a) First, to pay debt service charges on the TIF Debt, including principal, interest then due or coming due in the next succeeding 12-month period, early redemption premiums and the replenishment of any required reserve funds for the TIF Debt, and administrative expenses of the City and the Cleveland-Cuyahoga County Port Authority (or any other such governmental authority as may be designated by the City) with respect to the TIF Debt and the PILOTs (including but not limited to the fees of any trustee for the TIF Debt).

(b) Second, to pay to the School District the School Payments currently due under Section 2(A) hereof.

(c) Third, for all other uses as authorized by law and as may be agreed upon by the City and the Developer.

In consideration of the foregoing, the City agrees that, in connection with any TIF Debt, the owners of the Improvements on the Parcels within the TIF Area (excluding any Townhome Parcels) (initially, the Developer) will be required to pay so-called minimum service payments in an amount not less than the amount of PILOTs that would be payable had the market value of the Parcels in the TIF Area been equal to the \$44 Million Fair Market Threshold even though the market value of those Parcels may be less than the \$44 Million Fair Market Threshold (the "Minimum Service Payments"), provided that the payment of Minimum Service Payments by the owners of the Improvements on the Parcels within the TIF Area (excluding any Townhome Parcels) will not entitle the School District to School Payments in amounts greater than the amounts calculated as set forth in Section 2(A) hereof.

(2) In the event that the PILOTs are not sufficient to pay the School Payments due to the School District in full, any School Payments not paid in any Tax Year shall be a deficiency (each, a "Deficiency"). Notwithstanding anything to the contrary in this Agreement, in the event that one or more Deficiencies shall exist, in any Exemption Year in which the market value of the Parcels in the TIF Area have a market value of greater than the \$44 Million Fair Market Value Threshold, the PILOTs attributable to the Exempted Value in excess of the \$44 Million Fair Market Value Threshold will be used first to pay any Deficiencies due to the School District under this Section 2(D) (beginning with the oldest then-remaining Deficiency) and then, after payment of all such Deficiency amounts, the remainder applied according to Section 2(A) hereof.

(E) Termination of Agreement. After the Director of Finance has determined that (a) all of the payments and reimbursements described in the TIF Ordinance, including those then due and those coming due in the future, have been made or provided for, (b) the TIF Debt has been paid in full or otherwise discharged, and (c) all of the School Payments then due under this Section 2 have been made or provided for, then the exemption from taxation pursuant to the TIF Ordinance and the PILOTs shall end, and this Agreement shall terminate.

Section 3. Review of Records. The School District may from time to time, with reasonable advance notice, review the records of the City relating to its receipt of PILOTs. The City and School District shall work together and communicate as to the calculation of the payment in Section 2, including exchanging information as to the valuation of the Parcels and tax rates.

Section 4. Reconciliation. The City and School District shall annually meet to review, calculate and reconcile payments to the School District and City.

Section 5. School District Consents and Waivers. In consideration of the compensation to be provided to it under this Agreement, the School District hereby:

(A) approves all TIF exemptions that may be granted under the TIF Ordinance in the TIF Area for the number of years and the percentage specified (the "TIF Exemptions");

(B) waives any notice or other requirements set forth in Sections 5709.41, 5709.82, 5709.83 and 5715.27, Revised Code, with respect to the TIF Exemptions;

(C) waives any School District rights pursuant to Section 5715.27, Revised Code; and

(D) waives any defects or irregularities relating to the exemption from taxation of any Improvement, and agrees not to challenge, directly or indirectly, the validity of the exemption from taxation of any Improvement.

Section 6. Application of Ohio Revised Code Section 5709.82. The School District acknowledges and agrees that this Agreement provides for the only compensation to be received by the School District from the City in connection with real property tax exemptions granted pursuant to the TIF Ordinance, there will be no income tax sharing in connection with those exemptions, and the compensation provided for herein is in lieu of any other compensation that may be provided for in Section 5709.82, Revised Code.

Section 7. Amendment. This Agreement may be amended or modified by the parties only in writing, signed by both parties to the Agreement.

Section 8. Entire Agreement. This Agreement is executed pursuant to Sections 5709.41, 5709.82, 5709.83 and 5715.27(D) Revised Code, and sets forth the entire agreement and understanding between the parties as to the subject matter hereof, including without limitation all forms of compensation to be paid by the City to the School District pursuant to those sections, and merges and supersedes all prior discussions, agreements, and undertakings of every kind and nature between the parties with respect to the subject matter of this Agreement. It

is understood by the parties hereto that if all or a portion of the Parcels are ever deemed to be exempt from real property taxes under any other section of the Revised Code, and if as a result, the City does not receive any PILOTs, the City's payment to the School District will terminate.

Section 9. Notices. All payments, certificates and notices which are required to or may be given pursuant to the provisions of this Agreement shall be sent by the United States ordinary mail, postage prepaid, and shall be deemed to have been given or delivered when so mailed to the following addresses:

If to the City: City of Cleveland Heights
40 Severance Circle
Cleveland Heights, OH 44118
Attention: City Manager

If to the School District: Cleveland Heights-University Heights City
School District
2155 Miramar Boulevard
University Heights, OH 44118
Attention: Scott Gainer, CFO/Treasurer

With a copy to: David Seed, Esq.
Brindza, McIntyre & Seed LLP
1111 Superior Avenue, Suite 1025
Cleveland, OH 44114

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

Section 10. Change in Development. The City shall notify the School District if the Development to be constructed changes substantially after the date of this Agreement, and if requested by one of the parties, the two parties agree to meet to discuss the implications of that change.

Section 11. Severability of Provisions. The invalidity of any provision of this Agreement shall not affect the other provisions of this Agreement, and this Agreement shall be construed in all respects as if any invalid portions were omitted.

Section 12. Counterparts. This Agreement may be executed in any number of 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.

Section 13. Extent of Covenants; Binding Effect; No Personal Liability. All covenants, stipulations, obligations and agreements of the parties contained in this Agreement shall be effective to the extent authorized and permitted by applicable law. Each provision of the Agreement is binding upon the officer(s) or other person(s) and any body or bodies as may from time to time have the authority under law to take the actions as may be necessary to perform all

or any part of the duty required by a given provision of this Agreement. Each duty of the City and its bodies, officers and employees, undertaken pursuant to the Agreement, is established as a duty with the City and of each such officer, employee or body having authority to perform that duty, specifically and enjoined by law resulting from an office, trust or station within the meaning of Section 2731.01, Revised Code, providing for enforcement by writ of mandamus. No such covenant, stipulation, obligation or agreement shall be deemed a covenant, stipulation, obligation or agreement of any present or future member, officer, agent, or employee of any of the parties in their individual capacity.

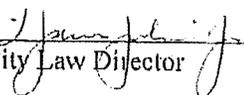
CITY OF CLEVELAND HEIGHTS, OHIO

CLEVELAND HEIGHTS-UNIVERSITY
HEIGHTS CITY SCHOOL DISTRICT

By:  _____
City Manager

By:  _____
Treasurer

Approved as to Form and Correctness:

By:  _____
City Law Director

4817-9955-3374

FISCAL OFFICER'S CERTIFICATE

The undersigned, Director of Finance of the City of Cleveland Heights under the foregoing Agreement, certifies hereby that any moneys required to meet the obligations of the City during the year ~~2017~~ under the foregoing Agreement have been appropriated lawfully for that purpose, and is in the Treasury of the City or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This Certificate is given in compliance with Sections 5705.41 and 5705.44, Ohio Revised Code.

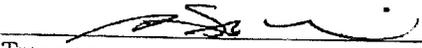
Dated: March 20, 2018

Lauree Sabin
Director of Finance
City of Cleveland Heights, Ohio

FISCAL OFFICER'S CERTIFICATE

The undersigned, Treasurer of the Cleveland Heights-University Heights City School District under the foregoing Agreement, certifies hereby that the moneys required to meet any obligations of the School District during the year 2018 under the foregoing Agreement have been appropriated lawfully for that purpose, and is in the Treasury of the District or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This Certificate is given in compliance with Sections 5705.41 and 5705.44, Ohio Revised Code.

Dated: March 13, 2018



Treasurer
Cleveland Heights City School District, Ohio

EXHIBIT A
TIF AREA PARCELS
(Identified by Parcel Number)

685-18-008
685-18-009
685-18-010
685-18-011
685-18-012
685-18-013
685-18-016
685-18-018
685-18-019

SCHEDULE 1
SCHOOL DISTRICT'S CURRENT TAX LEVIES

See attached DTE 515 dated 12/8/17

STATE OF OHIO
 COMPOSITE REDUCTION FACTOR REPORT FOR THE TAX YEAR 2017

COUNTY 18 CUYAHOGA

TAXING DISTRICT NUMBER: 00180
 TAXING DISTRICT: CLEV HI-CY C HI/UNIV HT CSD

LEVY YEAR / DESCRIPTION	TAX RATE	RES/AG CLASS	REDUCTION FACTOR	COMPOSITE FACTOR	EFFECTIVE RATE	NON-RES/AG (OTHER) REDUCTION FACTOR	COMPOSITE FACTOR	EFFECTIVE RATE	CLASS
UNIT # 10180	0.500		XXXXXXX	0.009673	.500000	XXXXXXX	0.003129	.500000	Y
GENERAL FUND	0.950		XXXXXXX		.950000	XXXXXXX		.950000	Y
DEBT SERVICE	3.900		0.010786		3.857934	0.003488		3.886396	Y
2005 MENTAL HEALTH & RETARDATION	4.800		0.010786		4.748227	0.003488		4.783257	Y
2008 HEALTH AND WELFARE	3.900		0.010786		3.857934	0.003488		3.886396	Y
2013 HEALTH SERVICES	14.050				13.914035			14.006049	N
SUB TOTAL				0.009673			0.003129		
UNIT # 21080	4.450		XXXXXXX		4.450000	XXXXXXX		4.450000	Y
GENERAL FUND	52.050		0.795615		10.638239	0.591731		21.250401	Y
1976 CURRENT EXPENSE	6.900		0.625750		2.582325	0.502621		3.431915	Y
1980 CURRENT EXPENSE	6.000		0.570508		2.576932	0.439338		3.363972	Y
1983 CURRENT EXPENSE	4.500		0.570490		1.932795	0.437408		2.531664	Y
1985 CURRENT EXPENSE	6.000		0.548395		2.709630	0.384468		3.693192	Y
1986 CURRENT EXPENSE	9.500		0.548363		4.290551	0.384276		5.849378	Y
1988 CURRENT EXPENSE	8.900		0.343162		5.845858	0.182853		7.272608	Y
1993 CURRENT EXPENSE	8.900		0.246254		5.708339	0.140657		7.648152	Y
1996 CURRENT EXPENSE	9.400		0.192589		7.589663	0.081657		8.632424	Y
2000 CURRENT EXPENSE	0.600		XXXXXXX		.600000	XXXXXXX		.600000	Y
2001 BOND/LIBRARY (\$9,500,000)	3.800		0.086028		3.473093	0.000000		3.800000	Y
2002 PERMANENT IMPROVEMENT-ONGOING	8.500		0.000000		8.500000	0.000000		8.500000	Y
2004 CURRENT EXPENSE	7.200		0.000000		7.200000	0.000000		7.200000	Y
2007 CURRENT EXPENSE	6.900		0.000000		6.900000	0.000000		6.900000	Y
2011 CURRENT EXPENSE	6.990		XXXXXXX		6.990000	XXXXXXX		6.990000	Y
2013 BOND (\$134,800,000)	5.500		0.000000		5.500000	0.000000		5.500000	N
2016 CURRENT EXPENSE	156.090				88.487445			107.613706	N
SUB TOTAL				0.433100			0.310567		
UNIT # 51780	2.220		XXXXXXX		2.220000	XXXXXXX		2.220000	Y
GENERAL FUND	1.500		XXXXXXX		1.500000	XXXXXXX		1.500000	Y
SINKING FUND AND BOND	6.480		XXXXXXX		6.480000	XXXXXXX		6.480000	Y
1976 CHARTER/CURRENT EXPENSE	0.300		XXXXXXX		.300000	XXXXXXX		.300000	Y
1986 CHARTER/FIREMAN'S FUND	0.300		XXXXXXX		.300000	XXXXXXX		.300000	Y
1985 CHARTER/POLICE PENSION	0.700		XXXXXXX		.700000	XXXXXXX		.700000	Y
2004 CHARTER/RECREATION IMPROVEMENT	0.920		XXXXXXX		.920000	XXXXXXX		.920000	Y
2014 CHARTER/CURRENT EXP (H59 INCR)	12.420		XXXXXXX		12.420000	XXXXXXX		12.420000	N
SUB TOTAL				0.000000			0.000000		

UNIT # 60110
 CLEVELAND METRO PARKS
 CLEVELAND METRO PARK
 2004 CURRENT EXPENSE
 2013 CURRENT EXPENSE
 SUB TOTAL
 SARPAGE 41

.050000
 1.77868
 .889434
 2.718302
 0.011527
 0.003515
 .050000
 1.793557
 .896778
 2.740335
 XXXXXXXX
 0.003579
 0.003579

STATE OF OHIO
 COUNTY 18 CUYAHOGA
 COMPOSITE REDUCTION FACTOR REPORT FOR THE TAX YEAR 2017

TAXING DISTRICT NUMBER: 00180 (CONTINUED)
 TAXING DISTRICT: CLEV HT-CY C HI/UNIV HT CSD
 COUNTY 18 CUYAHOGA

LEVY YEAR / DESCRIPTION	TAX RATE	RES/AG CLASS	REDUCTION FACTOR	COMPOSITE EFFECTIVE RATE	NON-RES/AG (OTHER) CLASS	REDUCTION FACTOR	COMPOSITE EFFECTIVE RATE
UNIT # 60192							
CLEVELAND HTS LIBRARY							
1992 CURRENT EXPENSE	4.000		0.343162	2.627352		0.182943	3.268228
2000 CURRENT EXPENSE	1.900		0.192589	1.534080		0.081657	1.744851
2008 CURRENT EXPENSE	1.900		0.000000	1.900000		0.000000	1.900000
2014 CURRENT EXPENSE	2.200		0.000000	2.200000		0.000000	2.200000
SUB TOTAL	10.000		0.173857	8.261432		0.088693	9.113079
UNIT # 61156							
CUYAHOGA COMMUNITY COLLEGE							
2006 CUYAHOGA COMMUNITY COLLEGE	1.200		0.010786	1.187056		0.003488	1.195814
2010 CUYAHOGA COMMUNITY COLLEGE	1.900		0.010786	1.879506		0.003488	1.893372
2014 CUYAHOGA COMMUNITY COLLEGE	0.900		0.010786	.890292		0.003488	.896860
2017 BOND (\$227,500,000)	0.500		XXXXXXX	.500000		XXXXXXX	.500000
SUB TOTAL	4.500		0.009588	4.456854		0.003101	4.486046
UNIT # 61157							
CLEVELAND-CUYAHOGA PORT AUTHORITY							
1998 CCPA PORT AUTHORITY	0.130		0.130167	.113078		0.098914	.117141
SUB TOTAL	0.130		0.130170	.113078		0.098916	.117141
COMPOSITE	199.940		0.347949	130.371205		0.247293	150.496356
SARPAGE 42							

ADDENDUM TO COMPENSATION AGREEMENT

This Addendum to Compensation Agreement supplements that Compensation Agreement dated March 20, 2018 ("Base Agreement") and, with this Addendum, the "Compensation Agreement") and is made this 25 day of November, 2019 by and between the CITY OF CLEVELAND HEIGHTS, OHIO, a municipal corporation organized and existing under its Charter, the Ohio Constitution and other applicable Ohio law ("City") and the CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS CITY SCHOOL DISTRICT, a city school district organized and existing under Ohio law ("School District"), under the following circumstances (with all capitalized terms used as defined terms herein and not defined herein being used as defined in the Base Agreement):

A. Pursuant to legislative authorization by the Council of the City and the Board of Education of the School District ("School Board"), the City and School District executed and delivered the Base Agreement to, among other things: (1) enable the City to enact a TIF Ordinance pursuant to the TIF Statute and thereby exempt from real property taxation 100% of the incremental value resulting from Improvements to the Parcels within the TIF Area for up to 30 years ("Exemption Period"), (2) provide for the compensation to be paid to the School District from PILOTS to be paid, collected and distributed annually to the School District during the Exemption Period, (3) establish the terms on which TIF Debt may be issued and secured by a senior lien on the PILOTS, and (4) evidence certain related waivers and consents by the School District; and

B. The City and Developer have notified the School District that they have agreed to make certain limited changes to the required Improvements to the TIF Area, that such Improvements have been delayed by nearly two years since execution of the Base Agreement and that, as a result of that delay and in order to facilitate the issuance of the TIF Debt necessary to support the construction and development of the Improvements, the City now expects to enact the TIF Ordinance in December 2019, to become effective in January 2020, with the Exemption Period to commence in tax year 2021; and

C. The City and Developer have requested that the School District join with the City in the execution and delivery of this Addendum to update their understandings regarding the Improvements, specify the years of the Exemption Period and confirm that the terms and conditions of the Base Agreement, as supplemented by this Addendum, will apply to the TIF Debt (and to the related real property tax exemption to be authorized by the City pursuant to the TIF Ordinance to be so enacted), and the School District and City have determined to execute and deliver this Addendum to supplement the Base Agreement for those purposes;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained in the Compensation Agreement, and to induce the Developer to proceed, upon enactment of the TIF Ordinance, with the financing and construction of the Improvements, the City and School District agree as follows:

1. The Improvements will consist of a single-phase mixed-use development that shall include (a) approximately 261 market-rate apartments, (b) approximately 11,400 square feet of first floor restaurant, retail and commercial space, (c) a public parking

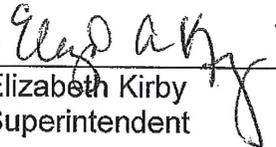
garage containing approximately 550 parking spaces, (d) public gathering and green spaces, and (e) all sidewalks, driveways, access ways and utility connections necessary for the improvements described in (a) through (d) above.

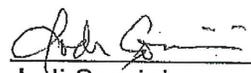
2. The 30 Year Exemption Period is expected to commence with tax year 2020 or 2021 and shall end not later than tax year 2050.

3. This Addendum shall be attached to the Base Agreement and be and become a part of the Compensation Agreement.

4. As supplemented hereby, each and all of the terms and conditions of the Base Agreement are hereby expressly ratified and confirmed. The Base Agreement and this Addendum represent the entire agreement of the parties with respect to the subject matter hereof and thereof.

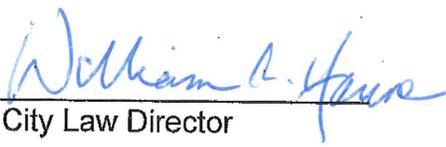
**BOARD OF EDUCATION OF THE CLEVELAND
HEIGHTS-UNIVERSITY HEIGHTS CITY SCHOOL
DISTRICT**

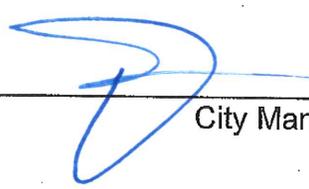
By: 
Elizabeth Kirby
Superintendent


Jodi Sourini
Board President


A. Scott Gainer
Treasurer/CFO

Approved as to Form and Correctness: CITY OF CLEVELAND HEIGHTS, OHIO

By: 
City Law Director

By: 
City Manager

**CITY OF CLEVELAND HEIGHTS
REFUSE & RECYCLING TASK FORCE**

To: Cleveland Heights City Council:
Mary Dunbar
Melody Joy Hart
Davida Russell
Kahlil Seren
Jason Stein
Michael Ungar
Melissa Yasinow

From: Refuse & Recycling Task Force:
Residents:
Constance Johnson – Chairperson
Carin Miller – Vice Chairperson
John Blackwell
Susan Clement
Jordan Davis
Susan Efroymsen
Cathi Lehn
Kelly Menaker
Davida Russell
Hope Wright

Staff:
Collette Clinkscale – Director of Public Works
Joseph Kickel – Capital Projects Manager
Tony Torres – Refuse & Recycling Supervisor

Date: December 30, 2019

The Refuse & Recycling Task Force is a thirteen-member citizen task force created by Cleveland Heights City Council charged with evaluating the city's methods and means of municipal curbside solid waste and recycling collection services. The task force is comprised of ten Cleveland Heights residents, and three city staff members. The task force evaluated three core methods of collection including: the current method utilized by the city, converting to in-house automated collection (See attachment B), and privatized collection. Additionally, the task force evaluated the following categorical services including: bulk waste collection (See Attachment B), yard waste collection (See Attachment B), apartment services, and special pick-ups (handicap services). Other considerations included: refuse collection fees, refuse policies and enforcement, and education and outreach.

Based on the analysis, the task force has concluded and recommends to Cleveland Heights City Council that residential municipal solid waste and recycling collection should remain a service that is provided by Cleveland Heights staff, and that the collection of the city's solid waste and recycling should be converted to utilize an automated means of collection. The city should conduct

a study to review the current fee charged to residents for municipal solid waste and recycling services, and upon review of the current fee, if an increase is recommended use the increase as a source of revenue to finance the required capital outlays to convert to the automated collection system.

Additional information, analysis, and recommendations regarding curbside municipal solid waste and recycling collection, categorical services, and considerations are contained herein.

Task Force Purpose

This submission documents the considered recommendations of the Cleveland Heights Refuse and Recycling Task Force; it explains the activities undertaken by the task force, and the data and resources used to draw its conclusions.

The purpose of the Task Force is to evaluate the city's refuse and recycling programs to ensure that the city's practices provide the residents with top-notch services at reasonable costs while likewise ensuring the safety and health of city workers, including by way of example and not limitation, the possibility of automated trucks, city recycling programs, public vs. private service providers, the costs of any recommended changes, and funding and financing of such costs. The Task Force shall adjourn and complete its work no later than six months after the first meeting of the Task Force, unless the term is extended by City Council. (See Attachment A - Resolution 007-2019)

Task Force Method and Structure

Meeting schedule: Beginning April 18, 2019 the task force met eighteen times on a bi-weekly basis through December 12, 2019.

The task force is comprised of 10 voting members and 3 city employees. It was determined that a quorum would constitute a minimum of 6 voting members.

1. Voting Members
 - a. Constance Johnson, Chair
 - b. Carin Miller, Vice-Chair
 - c. John Blackwell
 - d. Susan Clement
 - e. Jordan Davis
 - f. Susan Efroymsen
 - g. Cathi Lehn
 - h. Davida Russell
 - i. Kelly Menaker
 - j. Hope Wright

2. City Employees
 - a. Collette Clinkscale – Director of Public Works
 - b. Joe Kickel – Manager of Capital Projects
 - c. Tony Torres – Supervisor of Refuse & Recycling

Guest Speakers/Field Trips

1. Diane Bickett, Executive Director of Cuyahoga County Solid Waste District
2. Joe Beno, Director of Public Works of the City of Lakewood
3. Tanisha Briley, Cleveland Heights City Manager
4. Visit to the Cleveland Heights Service Garage Facility and Transfer Station
5. Visit to the Kimble Recycling Materials Recovery Facility (MRF)

Resident feedback/Access to Task Force

Meeting dates and times were posted on the Cleveland Heights website and were open to the public. Time was reserved at the end of each meeting for public comments. In addition, all meetings were audio recorded and recordings were posted to the Cleveland Heights website after each meeting.

All meeting recordings, minutes, notes, email correspondence between task force members, email correspondence from the general public, and any documents and files discussed during the meetings were posted on the Cleveland Heights website on the Refuse & Recycling Task Force page.

Section 1 - Overview of Existing Solid Waste Collection

Residential and Commercial Collection

A. Refuse (Solid Waste) (See attachment B)

Residents place their refuse into individual garbage bags and set them on the tree lawn loose no earlier than 7:00 p.m. the evening before their assigned trash pick-up day at a noticeable distance from their recycling and yard waste (see below). Refuse is picked up by a designated truck and single driver taken to the transfer station. Refuse is weighed at the transfer station before being loaded onto semi-trailers which are then transported to the Rumpke landfill in Shiloh, Ohio. The city is currently charged \$15.32 per ton at the landfill.

B. Recycling

Residents place their approved recyclables into clear or blue plastic bags and set them on the tree lawn on trash day at a noticeable distance from their regular garbage (to help collectors distinguish between the two). All approved materials may now be co-mingled (See Attachment B) in a single bag. Approved materials are limited to glass bottles, metal cans, plastic bottles/jugs, cartons, and paper and cardboard. Collected bags are delivered daily by the city to the Kimble Co. Materials Recovery Facility (MRF) (See Attachment B) in Twinsburg, Ohio which sorts and then sells the recyclables in the materials markets. The city is currently paid \$0.50 per ton for recyclables, however current market trends indicate that there will be a potential future cost of \$40 to \$80 per ton tipping fee when the city's contract with Kimble expires in September of 2020.

Note: Recycling guidelines, and the list of acceptable materials are established by the Cuyahoga County Solid Waste District as a part of the Cuyahoga County Recycling Consortium.

C. Bulk Waste Collection

Bulk refuse consists of items which do not fit into standard-sized plastic trash bags or carts. It is currently collected on a weekly basis.

D. Yard Waste

From the months of April through December yard waste is accepted curbside in large heavy-duty kraft (paper) bags (See Attachment B). Brush and small branches that are tied in bundles of no longer than four feet in length are also collected from the tree lawns year-round. These are collected by hand on the same routes and days as trash collection.

During a defined period each Fall and Spring, loose leaves and other yard waste are collected in bulk.

Bulk collection of yard waste requires several vehicles along with assistance from other divisions (i.e. Street Maintenance division), some vehicles and equipment are repurposed, including front-loaders, large horizontal claws and dump trucks, as well as heavy-duty mobile leaf blowers.

E. Apartments

The city provides apartment service to approximately 126 apartment buildings. Some apartment buildings opt to purchase their own dumpsters which the city empties. Each apartment building serviced by the city pays a fee of \$11.50 per suite.

For recycling at apartment buildings, residents put bags on the tree lawn. The City provides curbside recycling collection service to approximately 126 apartment buildings.

F. Commercial buildings

The division of Refuse and Recycling currently services 52 front load dumpsters for recycling free of charge for commercial properties throughout the city.

G. Special Collections

The division offers customized pickup service to those who request it, typically senior citizens or those with disabilities. This usually means that a worker will pick up trash bags from a back yard or other pre-arranged location. Approximately 43 households benefit from this service at no additional charge. Many who use this service also qualify for the Homestead Exemption (See Attachment B).

The city also offers special collections for holidays and festivals throughout the year.

H. Education, Communication, and Outreach

Policies and practices for refuse and recycling are posted on the city's website, with reminders and updates published in the quarterly Focus magazine.

I. Fleet

Most vehicles in the fleet serve multiple purposes for both refuse and recycling. The fleet includes vehicles such as front loaders, rear loaders, side loaders, plus semi-tractor trailers for hauling.

J. Staff

The Refuse & Recycling division currently operates with a staff of 26 employees. These are union employees (Local 860). Many workers are cross-trained to assist with leaf collection, snow plowing, emptying public litter cans, processing yard waste, and other tasks.

K. Transfer Station

The Transfer Station on Mayfield Road is where collected trash and recyclables are dumped and loaded into 40-foot trailers for transport to the landfill and the Materials Recovery Facility (MRF).

Section 2 - Options evaluated by Refuse and Recycling Task Force

Option 1 - Keep current system

A. Summary (reference Section 1 above)

The first option evaluated by the task force was to keep our current system as outlined in Section 1 above.

B. Advantages

No changes would need to be made to the current system. Staffing levels and position responsibilities would remain the same.

C. Disadvantages/challenges

The current system of manual collection is inefficient and results in higher rates worker injuries due to the weight of bags. Loose bags on tree lawns present an environmental and aesthetic challenge. Animals often rip into bags resulting in loose trash and litter in neighborhoods.

It has been noted that in one national survey it was concluded that trash collection is the most dangerous job in America. Injuries, surgeries, and disability leave are common and costly occurrences.

Recyclables are currently placed in blue or clear bags. All Materials Recovery Facilities are requiring recyclables to be delivered to them loose, and not in bags.

D. Financial overview

Many of the vehicles in the Refuse & Recycling division have far exceed their estimated useful life of ten years. Due to the age and condition of the fleet many of the vehicles will need to be replaced. Additionally, the MRFs are discontinuing accepting plastic bags, the city will need to find another means of collecting recyclables. The method analyzed would be small curbside bins which would have an increased cost (See Attachment G). Costs are provided below, and detailed on Attachments F and G.

1. Current budget

The Current operating budget for the Refuse & Recycling Division is approximately \$2.1 Million a year.

2. Additional Capital Outlays and Expenditures

Collection Vehicles

6 – Non-Automated Front Load Trucks – Est. Total Cost - \$1,872,720

Small Curbside Collection Bins

48,825 Bins (3 per H/H + 5% extra-5 Yr. Life) – Est. Total Cost - \$976,500

Transfer Station Vehicles

3 - Replacement Semi Tractors – Est. Total Cost - \$399,000

2 – Replacement Semi Trailers – Est. Total Cost - \$134,000

Transfer Station Improvements

Deck Rehabilitation and Structural Steel Repairs - \$210,000

R/R Angle Lintel, Flashing, and End Dams - \$50,000

Brick Replacement - \$8,000

Repoint Masonry - \$35,000

New Compactor - \$250,000 (this is not needed, but expected in the next few years)

Total Cost \$3,935,220

Annual Cost = Total Cost of Capital Outlay/Est. Useful Life of Asset = \$461,022

E. Sources of funding and revenue

The City of Cleveland Heights charges residents a monthly fee included in the residential sewerage bill of \$11.50 (and \$3.00 for Homestead exemption) per residential unit. The city receives approximately \$2.1 Million dollars in fee revenue annually.

There are low interest loans available to Municipal agencies through the Ohio Water Development Authority. There is not an annual or bi-annual application period, and loans can be applied for at any time throughout the year.

It is estimated that by increasing the fee charged to residents by approximately less than \$3.00 per month, the city could generate enough additional revenue to pay debt service on estimated capital costs.

Option 2 - Adopt an automated collection system, “in-house” (Recommended)

A. Summary

This option would keep the Refuse & Recycling division in the city, with the city owning and maintaining all vehicles. The only change would be to replace the current manual pick-up system with new automated trucks as well as compatible carts. Residents would be provided with a refuse cart and a recycling cart.

1. Changes to refuse collection

Refuse would be placed in the provided refuse cart by residents and wheeled out to the curb no earlier than 7:00 p.m. the evening before the resident’s trash collection day.

2. Changes to recycling collection

Loose recyclables would be placed in the provided recycling cart by residents and wheeled out to the curb no earlier than 7:00 p.m. the evening before the resident’s trash collection day.

B. Advantages of Converting to an Automated system of Collection

1. For Residents:

Automated collection offers a convenient and easy method of disposing of refuse & recycling. Wheeled carts are easy to maneuver when compared to moving multiple loose heavy bags to the curb and are considered to be more aesthetically pleasing and uniform. The use of carts results in cleaner and healthier neighborhoods reducing the possibility of bags being torn open by nuisance animals which ultimately will lead to cleaner streets, reduced surface water contamination, reduced noxious odors, and a higher level of service overall.

2. For the City

Automated collection in general is a more efficient system. Based on analysis of other municipalities that have converted the city would expect to reduce stop time at each collection by 30-50%. The decrease in stop time would ultimately result in consolidation of the collection routes. Initially, the city would expect to reduce collection routes from five refuse routes to four, and from three recycling routes to two. The net result would be a 7% reduction in workforce which would result in an estimated cost savings of approximately \$155,000 per year (See Attachment E). Further consolidation and savings could possibly be achieved by completing a comprehensive route and time study. Reductions in Refuse & Recycling division manpower would be expected to be achieved through attrition and re-assignment to other divisions that may have vacancies, and not through lay-offs.

Although it is difficult to obtain concrete numbers, through the reduction of lifting (which would now be performed by a machine) the city would expect to have fewer worker injuries which are usually the result of lifting heavy items, bags with sharp objects, and repetitive motion. It would be expected that converting to automation would result in fewer worker's compensation claims which would ultimately lead to decreased costs of both claims and premiums.

Automated collection of recyclables allows recyclable material to be placed loosely in the cart versus the current method of residents bagging the material and placing it at the curb. Many recycling Material Recovery Facilities (MRFs) are no longer accepting recycling in plastic bags. The bags must be opened by hand at the facilities which results in increased labor and time; and the bags tend to get tangled in the sorting equipment which typically results in shutting down the sorting operation for repairs; all of which results in increased costs.

C. Disadvantages and Challenges of Converting to Automated Collection

1. For Residents

There is some concern about the adequacy of space to store carts on residential properties, and the ability of some residents to move and maneuver them. Typically, each residence is provided with a 95-gallon (approx. 21W x 21D x 37H) refuse cart and a 65-gallon (approx. 19W x 19D x 37H) recycling cart. It should be noted that in some communities a smaller 65-gallon refuse cart is offered as an option to seniors and those who do not require the 95-gallon size cart.

Some concerns have been raised about larger households that may exceed the capacity of a single refuse and/or recycling carts, and whether additional carts should be offered, and whether the additional cart should come with an additional price. Additional concerns have been raised about households that may not produce enough refuse and/or recycling to fill a single cart on a weekly basis.

2. For the City

There is some concern about the unsightliness of carts being left out past their collection day.

Automated collection vehicles have a slightly higher up-front capital cost (approximately \$40,000 per truck) (See Attachment D) due to the increased amount of moving parts. Subsequently, these vehicles can have the potential for higher maintenance costs as well due to the same reasons.

There is an up-front cost for the initial purchase of the carts. The carts are approximately \$55 per each 95-gallon unit, and \$50 per each 65-gallon unit (See Attachment D).

For rolling out a new system of automated collection it would need to be preceded by a well-organized education campaign; and will require new policies which would need to be enforced for the system to be successful.

D. Cost of Converting to Automated Collection

In addition to the annual operating budget of approximately \$2.1 Million (not including the net offset of any fees collected) for the Refuse & Recycling division and due to the age and condition of the existing fleet of collection vehicles the city would need to update the fleet with new collection vehicles to convert to automated collection. Additionally, new carts would need to be purchased for each residential unit (See attachment D). The costs are summarized as follows:

1. Collection Vehicles

6 – Automated Collection Trucks - Est. Total Cost - \$2,112,720

2 – Retro-fit two existing Trucks for back-up units – Est. Total Cost - \$80,000

2. Refuse & Recycling Carts

15,500 – 95 Gallon Carts - \$852,000

15,500 – 65 Gallon Carts - \$775,000

3. Transfer Station Vehicles

3 - Replacement Semi Tractors – Est. Total Cost - \$399,000

2 – Replacement Semi Trailers – Est. Total Cost - \$134,000

4. Transfer Station Improvements

Deck Rehabilitation and Structural Steel Repairs - \$210,000

R/R Angle Lintel, Flashing, and End Dams - \$50,000

Brick Replacement - \$8,000

Repoint Masonry - \$35,000

New Compactor - \$250,000 (this is not needed, but expected in the next few years)

5. Total Cost \$4,906,220

Annual Cost = Total Cost of Capital Outlay/Est. Useful Life of Asset = \$460,472

E. Sources of Funding

The current primary sources of funding for the Refuse and Recycling division are funds from the city's General Fund which are primarily provided for by income tax. Annual operating costs appear to be offset by revenues generated from the Landfill fee (See Attachment B).

There are some financial resources available through the Cuyahoga County Solid Waste District working in conjunction with the Recycling Partnership which provides a subsidy towards the purchase of collection carts. There are also low interest loans available to Municipal agencies through the Ohio Water Development Authority. There is not an annual or bi-annual application period, and loans can be applied for at any time throughout the year.

It is estimated that by increasing the fee charged to residents by approximately less than \$3.00 per month, the city could generate enough additional revenue to pay debt service on estimated capital costs.

Option 3 - Privatize Collection and utilize an Automated System of Collection

A. Summary

This option would result in the city contracting with an outside private waste and recycling hauler. It would be an automated system with residents receiving refuse and recycling carts.

B. Changes to refuse collection

Refuse would be placed in the provided refuse cart by residents and wheeled out to the curb no earlier than 7:00 p.m. the evening before the resident's trash collection day.

C. Changes to recycling collection

Loose recyclables would be placed in the provided recycling cart by residents and wheeled out to the curb no earlier than 7:00 p.m. the evening before the resident's trash collection day.

D. Advantages of Privatized Collection

The price of privatized collection is all-inclusive (turn-key). The contracted hauler provides the refuse and recycling carts, as well as the educational roll-out.

The city would no longer need to own or maintain a fleet of collection vehicles. Additionally, the transfer station would close, and the city would not need to maintain and update any of the equipment within it.

E. Disadvantages and/or Challenges of Privatized Collection

The city would have less control over the quality of service provided to residents. Some services that the city provides would come with a premium (i.e. weekly bulk collection, special pick-ups, etc.) The city could find itself locked into a multi-year contract subject to the private hauler’s prices (and possible increases) over time.

The transfer station would no longer be needed, and although it can be left idle, if not maintained it may be difficult and costly to start-up again if the city wished to re-open it. If the license were to lapse, the transfer station which is located adjacent to residential properties and is currently “grandfathered-in” under Ohio EPA law may not be allowed to re-open.

There would be a reduction in workforce and ultimately lay-offs of Refuse & Recycling staff. Some staff and equipment would still need to be maintained to handle litter collection, and the emptying of litter cans.

Service to apartment units would most likely no longer be offered.

F. Cost of Privatized Collection

The Refuse & Recycling task force reviewed contracts and practices of other municipalities within Cuyahoga County based on information provided by the Cuyahoga County Solid Waste District (see Attachment C). A comparative cost analysis of three recently awarded private hauler contracts was analyzed based on Cleveland Heights residential units and the recently awarded contract rates (See Attachment E).

Summary of Contracts Comparison (Using 15,500 Residential Units/Cleveland Hts.) (See Attachment E)			
Method/Contract	Total Est. Annual Cost	Total Est. Cost/Unit/Year	Total Est. Cost/Unit/Month
Keep Current Method w/Recycle Bins	\$2,680,538.25	\$172.94	\$14.41
Convert to Automation	\$2,523,162.01	\$162.78	\$13.57
Rumpke-City of Westlake	\$2,642,705.15	\$170.50	\$14.21
Republic-Olmsted Falls/Township	\$3,130,380.00	\$201.96	\$16.83
Kimble-Chagrin Falls	\$2,907,995.92	\$187.61	\$15.63

There were no formal bids solicited for the potential cost of private hauling specific to the City of Cleveland Heights.

G. Sources of Funding

The sources of funding for the Refuse and Recycling Division would be the same funds that would be used for a private hauler. These funds for privatization would come from the city's General Fund which are primarily provided for by income tax. Annual operating costs appear to be offset by revenues generated from the Landfill fee.

Section 3 - Final Recommendations of the Refuse and Recycling Task Force

Core Recommendation

Based on the analysis, the task force has concluded and recommends to Cleveland Heights City Council that residential municipal solid waste and recycling collection should remain a service that is provided by Cleveland Heights staff, and that the collection of the city's solid waste and recycling should be converted to utilize an automated means of collection. The city should conduct a study to review the current fee charged to residents for municipal solid waste and recycling services, and upon review of the current fee, if an increase is recommended use the increase as a source of revenue to finance the required capital outlays to convert to the automated collection system.

Recommendations with regards to Recycling

1. The task force recommends that the city evaluate its policy and practice for the collection and recycling of e-waste "techno-trash" (See Attachment B).

Additional Considerations with regards to Recycling

1. The continued use of blue bags will no longer be an option, as they are being phased out by Kimble as well as every other MRF operator in Cuyahoga County. The bags are cumbersome to open, they clog and tangle the sorting machinery and they are not recyclable themselves.
2. Residents would place their approved recyclables into standardized carts which are similar in size and form to those used for automated trash pickup (although of a different color).
3. The cost of the carts may be partially or fully subsidized by public and/or private grants.
4. The use of carts has been shown to increase the amount of recyclables collected and has the potential to reduce contamination of the recycling stream.
5. As with trash, the manual system of pickup is an ongoing health hazard for workers.
6. Pickup vehicles are identical to those used for automated trash collection.
7. Carts might not be suitable for apartment dwellers; manual pickup may be necessary at apartments, or an alternate system may need to be devised.

8. Note that recyclable items must be placed loose into the carts without any plastic bags.
9. The city offers limited recycling collection to a few commercial businesses in the City. This practice should be reviewed to determine if this adds any financial or other burden to the Refuse & Recycling division. See “Commercial Properties.”

Recommendations with regards to Bulk Waste Collection

1. The task force recommends setting a limit to the number of bulk items that will be picked up as part of weekly trash day pickup, and that such items be defined as those which can be safely picked up by one worker. The suggested limit is four items per address for residential units only.
2. The task force recommends setting a limit to the number of garbage bags that will be picked up minus prior notification on weekly trash day (beyond what fits into a single cart) without extra charge. The suggested limit is four items per address for residential units only.
3. The task force recommends that all bulk trash in excess of this limit require the resident or property owner to notify the city in advance to schedule pickup and pay any appropriate fees.
4. The task force recommends that the city establish reasonable fees to cover the costs for large bulk pickups; set appropriate fines for violators of bulk collection guidelines; and implement effective and convenient collection mechanisms for such charges.
5. The task force recommends that a complete list of acceptable bulk items (large and small) be well-posted on the city webpage along with a phone number for clarification or questions.
6. The task force recommends that the city eliminate bulk, solid waste, and recycling pick-up from all commercial businesses and properties, and all residential rental properties with 5 or more units.
7. The task force recommends that the city be proactive in informing residents of alternatives to sending bulk items to the landfill as part of a general outreach and information program (see Education).
8. The task force recommends that the city implement ordinance(s) and fees governing rental properties’ use of bulk pickup service.
9. The task force recommends that all residential construction and renovation permits require a dumpster or dumpster bag as part of a materials disposal plan.

Additional Considerations with regards to Bulk Waste Collection

1. The task force declined to recommend restricting bulk pickups to certain days of the week or month or establishing a drop-off location or protocol for bulk items.
2. Recognizing that tenants typically do not pay fees to the city for services, and that rental properties repeatedly and routinely impose excessive and uncompensated demands for bulk pickup, the task force views ordinances, fees and deposits as valid tools to control abuse of city services. The withholding of occupancy permits for unpaid fees or fines should not be ruled out, and absentee landlords especially should not be granted special allowances. Rental move-outs are a part of life but they can be anticipated and addressed responsibly. A comprehensive informational outreach program for landlords and renters may be productive.
3. Dumpster bags can be an effective way to address bulk disposal needs, both commercial and residential. These are typically purchased by a customer who then pays a commercial hauler to pick it up when full. The city might consider encouraging the consistent practice of using dumpster bags by establishing a relationship with a commercial hauler and offering to sell the bags through the service department or city hall at affordable rates. Bag purchases could be recorded and used to track the timely completion of projects and the overall success of the program.
4. It is recognized that many residents enjoy placing items on the tree lawn knowing that they will be scavenged and appreciated by others; and keeping something out of the landfill in the process.
5. Residents have grown accustomed to placing large items on the tree lawn at will each trash day, and collection workers make many accommodations to pick up oversized items on a daily basis. This convenience comes at a cost. The daily process of discovering and sending the correct vehicles for random bulk pickups requires extra supervisory attention and labor, diverts workers from other tasks on an unpredictable basis, and adds significantly to landfill tonnage. It also poses risks to workers who handle dangerously heavy items.
6. Many customers, including and especially landlords and transient tenants, place extraordinary amounts of furniture and trash from move-outs on an ongoing basis without advance notice or compensation for the manpower and equipment required to collect and dispose of it. Numerous repeat offenders have been noted.
7. Construction and renovation project materials although not acceptable for collection pose similar challenges.

Recommendations with regards to Yard Waste Collection

1. The task force recommends that the city improve public messaging about keeping yard waste bags free from inappropriate materials and objects, and consider fees or fines for oversized loads or improperly prepared yard waste.

2. The city should continue to seek commercial recyclers who will pay for compostable organic waste, and encourage residents to learn how to compost at home.
3. The city should review the practices for processing yard waste to maximize its value in the market.
4. The city should reduce the exposure of city workers to injury resulting from improperly filled kraft bags.
5. The city should consider operating a local composting site, perhaps in partnership with a private-sector organic recycler. This could benefit the city by providing residents with a source of low-cost finished compost as well as supporting a localized entrepreneurial operation.

Recommendations with regards to Apartment Collection

1. The task force recommends that the City continue to provide refuse and recycling service to buildings with less than or equal to 4 units. The charge for this service would be the same per unit as for residential homes. If an apartment owner cancels refuse pick up for a building, the owner must show proof of being under contract with a private hauler.
2. The task force recommends that buildings with greater than 4 units be required to contract with their own refuse and recycling hauler. The apartment owner must show proof of being under contract.

Additional Considerations with regards to Apartment Collection

1. The city could provide contact information for potential haulers, and/or maintain a list of approved or preferred vendors.

Recommendations with regards to Commercial Building Collection

1. The task force recommends discontinuing free recycling collection, and offering the service only if an appropriate fee is charged.

Recommendations with regards to Special Collections

1. The task force recommends no changes in service.

Recommendations with regards to Policy Enforcement, Ordinances, and Compliance

1. The task force recommends that the city conduct a thorough review of relevant guidelines, policies, fees and fines; update them, with ordinances as necessary according to the recommendations and suggestions contained herein and subsequent research on behalf of Council; determine appropriate consequences for failure to

comply; proactively communicate the nature and specifics of such measures; and implement and apply enforcement strategies designed to foster widespread compliance across all constituencies.

Additional Considerations with regards to Policy Enforcement, Ordinances, and Compliance

1. Potential Compliance/Enforcement tactics:
 - a. Recycling carts with pictures/words displaying acceptable materials
 - b. Initially, drivers or volunteers physically spot-check recycling carts for contamination before pickup; rejecting contaminated containers with an “oops” tag stating what is allowed while noting address and reporting issue.
 - c. Refuse to accept recycling from repeat offenders understanding that contaminated recycling costs the city money.
 - d. Door to door outreach program
 - e. Announce periodic multi-week curbside audit for a street/neighborhood
 - f. Publicize “two thumbs up” compliance rate
 - g. Possible fee discount, special awards, events or other incentives for “Good Recycler” club

Recommendation with regards to Education, Outreach, and Communications

1. The task force recommends that the city overhaul its public communication strategy regarding refuse and recycling, taking advantage of the full range of communications tools.

Additional Considerations with regards to Education, Outreach, and Communications

1. Any changes in refuse and recycling practices should be preceded by a proactive educational campaign for months in advance. Containers can be displayed at city hall and public meetings will be essential.
2. The Cuyahoga County Solid Waste District operates extensive education and outreach programs covering all aspects of waste management and recycling. They are an invaluable source of data and ideas and should be consulted on a regular basis. No consulting fees are charged.
3. The most immediate and urgent message to be communicated is to “Recycle Right” in an effort to eliminate contamination “wish-cycling” and reduce additional costs to city/residents.

4. Consider creating an educational outreach position dedicated specifically to recycling and refuse issues, staffed by someone who is qualified and knowledgeable in the areas of recycling and sustainability, and to create and implement a proactive program of citizen engagement.

Such staff position may be part time and/or temporary depending on funding and other factors.

5. Publicize proper trash and recycling procedures via:
 - a. www.clevelandheights.com
 - b. access Cleveland Heights app.
 - c. Cleveland Heights Facebook page
 - d. Focus magazine
 - e. Heights Observer and other newspapers
 - f. Social media (i.e. Next Door, Twitter, etc.)
 - g. Direct mailings to residents
 - h. Citywide public meetings and local and neighborhood events
 - i. Container (cart) stickers and refrigerator magnets
 - j. Recycling guides in several languages
 - k. Flyers available at city hall, libraries, schools, etc.
 - l. Realtor/Landlord welcome packets to new residents/tenants
 - m. Neighborhood ambassadors trained to advise/answer questions
 - n. Email reminders
 - o. CCSWD age-appropriate materials distributed to school classrooms

Section 4 - Conclusion

The measures recommended in this report will help bring Cleveland Heights up to date with the current methods of refuse and recycling collection, maintaining a high level of service with only a modest cost increase. Expenses will inevitably rise over time, yet it is still possible to economically deliver municipal services with efficiency and professionalism. Beyond providing basic services, a modern city has many opportunities, some would say obligations, to reduce environmental impact, maximize resource efficiency, and improve the long-term viability of the community, the natural environment, and the world. Cleveland Heights can and should be a leader in such efforts.

It is beyond the scope of this task force to research and prescribe specific solutions, but it has become clear that “recycling is not enough” to address these goals. Recycling is a point of entry into programs that address these challenges. The list of innovative approaches grows every day, as does the popular desire for effective solutions from improving the rates of residential recycling to mitigating the causes and effects of climate change; there is much work to be done.

Cleveland Heights will do well to implement, coordinate, and support policies and programs that will make a difference. Initiatives should properly arise from the public, private, and commercial sectors; and government’s role as a facilitator is indispensable. Cleveland Heights will enhance its reputation as a caring, progressive place to live and draw forward-thinking residents to move here if it demonstrates a commitment to be a healthful and environmentally responsive community.

Section 5 – List of Attachments

- A. Resolution 007-2019
- B. Recycling glossary of terms
- C. Summary of Contracts and Practices – Provided by Cuyahoga County Solid Waste District
- D. Estimated Capital Outlays
- E. Estimation of Costs – Comparison to Recent Private Contracts

Additional Communications and Background documentation can be found on the City of Cleveland Heights website “Refuse and Recycling Task Force Page” at <https://www.clevelandheights.com/1146/Refuse-and-Recycling-Task-Force>

ATTACHMENT A

Proposed: 1/22/2019

RESOLUTION NO. 7-2019 (SMS)

By Council Member

A Resolution establishing a Refuse and Recycling Task Force and prescribing the composition, duration, and purpose and duties of such Task Force; and declaring an emergency.

WHEREAS, Council has identified the need to create a special Refuse and Recycling Task Force to offer advice and recommendations to City Council concerning the City's refuse and recycling practices.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Cleveland Heights, Ohio, that:

SECTION 1. There is hereby established the "Refuse and Recycling Task Force" ("Task Force"). Said Task Force shall be composed of a total of thirteen (13) members. Ten (10) of the thirteen (13) members ("Resident Members") shall be residents of the City and shall serve without compensation. The ten (10) Resident Members shall be appointed by City Council by motion to appoint the Resident Members after an application and review process, with the intention that each of the current six (6) members of City Council shall advance the name of one (1) Resident Member and that four (4) additional Resident Members shall be proposed by City Council as a matter of consensus. The remaining three (3) members of the Task Force shall be designees of the City Manager ("City Manager Designees"), provided that the City Manager Designees shall not participate in any vote or decision-making. The members of the Task Force shall select a chair. In the event of the resignation or excessive absence of a Resident Member, the City Council retains the authority and discretion to replace or not to replace the Resident Member. Meetings of the Task Force shall be open to the public.

SECTION 2. The purpose of the Task Force is to evaluate the City's trash and recycling programs to ensure that the City's practices provide the residents with top-notch services at reasonable costs while likewise ensuring the safety and health of City workers, including by way of example and not limitation, the possibility of automated trucks, City recycling programs, public vs. private service providers, the costs of any recommended changes, and funding and financing of such costs. The Task Force shall adjourn and complete its work no later than six months after the first meeting of the Task Force, unless the term is extended by City Council.

SECTION 3. Notice of the passage of this Resolution shall be given by publishing the title and abstract of its contents, prepared by the Director of Law, once in one newspaper of general circulation in the City of Cleveland Heights.

SECTION 4. This Resolution is hereby declared to be an emergency measure immediately necessary for the preservation of the public peace, health and safety of the inhabitants of the City of Cleveland Heights, such emergency being the need to obtain the advice and recommendation of the Task Force without delay. Wherefore, provided it receives the affirmative vote of five (5) or more of the members elected or appointed to this Council, this Resolution shall take effect and be in force immediately upon its passage; otherwise, it shall take effect and be in force from and after the earliest time allowed by law.

CAROL ANN ROE, Mayor
President of the Council

SUSANNA NIERMANN O'NEIL
Acting Clerk of Council

PASSED:

ATTACHMENT B

Glossary of Refuse and Recycling Terms

Automated collection

A mechanized method of collecting refuse and recycling. Residents place their waste materials into uniform containers (carts) which are picked up and emptied at the curbside using automatic equipment on each garbage truck.

Blue bags

Blue-colored transparent bags. For many reasons the “blue bag” has been phased out by almost all cities and private collectors operating in Cuyahoga County, in favor of sturdy reusable bins or carts.

Bulk Collection

Refers to large (excess) quantities of refuse, and large items left on the curbside for pickup by the city. Bulk items require special equipment and additional workers to collect. Extreme cases, such as an entire apartment’s worth of furniture or very large amounts of brush or branches that are not properly cut and tied by the resident typically necessitate billing the resident for the additional costs of collection

Cuyahoga County Solid Waste District (CSWD)

This governmental department oversees all waste and recycling practices across the county. The Solid Waste District was established in 1989 in response to Ohio law requiring all cities to recycle at least 25% of their collected waste. Not a regulatory body, the Solid Waste District monitors and recommends best practices throughout the County, offers some alternative collection services and conducts extensive education programs. <https://cuyahogarecycles.org/>

Carts

This is the usual term used to describe the lidded, two-wheel containers used for automated residential pickup of trash and recycling. Typically found in 65- or 96-gallon sizes.

Co-mingled recycling (See also Single-stream recycling)

Refers to the current practice of allowing all recyclable materials to be collected in a single container (as opposed to pre-sorting or “source separating”). Most cities in Cuyahoga County, including Cleveland Heights, have converted to single-stream or co-mingled collection, so pre-sorting is not necessary.

Commercial collection

Commercial businesses, including stores, are not served by Cleveland Heights waste collection. Their owners or residents must arrange for commercial waste collection. Some businesses have arranged with the city for collection of their recyclable materials.

Compactor (See also Front Loader, Rear Loader, and Side Loader)

An integral component of a garbage truck which is comprised of a hydraulic powered device in which a telescopic cylinder pushes a moving surface against a stationary surface to compress and condense material. Compactors are not limited to garbage trucks and may also be used in Semi-Trailers and the

Transfer Station.

Construction and demolition waste (C&D)

A waste stream that is primarily received from construction sites. C&D waste can include concrete, rebar, wood, paneling, linoleum, carpet and many other materials. The City does not collect this type of waste.

Container (See also Dumpster)

Any reusable receptacle (as opposed to plastic bags), used to accumulate waste from residential, commercial, and industrial sites. Containers vary in size and type and can include bins, carts, and dumpsters.

Curbside recycling

The practice of collecting recyclable household materials placed at the curb along with weekly trash pickup.

Disposal fee (See also Tipping Fee)

A fee charged (typically on a per ton basis) for the amount of waste disposed of by customers at a landfill.

Drop-off recycling

The practice of delivering recyclable goods to a central or remote location (as opposed to curbside recycling).

Dumpster

A generic term used for large steel residential, commercial, and construction waste containers, often used at multi-family dwellings like apartments or condominiums. Residential and Commercial dumpsters can vary by loading type onto the truck (i.e. front load or rear load) and range from 2 cubic yards to 10 cubic yards. Large construction dumpsters (also referred to as roll-offs) can range from 20 cubic yards to 40 cubic yards.

E-Waste (See also Techno Trash)

Consumer grade electronic devices (i.e. computers, televisions, stereos, cell phones, etc.) that are recycled often to recover certain precious metals that used to construct the device.

Front loader (See also Compactor)

A garbage truck that has the collection hopper in the front of the vehicle. When the hopper is full, it is raised above and over the truck's cab and dumped into the main body at the rear of the truck. Front loaders also have the capability to empty dumpsters ranging from 2 cubic yards to 10 cubic yards. This is the type of vehicle that is most easily converted for automated pickup.

Hauling Fee

A fee that may be charged by private companies to transport waste from a city to a landfill or MRF.

Hazardous Waste (See also Household Hazardous Waste)

Waste with dangerous characteristics (e.g. flammable, corrosive, radioactive, etc.) that is not

permitted to be disposed of in a landfill. Governments define and regulate the disposal of hazardous waste. May also be referred to as toxic waste.

Homestead Exemption

Under Ohio Law seniors age 65 and older and permanently and totally disabled persons with a household income below a defined threshold qualify for a state subsidized property tax credit of owner-occupied residences. The city further extends this service to residents that qualify for the Homestead Exemption with a reduction of the monthly landfill fee from \$11.50 per household per month to \$3.00 per household per month.

Hopper

The hopper is the part of a garbage truck or compactor where trash is emptied before being loaded and/or compacted into the body of the truck.

Household Hazardous Waste (See also Hazardous Waste)

Household waste with potentially dangerous characteristics (i.e. strong household cleaning products, pesticides, consumer grade acids, oil-based paints and stains, mineral spirits, etc.) that is not permitted to be disposed of in a landfill.

Kimble Company

This is a private company that operates multiple refuse and recycling services including: Private collection and hauling services to municipalities and commercial businesses, Landfilling, and a Materials Recovery Facility (MRF) which accepts and sorts curbside recyclables for sale into the market.

Kraft Bag

Brown paper bags which have a high tear resistance. Kraft paper is produced from a chemically treated (with sulfates) pulp called kraft pulping which was created by Carl F. Dahl in Germany in the 1880s. Typical uses of kraft paper bags include grocery store bags and the large yard waste bags used for recycling.

Landfill

An endpoint facility that accepts solid waste (refuse or garbage). Landfill construction and management practices are heavily regulated by the various government agencies to minimize environmental impact. The landfill for Cleveland Heights is located 75 miles away in Shiloh, Ohio. We send approximately five 25-ton trailer loads of solid waste to the landfill each day.

Landfill Fee (See also Utility Fee)

A supplemental charge to residents to subsidize the cost of Refuse & Recycling Collection and Landfill fees. Currently the fee is \$11.50 per household per month, and \$3.00 per household per month for those that qualify for the Homestead Exemption.

Lock Bar

An optional feature of front-load dumpsters. The lock bar allows a customer to lock the container. When the container is emptied, and the container is raised up and over the truck, gravity causes the bar to drop allowing the container to be emptied.

Materials Recovery Facility (MRF)

A facility where recyclable material is sorted and then sold in the open market. This process includes separating co-mingled recyclable materials (manually and/or by machine) according to type, then baling or otherwise preparing the separated material for sale. The MRF has become one of the two most important determinants of what is and is not “recyclable.” The primary determinant is the value of recycled materials on the open market.

Methane

A gas byproduct generated through natural decomposition of solid waste in landfills. This gas is monitored to maintain state regulatory agency levels. Accumulated gas is either burned off using a flare or is converted to energy by use of a gas plant.

Manual collection

An operation where workers physically lift all waste and recycling containers and place them in the collection vehicle or hopper. Cleveland Heights currently collects all waste and recycling manually.

Multi-unit Dwellings

Apartments and/or condominiums.

Municipal Collection Service

Staffing, operation, and maintenance of a refuse & recycling operation by a municipal agency.

Municipal Solid Waste (MSW) (See also Refuse and/or Solid Waste)

"Regular" garbage from non-industrial sources, such as homes, restaurants, retail centers, and office buildings. Typical MSW includes paper, discarded food items, and other general discards.

Pay-as-you-throw

The practice of charging consumers a fee for garbage collection according to the amount of waste generated by the consumer.

Pre-sorting (See also Source Separating)

The practice of separating recyclable materials in the home or business according to their type, (e.g., glass, metal, paper). Most cities in Cuyahoga County including Cleveland Heights have converted to single-stream or co-mingled collection, so pre-sorting is not necessary.

Private Collection Service

Staffing, operation, and maintenance of a municipal refuse & recycling operation by an outside contractor.

Rear loader (also called a Compactor)

A garbage truck that has the collection hopper in the back of the vehicle, and a compacting mechanism to compress the load to save space. Rear loaders have the capability of emptying dumpsters ranging from 2 cubic yards to 10 cubic yards. Typically requires a crew of two workers, a

driver plus loader.

Recycling

A series of practices that reclaims and reprocesses certain items back to their original material state for remanufacture into new products. This can result in lower rates of resource depletion, less environmental pollution, reduced use of landfills, and cost-savings. Not every material that is scientifically “recyclable” can be successfully recycled and/or reused.

For the purposes of municipal service, the term “curbside recycling” refers to the methods by which residents prepare their refuse and by which the City collects and manages materials that are set aside by residents to be recycled.

Refuse (See also Municipal Solid Waste and/or Solid Waste)

See Municipal Solid Waste above.

Residential Customers

Residents living in single and multi-family dwellings, and multi-unit dwellings as opposed to retail or other businesses. Cleveland Heights makes weekly collection pickups at all single and multi-family houses, and some multi-unit dwellings. (See also Multi-unit Dwellings and Commercial Collection).

Resource identification numbers (RIN) (“Recycling Code”)

The “number in the triangle” that appears on many plastic products and is the designation of the specific type of polymer that it is made of. It is not an indicator or guarantee that any particular item can or will be recycled.

Service Garage

Large facility that houses staff, vehicles, and equipment for various municipal services.

Side loader (See also Compactor)

A garbage truck that has the collection hopper in the center of the vehicle. Side loaders are typically another type of vehicle most often used for automated collection.

Single-stream recycling (See also Co-mingled Recycling)

See Co-mingled Recycling above.

Solid Waste (See also Municipal Solid Waste and/or Refuse)

See Municipal Solid Waste above.

Source Separating (See also Pre-Sorting)

See Pre-Sorting above.

Techno Trash (See also E-Waste)

See E-Waste above.

Tipping Fee (See also Disposal Fee)

See Disposal Fee above.

Transfer Station

A facility that is an intermediate (transfer) point between refuse collection vehicles and the landfill and recycling collection vehicles and the Materials Recovery Facility (MRF). Collected materials are dumped either in pits or on a floor area where they are then loaded into semi-tractor trailers and hauled over a long distance to their endpoint.

Utility Fee (See also Landfill Fee)

See Landfill Fee above.

Waste Stream

Specific types of waste found in a customer's disposal (trash, cardboard, aluminum, metal, etc.) or a broader definition of disposal type. (e.g. MSW, C&D, Hazardous, etc.)

Waste-to-Energy

The process of incinerating trash resulting in high-pressure steam, which can be used to generate electricity for sale to public utility companies under long-term contracts. The residue from the incineration process is disposed of in a landfill.

Yard Waste

Organic waste generated by home and businesses, chiefly leaves, grass clippings, and brush. In Cleveland Heights yard waste forms a separate waste stream which is managed apart from refuse and recycling. Yard waste is collected in two ways: during a defined period each Spring and Fall, leaves are collected in bulk using large equipment and teams of workers. During the rest of the year, yard waste is collected in brown paper (kraft) bags on each street's pickup day. Brush and branches must be cut and tied into bundles of no more than four feet in length.

ATTACHMENT C

COMMUNITIES	CONTRACTOR	CONTRACT EFFECTIVE DATE	CONTRACT END DATE	CONTRACT OPTION YEARS	CONTRACT PRICE ESCALATION BASIS	YEARLY CONTRACT COST					NUMBER OF HOUSEHOLDS SERVED	FUNDING SOURCE	
						YR 1	YR 2	YR 3	YR 4	YR 5			
BAY VILLAGE						YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION - Automated	Republic			Year	Schedule						0,000	General Fund	
RECYCLING (CURBSIDE) - Automated	Republic			Year	Schedule	Included	Included	Included	Included	Included	0,000	RESIDENT CHARGE	
DROP-OFF (RECYCLING)											0,000	SSSMT	
YARD WASTE	Republic			Year	Schedule	Included	Included	Included	Included	Included	0,000	OTHER	
WASTE DISPOSAL	Republic			Year	Schedule	Included	Included	Included	Included	Included	0,000		
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Site Recycling										0,000		
BEACHWOOD						YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2			X
WASTE COLLECTION - Automated	Municipal										0,000	General Fund	
RECYCLING (CURBSIDE) - Automated	Municipal Curbside Recycling Contractor										0,000	RESIDENT CHARGE	
DROP-OFF (RECYCLING)	Municipal										0,000	SSSMT	
YARD WASTE	Municipal										0,000	OTHER	
WASTE DISPOSAL	Republic Curbside Disposal Contractor			Year	Schedule	ton	ton	ton	ton	ton	0,000		
BEDFORD						YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION - Automated	Site Solid Waste Contractor			Year	Schedule						0,000	General Fund	
RECYCLING (CURBSIDE) - Automated	Site Solid Waste Contractor			Year	Schedule						0,000	RESIDENT CHARGE	
DROP-OFF (RECYCLING)											0,000	SSSMT	
YARD WASTE	Site Municipal			Year	Schedule	Included	Included	Included	Included	Included	0,000	OTHER	
WASTE DISPOSAL	Site Solid Waste Contractor			Year	Schedule	ton	ton	ton	ton	ton	0,000		

BEDFORD HEIGHTS					YR 1	YR 2	YR 3	YR 4	YR 5			X	
WASTE COLLECTION - Automated	Soorteaft Conortia			Year	Scedee o						0,000	Gooroo ood	
RECYCLING (CURBSIDE) - Automated	Soorteaft Conortia			Year	Scedee o						0,000	Residoot Chorgo ooc	
DROP-OFF (RECYCLING)											0,000	SSSSMoot	
YARD WASTE	iee Mnicia			Year	Scedee o Incided	Incided	Incided	Incided	Incided		0,000	Other Scci	
WASTE DISPOSAL	Soorteaft Conortia			Year	Scedee o	ton	ton	ton	ton		0,000		
BENTLEYVILLE					OPT YR 1	OPT YR 2	OPT YR 3	YR 4	YR 5			X	
WASTE COLLECTION - Automated	aite Manageent				Scedee o						000	Gooroo ood	
RECYCLING (CURBSIDE) - Automated	aite Manageent				Scedee o Incided	Incided	Incided				000	Residoot Chorgo ooc	
DROP-OFF (RECYCLING)	aite Manageent Mnicia				Scedee o Incided	Incided	Incided				000	SSSSMoot	
YARD WASTE	aite Manageent				Scedee o Incided	Incided	Incided				000	Other Scci	
WASTE DISPOSAL	aite Manageent				Scedee o	ton	ton	ton			000		
BEREA					OPT YR 1	OPT YR 2	OPT YR 3	YR 4	YR 5			X	
WASTE COLLECTION - Automated	Reoocic			Year	Scedee o						0,000	Gooroo ood	
RECYCLING (CURBSIDE) - Automated	Reoocic			Year	Scedee o						0,000	Residoot Chorgo ooc	
DROP-OFF (RECYCLING)	oiti											SSSSMoot	
YARD WASTE	Reoocic			Year	Scedee o						0,000	Other Scci	
WASTE DISPOSAL	Reoocic			Year	Scedee o	ton	ton	ton			0,000		
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Siee Reccing										0,000		
BRATENAHL					YR 1	YR 2	YR 3	YR 4	YR 5			X	
WASTE COLLECTION - Automated	Reoocic			Year	Scedee o						000	Gooroo ood	
RECYCLING (CURBSIDE) - Automated	Reoocic			Year	Scedee o Incided	Incided	Incided	Incided	Incided		000	Residoot Chorgo ooc	
DROP-OFF (RECYCLING)												SSSSMoot	

RECYCLING (CURBSIDE) - W - Automated	Municipal Office			Clear							Resident Charge	
DROP-OFF (RECYCLING)	Municipal										SSSMT	
YARD WASTE - W											Other	
WASTE DISPOSAL - W	Resident			Clear	Schedule Recycle	ton	ton	ton	ton	ton		
WASTE DISPOSAL - T	Recycling					ton	ton					
WASTE DISPOSAL - C & D	Landfill					ton	ton					
CLEVELAND HEIGHTS					YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2			X
WASTE COLLECTION	Municipal										Good	
RECYCLING (CURBSIDE)	Municipal Curbside Recycling										Resident Charge	
DROP-OFF (RECYCLING)	Municipal										SSSMT	
YARD WASTE	Municipal City of Cleveland										Other	
WASTE DISPOSAL	Resident			Clear		ton	ton	ton	ton	ton		
CUYAHOGA HEIGHTS					YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION	Municipal										Good	
RECYCLING (CURBSIDE)	Municipal										Resident Charge	
DROP-OFF (RECYCLING)	Municipal										SSSMT	
YARD WASTE	Municipal										Other	
WASTE DISPOSAL	Municipal											
EAST CLEVELAND					YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION	Resident				Schedule	o	o	o	o	o		Good
RECYCLING (CURBSIDE)	Resident				Schedule	Included	Included	Included	Included	Included		Resident Charge
DROP-OFF (RECYCLING)											SSSMT	
YARD WASTE	Resident				Schedule	Included	Included	Included	Included	Included		Other
WASTE DISPOSAL	Resident				Schedule	Included	Included	Included	Included	Included		
EUCLID					YR 1	YR 2	YR 3	YR 4	YR 5			X

WASTE COLLECTION - Automated	Quarterly	Curbside	Curbside	Yearly	Schedule of Collections	Included	Included	Included	Included	Included	0,000	Garbage Fee	
RECYCLING (CURBSIDE) - Automated	Quarterly	Curbside	Curbside	Yearly	Schedule of Collections	Included	Included	Included	Included	Included	0,000	Resident Charge Fee	
DROP-OFF (RECYCLING)	Monthly	Drop-off	Drop-off	Monthly	Drop-off	Drop-off	Drop-off	Drop-off	Drop-off	Drop-off	0,000	SSSMT	
YARD WASTE	Quarterly	Curbside	Curbside	Yearly	Schedule of Collections	Included	Included	Included	Included	Included	0,000	Other Services	
WASTE DISPOSAL	Quarterly	Curbside	Curbside	Yearly	Schedule of Collections	ton	ton	ton	ton	ton	0,000		
FAIRVIEW PARK						OPT YR 1	OPT YR 2	OPT YR 3	OPT YR 4	OPT YR 5			X
WASTE COLLECTION - Automated	Resident	Curbside	Curbside	Yearly	Schedule of Collections	Included	Included	Included	Included	Included	0,000	Garbage Fee	
RECYCLING (CURBSIDE) - Automated	Resident	Curbside	Curbside	Yearly	Schedule of Collections	Included	Included	Included	Included	Included	0,000	Resident Charge Fee	
DROP-OFF (RECYCLING)	Monthly	Drop-off	Drop-off	Monthly	Drop-off	Drop-off	Drop-off	Drop-off	Drop-off	Drop-off	0,000	SSSMT	
YARD WASTE	Municipal Resident	Curbside	Curbside	Yearly	Schedule of Collections	Included	Included	Included	Included	Included	0,000	Other Services	
WASTE DISPOSAL	Resident	Curbside	Curbside	Yearly	Schedule of Collections	ton	ton	ton	ton	ton	0,000		
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Single Recycling	Drop-off	Drop-off	Monthly	Drop-off	Drop-off	Drop-off	Drop-off	Drop-off	Drop-off	0,000		
GARFIELD HEIGHTS						OPT YR 1	OPT YR 2	OPT YR 3					X
WASTE COLLECTION - Automated	Quarterly	Curbside	Curbside	Yearly	Collection	Included	Included	Included	Included	Included	0,000	Garbage Fee	
RECYCLING (CURBSIDE) - Automated	Quarterly	Curbside	Curbside	Yearly	Collection	Included	Included	Included	Included	Included	0,000	Resident Charge Fee	
DROP-OFF (RECYCLING)	Monthly	Drop-off	Drop-off	Monthly	Drop-off	Drop-off	Drop-off	Drop-off	Drop-off	Drop-off	0,000	SSSMT	
YARD WASTE	Quarterly	Curbside	Curbside	Yearly	Collection	Included	Included	Included	Included	Included	0,000	Other Services	
WASTE DISPOSAL	Quarterly	Curbside	Curbside	Yearly	Collection	ton	ton	ton	ton	ton	0,000		
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Single Recycling	Drop-off	Drop-off	Monthly	Drop-off	Drop-off	Drop-off	Drop-off	Drop-off	Drop-off	0,000		
GATES MILLS						YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2			X
WASTE COLLECTION	Resident	Curbside	Curbside	Yearly	Schedule of Collections	Included	Included	Included	Included	Included	0,000	Garbage Fee	

RECYCLING (CURBSIDE)	Residential	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred		RESIDUAL CHARGE	
DROP-OFF (RECYCLING)												SSSMT	
YARD WASTE												OTHER	
WASTE DISPOSAL	Residential	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred			
GLENWILLOW						YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION - Automated	Residential	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred		GOODR	
RECYCLING (CURBSIDE) - Automated	Residential	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred		RESIDUAL CHARGE	
DROP-OFF (RECYCLING)												SSSMT	
YARD WASTE	Residential	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred		OTHER	
WASTE DISPOSAL	Residential	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred			
HIGHLAND HEIGHTS						YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION - Automated	Commercial	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred		GOODR	
RECYCLING (CURBSIDE) - Automated	Commercial	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred		RESIDUAL CHARGE	
DROP-OFF (RECYCLING)												SSSMT	
YARD WASTE	Commercial	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred		OTHER	
WASTE DISPOSAL	Commercial	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred			
HIGHLAND HILLS						YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2			X
WASTE COLLECTION	Municipal	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred		GOODR	
RECYCLING (CURBSIDE)	Municipal Waste Recycling Contract	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred		RESIDUAL CHARGE	
DROP-OFF (RECYCLING)	Municipal	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred		SSSMT	
YARD WASTE	Municipal	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred		OTHER	
WASTE DISPOSAL	Residential Waste Disposal Contract	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred			
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Special Recycling	Curbside	Curbside	Year	Schedule	Incurred	Incurred	Incurred	Incurred	Incurred			

HUNTING VALLEY					YR 1	OPT YR 1	OPT YR 2						X
WASTE COLLECTION - Automated	Waste Management			Year	Schedule of Operations							Garbage Fee	
RECYCLING (CURBSIDE) - Automated	Waste Management			Year	Schedule of Operations	Included	Included	Included				Residual Charge Fee	
DROP-OFF (RECYCLING)	Waste Management			Year	Schedule of Operations	Included	Included	Included				SSSMT	
YARD WASTE												Other Services	
WASTE DISPOSAL	Waste Management			Year	Schedule of Operations	Included	Included	Included					
INDEPENDENCE					YR 1	YR 2	YR 3	YR 4	YR 5				X
WASTE COLLECTION - Automated	Municipal											Garbage Fee	
RECYCLING (CURBSIDE) - Automated	Municipal Curbside Recycling Collection											Residual Charge Fee	
DROP-OFF (RECYCLING)	Municipal											SSSMT	
YARD WASTE	Municipal											Other Services	
WASTE DISPOSAL	Municipal												
LAKEWOOD					YR 1	YR 2	YR 3	YR 4	YR 5				X
WASTE COLLECTION - Automated	Municipal											Garbage Fee	
RECYCLING (CURBSIDE) - Automated	Municipal											Residual Charge Fee	
DROP-OFF (RECYCLING)	Municipal											SSSMT	
YARD WASTE	Municipal											Other Services	
WASTE DISPOSAL	City of Cree and Ridge Road Transfer Station												
LINNDALE					YR 1	YR 2	YR 3	YR 4	YR 5				X
WASTE COLLECTION	Reuse				Annexation							Garbage Fee	
RECYCLING (CURBSIDE)	Reuse				Annexation	Included						Residual Charge Fee	
DROP-OFF (RECYCLING)												SSSMT	
YARD WASTE												Other Services	

RECYCLING (CURBSIDE) - Automated	City	Curbside	Curbside	Curbside	Schedule	Included	Included	Included	Included	Included	\$,000	RESIDUAL CHARGE	
DROP-OFF (RECYCLING)	City	Drop-off	Drop-off	Drop-off		Included	Included	Included	Included	Included		SSSMT	
YARD WASTE	Municipal	Yard	Yard	Yard								OTHER SERVICES	
WASTE DISPOSAL	City	Curbside	Curbside	Curbside	Schedule	Included	Included	Included	Included	Included	\$,000		
MIDDLEBURG HEIGHTS						YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION	Resident	Curbside	Curbside	Curbside	Schedule	Optional					\$,000	GRANDDAD	
RECYCLING (CURBSIDE)	Resident	Curbside	Curbside	Curbside	Schedule	Included					\$,000	RESIDUAL CHARGE	
DROP-OFF (RECYCLING)	Resident	Drop-off	Drop-off	Drop-off								SSSMT	
YARD WASTE	Municipal	Yard	Yard	Yard							\$,000	OTHER SERVICES	
WASTE DISPOSAL	Resident	Curbside	Curbside	Curbside	Schedule	Included					\$,000		
MORELAND HILLS						YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2			X
WASTE COLLECTION - Automated	Municipal	Curbside	Curbside	Curbside							\$,000	GRANDDAD	
RECYCLING (CURBSIDE) - Automated	Municipal Curbside Recycling Conortion	Curbside	Curbside	Curbside							\$,000	RESIDUAL CHARGE	
DROP-OFF (RECYCLING)		Drop-off	Drop-off	Drop-off								SSSMT	
YARD WASTE	Municipal	Yard	Yard	Yard							\$,000	OTHER SERVICES	
WASTE DISPOSAL	Resident Curbside Disposal Conortion	Curbside	Curbside	Year	Schedule	Optional	Optional	Optional	Optional	Optional	\$,000		
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	City Recycling	Curbside	Curbside	Curbside							\$,000		
NEWBURGH HEIGHTS						OPT YR 1	OPT YR 2	OPT YR 3					X
WASTE COLLECTION - Automated	City	Curbside	Curbside	Year	City	Optional	Optional	Optional				GRANDDAD	
RECYCLING (CURBSIDE) - Automated	City	Curbside	Curbside	Year	City	Optional	Optional	Optional				RESIDUAL CHARGE	
DROP-OFF (RECYCLING)		Drop-off	Drop-off	Drop-off								SSSMT	
YARD WASTE	City	Curbside	Curbside	Year	City	Included	Included	Included				OTHER SERVICES	
WASTE DISPOSAL	City	Curbside	Curbside	Year	City	Optional	Optional	Optional					

NORTH OLMSTED						OPT YR 1	OPT YR 2						X
WASTE COLLECTION - Automated	Residential			Year	Schedule	Included	Included					GRAND	
RECYCLING (CURBSIDE) - Automated	Residential			Year	Schedule	Included	Included					RESIDUAL CHARGE	
DROP-OFF (RECYCLING) YARD WASTE	Gate											SSSMT	
WASTE DISPOSAL	Residential			Year	Schedule	Included	Included					OTHER	
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Site Recycling												
NORTH RANDALL						YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION - Automated	Residential				Schedule	Included	Included	Included				GRAND	
RECYCLING (CURBSIDE) - Automated	Residential				Residential Share	Included	Included	Included				RESIDUAL CHARGE	
DROP-OFF (RECYCLING) YARD WASTE	Municipal											OTHER	
WASTE DISPOSAL	Residential					Included	Included	Included					
NORTH ROYALTON						YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION	Residential			Year	Schedule	Included	Included	Included	Included	Included		GRAND	
RECYCLING (CURBSIDE) - Automated	Residential			Year	Schedule	Included	Included	Included	Included	Included		RESIDUAL CHARGE	
DROP-OFF (RECYCLING) YARD WASTE	Residential			Year	Schedule	Included	Included	Included	Included	Included		SSSMT	
WASTE DISPOSAL	Residential			Year	Schedule	Included	Included	Included	Included	Included		OTHER	
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Site Recycling												
OAKWOOD						YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION	Waste Management	Ongoing										GRAND	
RECYCLING (CURBSIDE)	Waste Management	Ongoing										RESIDUAL CHARGE	

DROP-OFF (RECYCLING)													SSSMT	
YARD WASTE	Waste Management Municipal												OTHER SERVICES	
WASTE DISPOSAL	Waste Management	Ongoing												
OLMSTED FALLS						YR 1	YR 2	YR 3	YR 4	YR 5				X
WASTE COLLECTION - Automated	Resident			Year	Schedule Senior								GRANDD	
RECYCLING (CURBSIDE) - Automated	Resident			Year	Schedule	Included	Included	Included	Included	Included			RESIDUENT CHARGE	
DROP-OFF (RECYCLING)													SSSMT	
YARD WASTE	Resident Municipal			Year	Schedule	Included	Included	Included	Included	Included			OTHER SERVICES	
WASTE DISPOSAL	Resident			Year	Schedule	Included	Included	Included	Included	Included				
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Shoe Recycling													
OLMSTED TOWNSHIP						YR 1	YR 2	YR 3	YR 4	YR 5				X
WASTE COLLECTION - Automated	Resident			Year	Schedule Senior								GRANDD	
RECYCLING (CURBSIDE) - Automated	Resident			Year	Schedule	Included	Included	Included	Included	Included			RESIDUENT CHARGE	
DROP-OFF (RECYCLING)													SSSMT	
YARD WASTE	Resident Municipal			Year	Schedule	Included	Included	Included	Included	Included			OTHER SERVICES	
WASTE DISPOSAL	Resident			Year	Schedule	Included	Included	Included	Included	Included				
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Shoe Recycling													
ORANGE						YR 1	YR 2	YR 3	YR 4	YR 5				X
WASTE COLLECTION - Automated	Shoe Senior Confort			Year	Schedule Senior								GRANDD	
RECYCLING (CURBSIDE) - Automated	Shoe Senior Confort			Year	Schedule								RESIDUENT CHARGE	
DROP-OFF (RECYCLING)													SSSMT	
YARD WASTE	Shoe Municipal			Year	Schedule	Included	Included	Included	Included	Included			OTHER SERVICES	

WASTE DISPOSAL	Service Contract			Year	Schedule	YR 1	YR 2	YR 3	YR 4	YR 5			
PARMA						YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION - Automated	Resident			Year	Schedule							GOODR	
RECYCLING (CURBSIDE) - Automated	Resident			Year	Schedule							RESIDUENT CHARGE	
DROP-OFF (RECYCLING)												SSSMT	
YARD WASTE	Resident Municipality			Year	Schedule							OTHER	
WASTE DISPOSAL	Resident			Year	Schedule								
PARMA HEIGHTS						OPT YR 1	OPT YR 2	OPT YR 3	OPT YR 4	OPT YR 5			X
WASTE COLLECTION - Automated	Resident			Year	Schedule							GOODR	
RECYCLING (CURBSIDE) - Automated	Resident			Year	Schedule	Included	Included	Included	Included	Included		RESIDUENT CHARGE	
DROP-OFF (RECYCLING)												SSSMT	
YARD WASTE	Resident			Year	Schedule	Included	Included	Included	Included	Included		OTHER	
WASTE DISPOSAL	Resident			Year	Schedule								
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Side Recycling												
PEPPER PIKE						YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2			X
WASTE COLLECTION	Municipality											GOODR	
RECYCLING (CURBSIDE)	Municipality Curbside Recycling Contract											RESIDUENT CHARGE	
DROP-OFF (RECYCLING)	Carroll County Curbside Recycling											SSSMT	
YARD WASTE	Municipality											OTHER	
WASTE DISPOSAL	Resident Curbside Disposal Contract			Year	Schedule								
RICHMOND HEIGHTS						YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2			X
WASTE COLLECTION - Automated	Waste Management			Year	Schedule							GOODR	

RECYCLING (CURBSIDE)	One										0,000	RESIDUAL CHARGE	
DROP-OFF (RECYCLING)	One										0,000	SSSMT	
YARD WASTE	Municipal										0,000	OTHER SERVICES	
WASTE DISPOSAL	Waste Management			Year	Schedule	ton	ton	ton	ton	ton	0,000		
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Site Recycling										0,000		
ROCKY RIVER					YR 1	YR 2	YR 3	YR 4	YR 5				X
WASTE COLLECTION	Municipal										0,000	GRAND	
RECYCLING (CURBSIDE)	Municipal										0,000	RESIDUAL CHARGE	
DROP-OFF (RECYCLING)	Municipal										0,000	SSSMT	
YARD WASTE	Resident Drop										0,000	OTHER SERVICES	
WASTE DISPOSAL	Municipal Resident										0,000		
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Site Recycling										0,000		
SEVEN HILLS					YR 1	YR 2	YR 3	YR 4	YR 5				X
WASTE COLLECTION - Automated	Waste Management			Year	Schedule	ton	ton	ton	ton	ton	0,000	GRAND	
RECYCLING (CURBSIDE) - Automated	Waste Management			Year	Schedule	Included	Included	Included	Included	Included	0,000	RESIDUAL CHARGE	
DROP-OFF (RECYCLING)												SSSMT	
YARD WASTE	Waste Management			Year	Schedule	Included	Included	Included	Included	Included	0,000	OTHER SERVICES	
WASTE DISPOSAL	Waste Management			Year	Schedule	ton	ton	ton	ton	ton	0,000	Transfer	
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Site Recycling										0,000		
SHAKER HEIGHTS					YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2				X
WASTE COLLECTION	Municipal										0,000	GRAND	
RECYCLING (CURBSIDE)	Municipal Curbside Recycling Conortion										0,000	RESIDUAL CHARGE	
DROP-OFF (RECYCLING)	Municipal Site										0,000	SSSMT	

YARD WASTE	Municipal											OTHER SOCIETY	
WASTE DISPOSAL	City			Year	ton	ton	ton	ton	ton				
SOLON					YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2				X
WASTE COLLECTION - Automated	Municipal											GROSS D	
RECYCLING (CURBSIDE) - Automated	Municipal Curbside Recycling Containers											RESIDUAL CHARGE C	
DROP-OFF (RECYCLING)	Municipal											SSSMT	
YARD WASTE	Municipal											OTHER SOCIETY	
WASTE DISPOSAL	Residential Curbside Drop-off Containers			Year	Schedule fee	ton	ton	ton	ton	ton			
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	City Recycling												
SOUTH EUCLID					OPT YR 1	OPT YR 2	OPT YR 3						
WASTE COLLECTION - Automated	City			Year	Collection fee	ton	ton					GROSS D	
RECYCLING (CURBSIDE) - Automated	City			Year	Collection fee	Included	Included					RESIDUAL CHARGE C	
DROP-OFF (RECYCLING)	City			Year	Collection fee	Included	Included					SSSMT	
YARD WASTE	Municipal											OTHER SOCIETY	
WASTE DISPOSAL	City			Year	Collection fee	ton	ton						
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	City Recycling												
STRONGSVILLE					OPT YR 1	OPT YR 2	OPT YR 3	OPT YR 4	OPT YR 5				X
WASTE COLLECTION	Residential			Year	Schedule fee	ton	ton	ton	ton	ton		GROSS D	
RECYCLING (CURBSIDE)	Residential			Year	Schedule fee	ton	ton	ton	ton	ton		RESIDUAL CHARGE C	
DROP-OFF (RECYCLING)	Residential			Year	Schedule fee	Included	Included	Included	Included	Included		SSSMT	
YARD WASTE	Residential			Year	Schedule fee	Included	Included	Included	Included	Included		OTHER SOCIETY	
WASTE DISPOSAL	Residential			Year	Schedule fee	ton	ton	ton	ton	ton			
UNIVERSITY HEIGHTS					YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2				X

WASTE COLLECTION	Municipal											GROSS D	
RECYCLING (CURBSIDE)	Municipal Curbside Recycling Contract											RESIDUAL CHARGE C	
DROP-OFF (RECYCLING)	Municipal Curbside Recycling Contract											RESIDUAL CHARGE C	
YARD WASTE												OTHER DISPOSAL	
WASTE DISPOSAL	Residential Curbside Disposal Contract				Schedule Rate	ton	ton	ton	ton	ton			
VALLEY VIEW					YR 1	YR 2	YR 3	YR 4	YR 5				X
WASTE COLLECTION	Municipal											GROSS D	
RECYCLING (CURBSIDE)	Municipal											RESIDUAL CHARGE C	
DROP-OFF (RECYCLING)												RESIDUAL CHARGE C	
YARD WASTE	Municipal											OTHER DISPOSAL	
WASTE DISPOSAL	Route												
WALTON HILLS					YR 1	YR 2	YR 3	YR 4	YR 5				X
WASTE COLLECTION - Automated	City Solid Waste Contract				Schedule Rate	ton	ton	ton	ton	ton		GROSS D	
RECYCLING (CURBSIDE) - Automated	City Solid Waste Contract				Schedule Rate	ton	ton	ton	ton	ton		RESIDUAL CHARGE C	
DROP-OFF (RECYCLING)					Schedule Rate	ton	ton	ton	ton	ton		RESIDUAL CHARGE C	
YARD WASTE	City Municipal				Schedule Rate	Included	Included	Included	Included	Included		OTHER DISPOSAL	
WASTE DISPOSAL	City Solid Waste Contract				Schedule Rate	ton	ton	ton	ton	ton			
WARRENSVILLE HEIGHTS					YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2				X
WASTE COLLECTION - Automated	City				Schedule Rate	ton	ton	ton	ton	ton		GROSS D	
RECYCLING (CURBSIDE) - Automated	City				Schedule Rate	Included	Included	Included	Included	Included		RESIDUAL CHARGE C	
DROP-OFF (RECYCLING)					Schedule Rate	ton	ton	ton	ton	ton		RESIDUAL CHARGE C	
YARD WASTE	City				Schedule Rate	Included	Included	Included	Included	Included		OTHER DISPOSAL	
WASTE DISPOSAL	City				Schedule Rate	ton	ton	ton	ton	ton			

WESTLAKE						YR 1	YR 2	YR 3	YR 4	YR 5			X
WASTE COLLECTION	Reside			Year		Collection	Collection	Collection	Collection	Collection		GRAND	
RECYCLING (CURBSIDE)	Reside			Year		Collection	Collection	Collection	Collection	Collection		RESIDUAL CHARGE	
DROP-OFF (RECYCLING)	Reside			Year		Included	Included	Included	Included	Included		SSSMT	
YARD WASTE	Reside			Year		Included	Included	Included	Included	Included		OTHER	
WASTE DISPOSAL	Reside			Year		Included	Included	Included	Included	Included			
CLOTHING, TEXTILES & HOUSEHOLD ITEMS	Side Recycling												
WOODMERE						YR 1	YR 2	YR 3	OPT YR 1	OPT YR 2			X
WASTE COLLECTION	Municipal											GRAND	
RECYCLING (CURBSIDE)	Municipal											RESIDUAL CHARGE	
DROP-OFF (RECYCLING)												SSSMT	
YARD WASTE	Municipal											OTHER	
WASTE DISPOSAL	Residential			Year		Schedule							

ATTACHMENT D

Estimated Capital Outlays

YEAR		2019 REVISED 9/11/19							
Description of Current Vehicle	Purchase Year	Original Purchase Price (\$)	Description of Replacement Vehicle	Estimated Purchase Price (\$)	Remaining Anticipated Useful Life of Current Asset (Years)	Anticipated Useful Life of Replacement Asset (Years) ¹	Annual Amortization Cost Keep Current System	Annual Amortization Cost Convert to Automation	Transfer Station Improvements
906A 2001 SpecTEC Transfer Trailer	2001	\$31,165.00	Replacement Transfer Station Semi Trailer	\$67,000.00	0	10	\$6,700.00	\$6,700.00	
821 2002 Lodal Evo Mag-20 Pack	2002	\$126,000.00	Replacement Automated Refuse Collection Truck	\$352,120.00	0	10	\$35,212.00	\$35,212.00	
907 2002 International 9200 Semi Tractor	2002	\$80,803.00	Replacement Transfer Station Semi Tractor	\$133,000.00	0	10	\$13,300.00	\$13,300.00	
904A 2003 Spector Transfer Trailer	2003	\$34,800.00	Replacement Transfer Station Semi Trailer	\$67,000.00	0	10	\$6,700.00	\$6,700.00	
824 2004 Lodal Evo Mag-20 Pack	2004	\$127,461.00	Replacement Automated Refuse Collection Truck	\$352,120.00	0	10	\$35,212.00	\$35,212.00	
827 2005 Lodal Evo Refuse Truck	2005	\$179,150.00	Replacement Automated Refuse Collection Truck	\$352,120.00	0	10	\$35,212.00	\$35,212.00	
906 2004 Mack Semi Tractor	2005	\$85,289.00	Replacement Transfer Station Semi Tractor	\$133,000.00	0	10	\$13,300.00	\$13,300.00	
831 2008 Mack Heil Front Loader	2008	\$222,667.00	Replacement Automated Refuse Collection Truck	\$352,120.00	0	10	\$35,212.00	\$35,212.00	
832 2008 Mack Heil Front Loader	2008	\$222,667.00	Replacement Automated Refuse Collection Truck	\$352,120.00	0	10	\$35,212.00	\$35,212.00	
903 2008 International 8600 Semi Tractor	2008	\$90,769.00	Replacement Transfer Station Semi Tractor	\$133,000.00	0	10	\$13,300.00	\$13,300.00	
810 2009 International Mini Packer	2009	\$37,650.00		\$0.00	0	0	\$0.00	\$0.00	
843 2009 Knuckleboom Truck	2009	\$105,982.00		\$0.00	0	0	\$0.00	\$0.00	
833 2011 Mack Front Loader	2011	\$213,215.00	Replacement Automated Refuse Collection Truck	\$352,120.00	2	10	\$35,212.00	\$35,212.00	
909A 2011 SpecTEC Dump Trailer	2011	\$54,431.00		\$0.00	2	0	\$0.00	\$0.00	
902 2012 International 7600 SBA Semi Tractor	2012	\$113,044.00		\$0.00	3	0	\$0.00	\$0.00	
910A 2013 SpecTEC Semi Trailer	2013	\$53,483.00		\$0.00	4	0	\$0.00	\$0.00	
802 2013 Ford F250 Pick-up truck	2013	\$19,840.00		\$0.00	4	0	\$0.00	\$0.00	
904 2013 International 7600 Semi Tractor	2013	\$119,609.00		\$0.00	4	0	\$0.00	\$0.00	
829 2014 Autocar Front Loader	2014	\$280,150.00	Automated Refuse Collection - Retrofit Conversion	\$40,000.00	5	10	\$4,000.00	\$4,000.00	
911 2014 International 7600 SBA Semi Tractor	2014	\$119,513.00		\$0.00	5	0	\$0.00	\$0.00	
911A 2015 SpecTEC Closed Trailer	2015	\$61,984.00		\$0.00	6	0	\$0.00	\$0.00	
835 2015 Autocar Front Loader	2015	\$280,150.00	Automated Refuse Collection - Retrofit Conversion	\$40,000.00	6	10	\$4,000.00	\$4,000.00	
905 2018 International 7600 Semi Tractor	2018	\$126,000.00		\$0.00	9	0	\$0.00	\$0.00	
905A 2018 Spector Semi Trailer	2018	\$63,079.00		\$0.00	9	0	\$0.00	\$0.00	
			15,500 - 95 Gallon Refuse Carts \$55	\$852,500.00		10	\$0.00	\$85,250.00	
			15,500 - 65 Gallon Recycling Carts \$50	\$775,000.00		10	\$0.00	\$77,500.00	
			Remove Automated Front Container - 6 Trucks + 2 Retro	(\$320,000.00)		10	(\$32,000.00)	\$0.00	
			New compactor Ram	\$250,000.00		25			\$10,000.00
			R/R Angle Lintels, Flashing, End Dams	\$50,000.00		20			\$2,500.00
			Repoint Masonry	\$35,000.00		20			\$1,750.00
			Brick Replacement	\$8,000.00		20			\$400.00
			Deck Rehabilitation, Structural Steel Repairs	\$210,000.00		20			\$10,500.00
			TOTAL	\$4,353,220.00			\$240,572.00	\$435,322.00	\$25,150.00

²Use of the 65 Gallon Refuse Cart is anticipated by some seniors

*NOTE: Current Vehicles for both Refuse Collection and Transfer Station that have exceeded their estimated useful life are listed for replacement.

**NOTE: Refuse Collection Replacement Vehicles total 5 + 1 new back-up vehicle based on the consolidation of the Refuse Collection Routes from 5 to 4 and the Recycling Routes from 2 to 1.

***NOTE: The two current refuse collection vehicles with remaining useful life would be retrofitted to operate as additional back-up vehicles

ATTACHMENT E

Estimated Cost Comparison

FOR YEAR 2020

Method of Collection/Private Contract	Current Operating Cost Refuse, Recycling, & Transfer (2018)	Current Operating Cost Adjustment through 2020 (2.5%/year)	Transfer Station Capital Improvements	Operating Cost Reduction Full Automation (5 Refuse - 4, 3 Recycle - 2; 2 Empl./27 Empl.) 7%	Annual Equipment Amortization Cost Keep Current	Annual Equipment Amortization Cost to Automate (Equipment Only) - \$40,000/Truck - 10 YRS - \$4000/truck	Annual Cost Recycle Bins 18 GAL - 3 Per HH - \$20 EACH (\$60/UNIT) - 5 YRS - (15,500 UNITS + 5% extra 775=16275)	Annual Cost Recycle Carts 65 Gallon - 1 Per HH - \$50 EACH - 10 YRS x (15,500 UNITS)	Annual Cost Refuse Carts 95 Gallon - 1 Per HH - \$55 EACH - 10 YRS x (15,500 UNITS)	Annual Cost Per Residential Unit for Collection (15,500 units) est. Seniors 15% 2325 units	Estimated Solid Waste Annual Tonnage (15,500 units @ 1.0 T/unit)	Estimated Solid Waste Tonnage Reduction for Automated Recycling	Estimated Solid Waste Annual Collection Cost	Estimated Cost Per Ton for Disposal of Solid Waste	Estimated Annual Cost for Solid Waste Disposal	Estimated Recycling Annual Tonnage (15,500 units @ .2 T/unit)	Estimated Recycling Annual Tonnage Increase - Automation (15,500 units @ .03 T/unit) Est. 13% Increase	Estimated Cost Per Ton for Disposal of Recycling	Estimated Recycling Annual Cost	TOTAL ESTIMATED ANNUAL COST	TOTAL ESTIMATED COST PER UNIT/YEAR	TOTAL ESTIMATED COST PER UNIT/MONTH
Keep Current Method w/Recycle Bins	\$2,113,825.00	\$2,219,516.25	\$25,150.00	\$0.00	\$240,572.00	\$0.00	\$195,300.00	\$0.00	\$0.00	\$0.00	15500.00	0.00	\$0.00	\$15.70	\$0.00	3100.00	0.00	\$0.00	\$0.00	\$2,680,538.25	\$172.94	\$14.41
Convert to Automation	\$2,113,825.00	\$2,219,516.25	\$25,150.00	(\$155,366.14)	\$240,572.00	\$32,000.00	\$0.00	\$77,500.00	\$85,250.00	\$0.00	15500.00	(93.00)	\$0.00	\$15.70	(\$1,460.10)	3100.00	93.00	\$0.00	\$0.00	\$2,523,162.01	\$162.78	\$13.57
City of Westlake - Rumpke Contract	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$108.84	15500.00	(93.00)	\$1,687,020.00	\$45.45	\$700,248.15	3100.00	93.00	\$80.00	\$255,440.00	\$2,642,708.15	\$170.50	\$14.21
Olmsted Falls/Olmsted Township - Republic Contract	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$207.00 - Sen. \$173.40	15500.00	(93.00)	\$3,130,380.00	\$0.00	\$0.00	3100.00	93.00	\$0.00	\$0.00	\$3,130,380.00	\$201.96	\$16.83
Chagrin Falls - Kimble Contract	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$126.84	15500.00	(93.00)	\$1,966,020.00	\$44.56	\$686,535.92	3100.00	93.00	\$80.00	\$255,440.00	\$2,907,995.92	\$187.61	\$15.63