



Special Council Meeting

Tuesday, January 9, 2024 at 7:00 pm

1. Call to Order
2. Roll Call
3. Motion:
 - a. Motion to Convene into Executive Session to discuss economic development at 7845 Northfield Road, Parcel #794-38-004 pursuant to ORC 121.22(G)
 - b. Motion to Reconvene from Executive Session
4. Legislation:
 - a. Ordinance 2024-1 Community Reinvestment Area Tax Abatement - DROF WH I, LLC.

Attachments:

- Ordinance 2024-1 Community Reinvestment Area Tax Abatement - DROF WH I, LLC. (Ordinance_2024-1_-_Legislation_Authorizing_CRA_Agreement_with_Exhibits_19041511.1_.pdf)

5. Adjournment

VILLAGE OF WALTON HILLS

ORDINANCE NO. 2024-____

AN ORDINANCE AUTHORIZING THE VILLAGE TO ENTER INTO A COMMUNITY REINVESTMENT AREA TAX ABATEMENT WITH DROF WH I LLC FOR PROPERTY LOCATED AT 7845 NORTHFIELD ROAD IN THE VILLAGE OF WALTON HILLS, AND DECLARING AN EMERGENCY.

WHEREAS, The Village of Walton Hills, Ohio (the “Village”) has encouraged the development of real property and the acquisition of personal property in areas designated as community reinvestment areas (“CRAs,” or singularly, a “CRA”); and

WHEREAS, Ordinance No. 2011-20, adopted by the Council on October 18, 2011, and as thereafter amended by Ordinance No. 2012-21, adopted by the Council on October 16, 2012, and as thereafter amended by Ordinance No. 2016-2, adopted by the Council on January 19, 2016, and as thereafter amended by Ordinance No. 2016-5, adopted by the Council on March 15, 2016 (collectively the “CRA Ordinance”), designated certain real property within the Village as the Village of Walton Hills Community Reinvestment Area (the “CRA”) and declared the remodeling of existing structures and the construction of new structures within the CRA to be a public purpose for which real property tax exemptions may be granted; and

WHEREAS, the Ohio Development Services Agency determined that the CRA contained the characteristics set forth in Ohio Revised Code (“R.C.”) Section 3735.66 required for a CRA and confirmed the CRA on February 28, 2013 as CRA No. 035-80738-01; and

WHEREAS, DROF WH I, LLC (the “Company”) has acquired approximately 18 acres of real property contained within the Village and the CRA, described in **Exhibit A** attached to and incorporated into this Ordinance (the “Property”); and

WHEREAS, the Company proposes to develop a portion of the Property consisting of an approximately 248,640 square foot state-of-the-art assembly and production facility that receives medical products and packages those products for wholesale (the “Building”) as described in the Application (collectively, the “Project”), provided that the appropriate development incentives are available to support the economic viability of the Project; and

WHEREAS, the Company submitted an application (attached to and incorporated into this Ordinance as **Exhibit B**) to the Village’s Housing Officer (as designated in the CRA Ordinance) requesting a 15-year, 49% CRA tax abatement on the increase in assessed value of the Property resulting from the Project, and the Housing Officer has reviewed the application and has recommended the same to the Council on the basis that the Company is qualified as financially responsible and experienced in business to create and preserve employment opportunities in the CRA and improve the economic climate of the Village; and

WHEREAS, the Village has considered the Company's application and the Housing Officer's recommendation and determined that the Company is qualified to receive a CRA tax abatement for the Property; and

WHEREAS, the Property is located within the Bedford City School District (the "School District"), and the Village has notified the School District of its intention to adopt this Ordinance and enter into the CRA Agreement (as defined below), and has delivered to the School District a copy of the CRA Agreement and application in accordance with R.C. Sections 3735.671 and 5709.83; and

WHEREAS, the Project involves the relocation of operations from 5260 Naiman Parkway, Solon, Ohio 44139 and the Village has notified the City of Solon and the Ohio Director of Development (the "Director") of its intention to adopt this Ordinance and enter in to the CRA Agreement, and has delivered to the City of Solon and the Director a copy of the CRA Agreement and application in accordance with R.C. Section 3735.673.

WHEREAS, pursuant to R.C. Sections 3735.67(A) and 3735.671 and the CRA Ordinance, the Village and the Company desire to enter into an agreement (the "CRA Agreement") setting forth the CRA tax abatement and the terms and conditions of the CRA abatement with respect to the Property, a form of which CRA Agreement is attached to and incorporated into this Ordinance as **Exhibit C**.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE VILLAGE OF WALTON HILLS, STATE OF OHIO, THAT:

Section 1. That this Council hereby determines that the Company is qualified to receive CRA tax abatements with respect to Property, all pursuant to R.C. Sections 3735.65 through 3735.70 and to the CRA Ordinance.

Section 2. This Council hereby approves the CRA Agreement attached to this Ordinance as **Exhibit C**, which CRA Agreement shall be in the form required by R.C. Section 3735.671 and shall provide a tax exemption for the Property due to the completion of the Project for a period of fifteen (15) years in an amount equal to forty-nine percent (49%) of the increase in assessed value of the Property as a result of the completion of the Project at the Property. No exemption shall commence after tax year 2028 (i.e., tax lien date January 1, 2029) nor extend beyond tax year 2043 (i.e., tax lien date January 1, 2044).

Section 3. That the Village is hereby authorized, and the Village Mayor is hereby authorized to act on behalf of the Village, to execute, deliver, and perform the CRA Agreement, substantially in the form attached to this Ordinance as **Exhibit C**, with such changes as are consistent with this Ordinance and not materially adverse to the Village, both of which shall be conclusively evidenced by the signature of the Mayor of the Village on the CRA Agreement.

Section 4. That the Clerk of this Council, Mayor, or designee shall forward a certified copy of this Ordinance, along with all exhibits to this Ordinance, to the Director of Ohio

Development Services Agency by March 31, 2025 with the Village's annual report on exemption agreements, all pursuant to R.C. 3735.672.

Section 5. That this Ordinance is hereby declared to be an emergency measure immediately necessary for the preservation of public health, safety and welfare to ensure construction of the Project can commence on schedule; wherefore this Ordinance shall take effect and be in force upon receiving the affirmative vote of two-thirds (2/3) of the Village Council and signature of the Mayor, otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

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Mayor, Village of Walton Hills

Passed: _____

Attest:

Clerk of Council

EXHIBIT A
THE PROPERTY



NEFF
& ASSOCIATES

Civil Engineers + Landscape Architects + Planners + Surveyors

Legal Description

DROF WH I LLC

Parcel "C"

December 15, 2023

File No. 14542A-LD002

Sheet 1 of 2

Situated in the Village of Walton Hills, County of Cuyahoga, & State of Ohio and known as being part of Parcel 'A' in the Lot Split Plat for DROF WH I LLC, being part of Original Bedford Township Lot No. 97, as shown in recorded A.F.N. 202302060196 of Cuyahoga County Records and is further bounded and described as follows:

Beginning (POB) at the Northwesterly corner of Original Bedford Township Lot No. 97 and also being the intersection of the original centerline of Northfield Road, as shown by the Dedication Plat recorded in Volume 125 of Maps, Page 21 of Cuyahoga County Records and the centerline of Alexander Road, as shown by the Dedication Plat recorded in Volume 131 of Maps, Page 84 of Cuyahoga County Records;

Thence North 89°50'18" East, along the Northerly line of said Original Lot no. 97 and centerline for said Alexander Road, a distance of 45.00 feet to a 5/8" iron pin monument;

Thence South 00°59'18" East, a distance of 40.00 feet to the intersection of the Easterly right of way for said Northfield Road and the Southerly right of way for said Alexander Road;

Thence North 89°50'18" East, along the Southerly right of way for said Alexander Road, a distance of 825.96 feet to a 5/8" iron pin set and being the principal place of beginning (PPOB) of the land herein described;

Course 1 Thence North 89°50'18" East, continuing along the Southerly right of way for said Alexander Road, a distance of 580.79 feet to the intersection of the Westerly line of a parcel of land to the Pennsylvania Lines LLC and the Southerly right of way for said Alexander Road and witnessed by a 1/2" iron pin in concrete found South 46°28'01 West, a distance of 0.29 feet;

Course 2 Thence South 21°33'06" East, along the Westerly line of said Pennsylvania Lines LLC parcel, a distance of 1104.30 feet to a 5/8" iron pin set;

Legal Description
DROF WH I LLC
Parcel "C"
December 15, 2023
File No. 14542A-LD002
Sheet 2 of 2

- Course 3 Thence South $89^{\circ}14'51''$ West, a distance of 899.48 feet to a $5/8''$ iron pin set at a point of curvature;
- Course 4 Thence Northwesterly, by the arc of a curve deflecting to the right, a distance of 117.93 feet to a $5/8''$ iron pin set at a point of tangency. Said arc having a radius of 75.00 feet, a central angle of $90^{\circ}05'40''$ and a chord which bears North $45^{\circ}42'19''$ West, a distance of 106.15 feet;
- Course 5 Thence North $00^{\circ}39'29''$ West, a distance of 963.21 feet to the principal place of beginning and containing 18.4428 Acres (803,369 Square Feet) of land according to a survey made by Steven J. Metcalf, Registered Surveyor No. 8622-Ohio of Neff & Associates, Dated December, 2022.

Be the same more or less, but subject to all legal highways and easements of record.

Monuments described as "iron pin set" are $5/8''$ x 30" rebar capped "Neff & Assoc #8622".

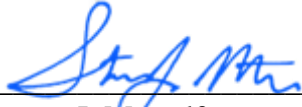

Steven J. Metcalf
Registered Surveyor No. 8622-Ohio



EXHIBIT B

CRA APPLICATION



Village of Walton Hills
7595 Walton Road • Walton Hills Ohio, 44146
Don Kolograf, Mayor

APPLICATION for Community Reinvestment Area Tax Incentives between the
Village of Walton Hills located in the County of Cuyahoga and DROF WH I, LLC.

1. Name of property owner, home or main office address, contact person, and telephone number
(attach additional pages if multiple enterprise participants).

DROF WH I, LLC
Enterprise Name

Marc Pfleging
Contact Person

8801 River Crossing Blvd, Suite 300,
Indianapolis, IN 46240
Address

(317) 843-5959
Telephone Number

b. Project site:

Approx 18 acres located at PPN: 794-38-004

Location

Jacob Holdeman
Contact Person

7845 Northfield Road, Walton Hills, OH
44146

Address

(574) 370-9392

Telephone Number

2. a. Nature of commercial/industrial activity (manufacturing, warehousing, wholesale or retail stores, or other) to be conducted at the site.

An assembly and production facility that receives medical products consisting of
previously and elsewhere manufactured material that are packaged for wholesale

b. List primary 6 digit North American Industry Classification System (NAICS) Business
may list other relevant SIC numbers. 4234

c. If a consolidation, what are the components of the consolidation? (must itemize the
location, assets, and employment positions to be transferred: See notes below in section
4



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d. Form of business of enterprise (corporation, partnership, proprietorship, or other).
Delaware limited liability company

3. Name of principal owner(s) or officers of the business.

Anthony J Asher (Weston), Marc D. Pflieger (Scannell Properties), and Robert D. DiGeronimo (DiGeronimo Companies)

4.

a. State the enterprise's current employment level at the proposed project site:

Cardinal Health, the tenant for the proposed project site in Walton Hills currently has zero employment at the site since the facility is not yet constructed.

b. Will the project involve the relocation of employment positions or assets from one Ohio location to another? Yes X No

c. If yes, state the locations from which employment positions or assets will be relocated and the location to where the employment positions or assets will be located:

Locating from: 5260 Naiman Parkway, Solon, Ohio 44139 and locating to: 7845 Northfield Road, Walton Hills, Ohio 44146

d. State the enterprise's current employment level in Ohio (itemized for full and part-time and permanent and temporary employees):

Cardinal Health, the tenant for the new Walton Hills facility, currently employs >6,000 people in Ohio. Cardinal Health currently employs 0 (zero) people at the proposed project site since the facility is not yet constructed. DROF WH I, LLC, the owner of the project, will employ contractors to construct the proposed project over a period of 12 months with as many as 200 individuals being directly employed for the construction during that time.

e. State the enterprise's current employment level for each facility to be affected by the relocation of employment positions or assets:

There will only be one facility impacted by the relocation. The total employees at the



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Solon facility to be relocated (as of September 30, 2023) is: 139.

- Full-time: 133
- Part-time: 6
- Permanent: 124
- Temporary: 15

- f. What is the projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated?

All personnel employed at the Solon facility at the time of the relocation (currently 139 itemized as above in 4.e.) will move over to the new facility in Walton Hills. Equipment and materials will be relocated. The value of those materials is approximately \$4,430,178, which includes their material value as well as the cost to relocate them.

5. Does the Property Owner owe:

- a. Any delinquent taxes to the State of Ohio or a political subdivision of the state?
Yes ___ No X
- b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State?
Yes ___ No X
- c. Any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not?
Yes ___ No X
- d. If yes to any of the above, please provide details of each instance including but not limited to the location, amounts and/or case identification numbers (add additional sheets).

N/A

6. Project Description:

A new +/- 248,640 SF state-of-the-art facility located at site of former Walton Hills Ford Stamping Plant and consisting of institutional materials (concrete hard wall). The facility is build-to-suit for Cardinal Health's intended use consisting of, but not limited to, receiving previously manufactured medical products to be packaged, and stored for whole-sale distribution to regional hospital and medical care facilities.



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7. Project will begin January 15, 2024 and be completed July 2025 provided a tax exemption is provided.

8.

- a. Estimate the number of new employees the property owner will cause to be created at the facility that is the project site (job creation projection must be itemized by the name of the employer, full and part-time and permanent and temporary):

There will be no new employees. This constitutes the relocation of employees from Cardinal Health's Solon location to the new facility in Walton Hills. The total employees at the Solon facility to be relocated (as of September 30, 2023) is: 139.

- Full-time: 133
- Part-time: 6
- Permanent: 124
- Temporary: 15

- b. State the time frame of this projected hiring: No additional employees will be hired.

- c. State proposed schedule for hiring (itemize by full and part-time and permanent and temporary employees):

No additional employees will be hired.

9.

- a. Estimate the amount of annual payroll such new employees will add \$ N/A (new annual payroll must be itemized by full and part-time and permanent and temporary new employees).

- b. Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project: \$ Approximately \$6,100,000

10. An estimate of the amount to be invested by the enterprise to establish, expand, renovate or occupy a facility:

A. Acquisition of Buildings:	\$ <u>0</u>
B. Additions/New Construction:	\$ <u>27,000,000</u>
C. Improvements to existing buildings:	\$ <u>0</u>
D. Machinery & Equipment:	\$ <u>4,430,178</u>
E. Furniture & Fixtures:	\$ <u>40,500</u>
F. Inventory:	\$ <u>30,000,000</u>
Total New Project Investment:	\$ <u>61,470,678</u>



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11. a. Business requests the following tax exemption incentives: 49% for 15 years covering real property improvements as described above. Be specific as to the rate, and term.
- b. Business's reasons for requesting tax incentives (be quantitatively specific as possible)

The location of the Walton Hills site is suitable for the tenant's business and logistic needs.

However, the combination of the increased cost of construction, generationally high interest rates, and the cost of consolidation from the existing regional facility have led to the need of this abatement. The tax abatement is necessary to bring the offered real estate cost below alternative options outside of Walton Hills.

Submission of this application expressly authorizes Village of Walton Hills to contact the Ohio Environmental Protection Agency to confirm statements contained within this application including item # 5 and to review applicable confidential records. As part of this application, the property owner may also be required to directly request from the Ohio Department of Taxation, or complete a waiver form allowing the Department of Taxation to release specific tax records to the local jurisdiction considering the request.

The Applicant agrees to supply additional information upon request.

The Applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct and is aware of the ORC Sections 9.66(C) (1) and 2921.13(D) (1) penalties for falsification which could result in the forfeiture of all current and future economic development assistance benefits as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.



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DROF WH I, LLC

Name of Property Owner

11/29/23
Date

By: Scannell Properties #589, LLC,
its Manager

By: 

Signature

Marc D. Pfleging, Manager

Typed Name and Title

* A copy of this proposal must be forwarded by the local governments to the affected Board of Education along with notice of the meeting date on which the local government will review the proposal. Notice must be given a minimum of fourteen (14) days prior to the scheduled meeting to permit the Board of Education to appear and/or comment before the legislative authorities considering the request.

** Attach to Final Community Reinvestment Area Agreement as Exhibit A

Please note that copies of this proposal must be included in the finalized Community Reinvestment Area Agreement and be forwarded to the Ohio Department of Taxation and the Ohio Development Services Agency within fifteen (15) days of final approval.

EXHIBIT C
CRA AGREEMENT