



January 28, 2016

Mrs. Jane Howington, City Manager  
City of Hudson  
115 Executive Parkway, Suite 400  
Hudson, OH 44236

RE: TIF Proposal – Downtown Phase II

Dear Jane,

The Hudson City School District Board of Education received the January 21, 2016 letter regarding the TIF Proposal-Downtown Phase II signed by each member of the Hudson City Council. The Board of Education reviewed the letter on January 25. As I have shared with you in previous communications, the Board of Education recognizes the importance and benefits of economic development within the City of Hudson and is appreciative of the City's efforts to develop properties that are in the best interest of the City, the school system, and the citizens we serve.

After having received feedback from Board of Education members, I would be willing to recommend, and I believe the Board would support, terms of a TIF agreement that are substantially consistent with the City's January 6, 2016 proposal as outlined below:

- 20 year TIF on public property in the northwest corner of Morse and Owen Brown Roads.
- 100% TIF with a 22.25% service payment to the School District.
- 50/50 income tax split beyond \$1 million in payroll post construction (without reduction for infrastructure costs).
- Issue 3 Community Learning Center deducted from income tax prior to 50/50 split.
- Clear articulation of scope and costs associated with infrastructure investment.
- Bus garage approval for both initial design and all proposed modifications.
- Annual review meeting by administrative staff.

The only difference is that we have reduced the 25% service payment to 22.25% in exchange for eliminating the credit back to the City for the City share of the service payment, which will make it easier to calculate the payment due to the schools each year. Although I believe that the terms outlined are acceptable to the Board of Education given the unique circumstances of this proposal, they should not be perceived as precedent setting.

Board of Education members appreciate the Council's interest, as referenced in Council's January 21<sup>st</sup> letter, in retiring the TIF debt as quickly as possible. The Board also recognizes the reluctance to designate income tax as a specific source of funds. In the interest of providing clarity and specificity, I propose that the parties agree that, if in any year the aggregate service payments actually received by the City, after payment of the District compensation, exceeds \$525,000, the City would set aside the excess in a separate fund and use the amounts accumulated in that fund

to redeem bonds at the earliest redemption date. Based on our understanding that the City's annual debt service payments will be slightly less than \$500,000, this should leave the City some money from excess service payments to set aside in case there is a shortfall in future service payments, while at the same time providing for the earliest possible payment of the bonds if valuations are sufficient to generate service payments in excess of the \$525,000 threshold.

The Board of Education has worked diligently to carefully consider each proposal from the City and the long-term effects on the school district and the tax payers whom our Board members represent. I look forward to recommending the TIF proposal as outlined in this letter to the Board of Education for approval at the earliest possible Board meeting once legal counsel from the City and District are able to craft the formal agreement.

On behalf of the Hudson Schools, I look forward to working with you and the members of City Council on Phase II of the First and Main development.

Sincerely,



Phillip T. Herman  
Superintendent

cc: Hudson City Council Members  
Hudson City School District Board of Education Members