

MEMO

To: Summit County Council

From: Jason Dodson, Chief of Staff
Summit County Executive, Russell M. Pry

Re: Executive Summary 2011-405

Date: September 23, 2011

Executive Summary

Resolution No. 2011-405

Approval of Term Sheet for Private Sewer Construction and Financing with John A. Shutsa & Associates, Inc.

Resolution 2011-405 represents a unique opportunity for the County to assist with the development of an eco-friendly industrial park aimed at creating “green” jobs and increasing revenue for DOES. This Resolution will authorize the Executive to enter into a Financing Term Sheet with John A. Shutsa & Associates, Inc. for the private construction of a sanitary sewer line, using OWDA loan funds, to service the Seasons Greene Eco-Industrial Park in Hudson. It also authorizes the Executive to enter into a Development Agreement and other necessary documents (i.e. Financing/Loan Agreement, Private Sewer Development Agreement, Promissory Note, etc.) based on the terms set forth in the term sheet. The full term sheet is attached hereto as Exhibit A, and the provisions of that document are summarized below.

Seasons Greene will be a unique concept in Northeast Ohio- it will be an Eco-Industrial Park that will house not only environmentally-friendly businesses, but will also use environmentally-friendly and low impact development practices. These practices will focus on everything from low-impact infrastructure such as impervious surfaces, solar or wind-powered street lights and advanced surface water management systems to buildings that will seek LEED certification and focus on low carbon footprints. Attached hereto as Exhibit B are informational/promotional materials used by the developers. (As an interesting side note, they are already promoting the fact that the development is located within the County’s Alternative Energy Zone.) Currently, two businesses are already making plans to locate in the park- OpenOils, a European-based company that focuses on the production of eco-friendly oil products, and Patriot Energy (which would also be owned by the developer), which will convert solid waste to energy.

Seasons Greene will be located on the north side of Seasons Road in Hudson, east of the new Route 8 interchange. The developers currently own 130 acres of land and have negotiated an option to purchase another 30 acres of land. The 160 acre park will be accessed from Seasons Road. A map of the development is attached as Exhibit C. The developer will make \$2.1 million of improvements to the site, which will consist of \$400,000.00 to install sanitary sewer along the to-be constructed road within the park and west along Seasons road to an existing DOES pump station, installation of water to service the park from the City of Hudson water

system, installation of the new road to service the park and other associated improvements (i.e. street lights, surface water improvements, etc.). The developer has obtained a \$710,000 grant from the State of Ohio for the infrastructure, and will fund the balance of the infrastructure itself less any contribution that the City of Hudson may provide for the installation of the water line.

The proposed arrangement with the County focuses only on the construction and financing of the sanitary sewer that will service the park. Under the proposed arrangement, the developer will be responsible for constructing the sanitary sewer and will post a performance bond insuring that construction is completed. The sewer will be inspected by the County, and, upon completion, will be turned over to the County by the developer and become a County asset. This portion of the arrangement mirrors other private sewer construction in the County.

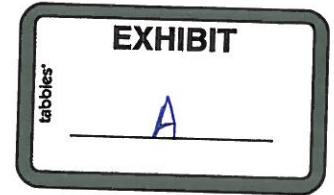
Where this deal deviates from the typical is that the County will assist the developer by financing the sanitary sewer, rather than the developer being responsible for obtaining the financing for the construction. The reason for this unique arrangement is because it will allow the County to borrow funds from OWDA at 4-5% interest, and pass that low-interest financing along to the developer. This will provide a financial benefit to the developer that would otherwise borrow the money to construct the sewer at a much higher interest rate.

Under the financing arrangement, the County will loan the developer up to \$400,000.00 for the construction of the sewer. That loan will be a 20-year loan at the same interest rate that the County is able to obtain from OWDA, which the County anticipates to be between 4% and 5%. As the sewer is constructed, the County will make disbursements to the construction company. At the end of construction, the County will then obtain a loan from OWDA for the total cost of construction. That OWDA loan will also be for 20 years, and the interest will match the interest on the loan between the County and the developer. The sewer will need to be constructed with prevailing wage, but will be able to proceed without being encumbered by the County's slow procurement process.

In order to secure the loan, the developer will permit the County to assess the property owned by the developer (130 acres) and to-be-acquired by the developer (30 acres). This encumbrance provides excellent security for the County in that it will serve as a first and best lien, on par with the taxes on the property and superior to any sort of mortgage or other private financial encumbrance on the property. Furthermore, because the County will own the sewer upon completion of construction, the County will actually own the asset that is being financed. As a result, the County will be able to generate additional tap-in fee revenue from the new businesses locating in the park as well as the revenue associated with use of the sewer. Additionally, the sewer extension along Seasons Road will be sized in order to allow other future developments outside of the park (i.e. on the south side of Seasons Road) to connect to the sewer.

The Executive's Office believes this deal is important because it will assist in the creation of new jobs in the County, will lead to the development of currently vacant land and will further environmentally-friendly businesses and building practices in the County. The structure presents low risk to the County given the nature of the County's security, and opens the doors to new revenue in a currently undeveloped area. The Executive's Office respectfully asks the Council to approve Resolution No. 2011-405 to further these important objectives.

Financing Term Sheet
John A. Shutsa & Associates, Inc.
and
The County of Summit
Seasons Road Private Sewer Development



The County of Summit, Ohio ("County") will assist John A. Shutsa & Associates, Inc., ("Developer") with the financing of certain sanitary sewer improvements (the "Project") that will extend along Seasons Road in northern Summit County and a to-be constructed public roadway extending north off of Seasons Road ("Project"). The Project will service certain property north of Seasons Road that is owned by Developer (parcels 3100308 and 3009908) and to-be acquired by Developer (portions of parcels 3100049 and 3100011, currently owned by Seasons Road Industrial Property, LLC), and will extend and connect to the County's existing sanitary sewer system in the general area. The relationship between the parties will be memorialized in a Development Agreement ("Agreement") and any other agreements or documents necessary to consummate the financing of the Project (i.e. private sewer development agreement, financing agreement, promissory note, etc). The County proposes that the general terms of the Agreement and associated documents would be structured as follows:

1. Construction of Project. Developer will be responsible for the design and construction of the Project to Summit County DOES standards, including procurement and oversight of design and construction of the Project. Upon completion of the Project and inspection and acceptance of the sewer by the County for ownership, the Project will be turned over to the County, and County will be responsible for ongoing maintenance, operation and repair of the Project. During construction of the Project, Developer will post, maintain and pay for a performance bond insuring completion of the Project in a form reasonably acceptable to the County.
2. Loan of Funds. County will loan funds to Developer for the construction of the Project in an amount not to exceed \$400,000.00. The loan will be made from the County's sewer enterprise fund, and will be funded from a loan to the County by the Ohio Water Development Authority ("OWDA"). The term of the loan will be 20 years, and the principal will accrue interest at the same rate as the funds loaned to the County by OWDA (the County anticipates said rate to be between 4.5% and 5.5%). The funds will be available to be drawn down by the Developer as needed during construction, subject to approval of disbursements by the County. Developer has already paid for the design of the Project and said costs will not be borrowed from the County. Any cost to construct the Project in excess of \$400,000.00 will be paid directly and solely by the Developer.
3. Security. The loan will be secured by a series of assessments against the property owned by the Developer in the total amount loaned to the Developer, over a period of 20 years, which will run concurrently with the loan provided to Developer under Section 1. The Agreement will set forth the manner and method of the assessments, and will further provide that the assessment will apply against the property owned by the Developer and to to be acquired by the Developer, provided, that in the event that the Developer subdivides the property into smaller parcels, the assessments shall be applied against said

parcels in proportionate amounts to the benefit received through the Project, as agreed to by the parties in the Agreement.

4. Repayment. Developer will repay the loan over the term of 20-years in payments equal to the principal of the loan plus applicable interest. The loan will be repaid through the assessment in semi-annual payments with the Developer's real property tax payments. The assessment payments will consist of both a portion of the principal plus applicable interest. Developer may elect, in the event that Developer subdivides the property, to pay the portion of the assessment that would be assessed against a specific lot prior to the assessments being placed on the tax records. Developer cannot transfer ownership of any lot prior to the assessment being placed on the property unless the subsequent property owner consents to the assessment or the Developer deposits with County a sum equal to the amount to be assessed against that lot.
5. Source of Funds. Following construction, County will borrow funds through OWDA for a term of 20 years at an interest rate anticipated to be approximately 4.5 to 5.5%. However, both parties understand that the actual interest at the time of the borrowing of the funds may vary. The funds will be borrowed from OWDA following construction of the Project and acceptance of ownership of the Project by the County. Alternatively, at Developer's election, County may borrow the funds prior to the completion of construction in order to take advantage of the then-current interest rate. Developer will assist County with any necessary actions to acquire the funds. County may elect, at County's option, to borrow the funds from an alternative source provided the interest rate is lower than the rate offered by OWDA at the time of borrowing.
6. Alternative Financing.
 - a. Prior to commencement of construction of the Project, Developer may elect to obtain alternative funding. In such event, Developer shall notify County of the same in writing, and further financing arrangements between the parties shall terminate at that time.
 - b. During construction of the Project, Developer may obtain alternative funding, provided that Developer shall notify the County of the same in writing and shall reimburse County for all sums disbursed by County for the construction of the Project within 60 days of notification. In such event, all further financing arrangements between the parties shall terminate.
 - c. Following completion of construction, County shall inform Developer of the then-current interest rate to be charged by OWDA at least 15 days prior to closing on the OWDA loan to the County. If, at that time, Developer determines the interest rate to be unacceptable, Developer shall notify County within seven days of its intention to pursue alternative funding for the Project. In that event, Developer shall obtain such alternative funding and shall reimburse County for all sums disbursed by County for the construction within 60 days of notifying County of its intent to seek alternative funding. Such election will terminate all further financing transactions.

7. Pipe Capacity and Tap-In Fees. Developer will install sanitary sewer pipe of a capacity to allow tie-ins from future development of property along Seasons Road, which will be approved by County in its review of Developer's plans. In consideration of Developer's installation of pipe of such a capacity, County will not assess Developer for the tap-in fee associated with Developer's future construction of the Patriot Energy facility on the project site. All other facilities, businesses or developments on the project site will be assessed the ordinary tap-in fee.
8. Miscellaneous Items.
 - a. Developer will be responsible for obtaining necessary performance and maintenance bonds. Construction of the Project is subject to the County's standards and inspection.
 - b. Developer will be responsible for the payment of County's legal fees for any outside counsel necessary to prepare and/or review the Agreement and any other necessary documents/agreements, not to exceed the amount of \$5,000.00. Developer will be responsible for the payment of a construction service fee for the inspection and administrative functions performed by the County in relation to the Project consistent with other private sewer development agreements. Developer shall be responsible for payment of all costs incurred by Developer.
 - c. The structure outlined above is subject to applicable Ohio law and must be approved by counsel for the County. Furthermore, all agreements are subject to the approval of Summit County Council.
 - d. The above structure is not meant to constitute a binding offer or agreement, but rather a non-binding proposal for potential development of the Project. Nothing contained herein shall be binding unless and until incorporated into formal agreements and agreed to by the parties in writing.
 - e. Developer shall not be required to utilize a public bidding process in the performance of the Project. Developer will be subject to applicable prevailing wage law regarding construction of the Project.

By signing below, the County and Developer acknowledge their intention to proceed with the negotiation and subsequent execution of the Agreement, and all other necessary documents pertaining to the construction and financing of the Project, incorporating, and subject to, the terms of this

THE COUNTY OF SUMMIT

JOHN A SHUTSA & ASSOCIATES, INC.

Russell M. Pry, Executive

Date

John A. Shutsa, Jr.

Date



tabbles®
EXHIBIT
B

Welcome to Ohio's most innovative
new industrial development.



ECO-INDUSTRIAL PARK

seasons GREENE

Seasons Greene is a 136 acre, Eco-Industrial Park that represents collaborative partnerships, or networks, between businesses, state and local governments, and the wider community resulting in more efficient and ecological resource use. In an EIP, businesses and their local government and community partners work together to incorporate the following features:

TARGETED ECONOMIC DEVELOPMENT STRATEGY

Businesses are attracted to fill product or service niches.

BY-PRODUCT SYNERGY

Businesses recycle material and energy, increasing efficiency and reducing environmental impact.

ECOLOGICAL DESIGN

Green buildings and sites are designed to minimize resource use. Green spaces and ecologically sensitive areas are preserved and integrated with the site design.

GREEN INFRASTRUCTURE

Traditional infrastructure is replaced i.e., natural storm water management or alternative energy systems.

NETWORKING AROUND SERVICES

Businesses save money by sharing services, such as marketing, transportation, research, and monitoring.

Green infrastructure goes far beyond the typical "trails and swales" and ecological water management, and also addresses energy, access and transportation. Green infrastructure is adaptable, and more resource and energy efficient. It also provides the same services as traditional infrastructure, and integrates multiple objectives. Green infrastructure features:

A stormwater management facility for water retention and a naturalized amenity for park employees and residents alike

Minimal roadways and safer parking options to lessen impact

Pedestrian pathways featuring pour-in-place recycled rubber

This is a clear application of by-product synergy- a fundamental principle of eco-industrial parks

"Piggy-backing" on utility corridors to meet several objectives

Swales for naturalizing stormwater management

Rail access

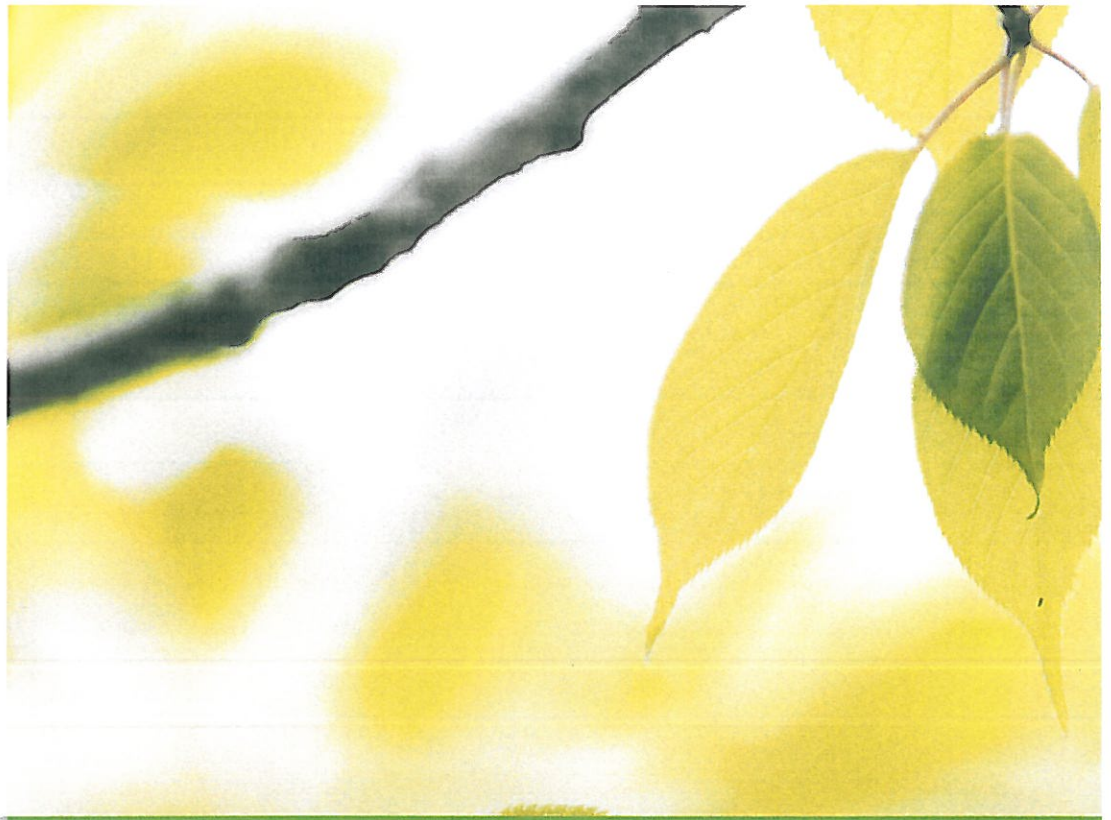
Hudson Power sub-station on site

Located in Summit County's "Alternative Energy Zone"

INDUSTRIAL PARK



ECO-INDUSTRIAL PARK
HUDSON, OHIO



ECO-INDUSTRIAL PARK

FOR MORE INFORMATION ON
OHIO'S MOST INNOVATIVE NEW
INDUSTRIAL DEVELOPMENT
IN HUDSON, OHIO

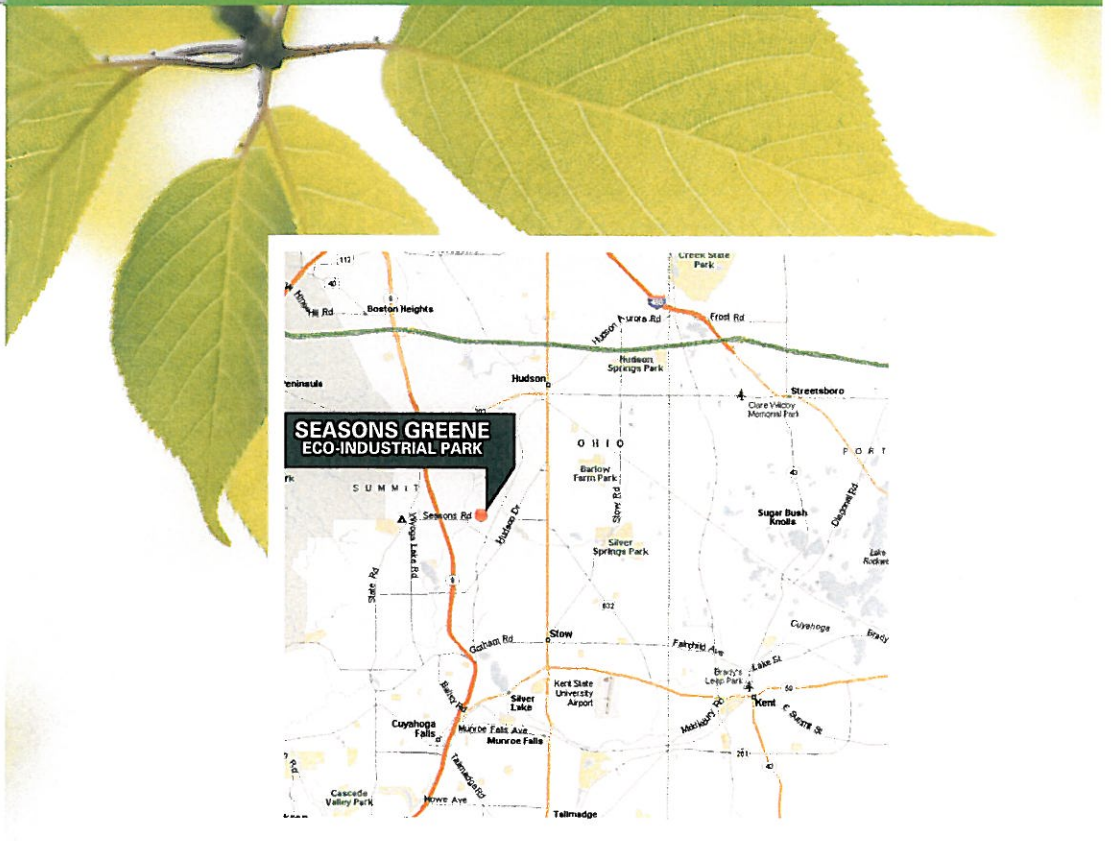
JASA Land Development

p: 330.923.2277

c: 330.283.2871

1574 Main Street

Cuyahoga Falls, Ohio 44221





seasons GREENE
ECO-INDUSTRIAL PARK



SUSTAINABLE SITE DESIGN

- Maintain local environment well-being
- Taking advantage of available natural resources, such as wind patterns, solar gain & topography
- Optimizing building orientation for natural lighting
- Whole system approach to minimize land disturbance, control erosion, reduce heat island affect, & minimize habitat disturbance
- Overall reduced carbon footprint
- Rail access

GREEN BUILDING:

- Maximizing building performance, lowering operating costs, improving occupant health & comfort
- Minimizing resource and material consumption
- LEED Green Building Rating System

Utilizing the integrated design process, the Developers of the Seasons Greene Eco-Industrial Park are committed to helping businesses attain the highest levels of success and stability.