

ANNEXATION AGREEMENT

This Annexation Agreement ("Agreement") is entered into this ____ day of _____, 2006, by and between the City of Oberlin, Ohio, an Ohio Chartered Municipal Corporation (the "City") and the Board of Trustees of Pittsfield Township (the "Township").

WHEREAS, the City and the Township desire to establish an Agreement as permitted under Section 709.192 of the Ohio Revised Code for the orderly annexation and planned development of certain real property as described herein for the mutual benefit of the parties hereto; and,

WHEREAS, the City and the Township previously entered into a Revenue Sharing and Annexation Agreement on or about August 2, 1991, which they agree shall be replaced by this Agreement; and,

WHEREAS, it is the intent of the City and the Township to cooperate in preserving the Township's tax base, expanding the revenues of the City, creating and preserving jobs and employment opportunities, encouraging appropriate and planned development within the State of Ohio, and, more particularly, within the real property to which this Agreement pertains; and,

WHEREAS, the City and the Township have determined that the execution of this Agreement is reasonable and necessary to serve the interests of their respective residents and it is in the best interest of the residents of each jurisdiction; and,

WHEREAS, the legislative authorities of the City and the Township have each authorized execution of this Agreement through the adoption of City Ordinance No. ____ AC CMS and Township Resolution No. ____, after public hearings held in accordance with the Ohio Revised Code and the applicable Ordinances of the City, including its Planning and Zoning Code.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement, the City and the Township agree as follows:

Section 1. The Property

- A. The real property subject to this Agreement, hereinafter designated the "District", shall consist of the area depicted on the map attached hereto as Exhibit A, and fully incorporated by reference herein. The terms of this Agreement apply to all of the area depicted on Exhibit A including previously annexed property.
- B. A legal description of the District is attached hereto as Exhibit B, and fully incorporated by reference herein.
- C. The boundaries of the District described herein may be altered with the written consent of both the City and the Township. Such consent shall be in the form of a written addendum to this Agreement and shall be pursuant to the adoption of an appropriate City Ordinance and Township Resolution defining the area to be altered and the intent of the parties in entering into the addendum. Alteration of the boundaries, to be effective, must be authorized by legislative actions of the City and the Township within a ninety (90) day period prior to the effective date of the alteration at issue.

Section 2. Annexation

- A. The City and the Township agree that the property in the District as described in Section 1, and depicted on Exhibits A and B including any future alterations thereto pursuant to written addendum, may be annexed to the City upon application of the property owner. The Township will fully cooperate with the City and the annexation petitioners in regard to any annexation petitions filed for property located within the

District and take any and all legislative action that may be necessary in order to facilitate the approval of any such annexation application. Annexations will be processed pursuant to the applicable provisions of the Ohio Revised Code.

- B. Any parcel annexed to the City and located within the District shall become a part of the City for all purposes, including, but not limited to, taxation, voting, and public services. A Petition to Conform Boundaries as set forth in Section 503.07 of the Ohio Revised Code shall not be necessary unless required by law.
- C. The City agrees that it will not accept or approve annexation petitions for property in the Township which is located outside of the District, without the written approval of the Township, in the following areas:
 - 1. **Route 58 South.** All properties immediately adjacent to the east and west side of the State Route 58 right-of-way and contiguous with the southerly boundary of the District, and being further described by parcel numbers and map in Exhibit C attached hereto and incorporated by reference herein. This limitation will be for the duration of this Agreement.
 - 2. **U.S. 20 West.** All properties located outside of the boundary of the District that are located along U.S. 20, and being further described by parcel numbers and map in Exhibit D attached hereto and incorporated by reference herein. This restriction on annexation is to be in effect for a period of ten (10) years from the effective date of this Agreement.

- D. Should annexations occur outside of the District with written approval of the Township, the City and Township agree that the boundaries of the District will be adjusted to include any annexations outside of the District as shown on Exhibit A as it exists at the time this Agreement is signed. Any agreed adjustments to the District boundaries will be reflected on the map which will be forwarded to the City and the Township as an “Amended Exhibit A, (date).”

Section 3. Zoning and Planning

- A. The City and the Township agree that all property located in the District shall be subject to the district uses that are set forth in Exhibit E attached hereto and incorporated by reference, and the design standards that are set forth in Exhibit F attached hereto and incorporated by reference. To ensure that such a unified zoning, planning and design plan is implemented, the City and the Township will take the following action:
1. Coincidentally with the approval of this Agreement, the City will initiate procedures to appropriately modify Section 1329.03 of its Codified Ordinances, entitled "Classification of Annexed Land," and take any and all other necessary action to ensure that property located in the District, which is currently located within the City, or that is annexed into the City during the term of this Agreement, is subject to the agreed upon land use plan and district uses as shown in Exhibit E attached hereto and the design standards as shown on Exhibit F attached hereto..
 2. Coincidentally with the approval of this Agreement, the Township agrees that it will initiate procedures and take any and all necessary action to ensure that

property located in the District, and currently located in the Township, is subject to the agreed upon land use plan and district uses as shown in Exhibits E attached hereto and the design standards as shown on Exhibit F attached hereto.

3. It is of critical importance to both the City and the Township to implement a unified set of land use and design standards for the District. Accordingly, if either the City or the Township is not able to implement the District uses and design standards as set forth in Exhibits E and F within twelve (12) months of the approval of this Agreement: (1) all payments due either party pursuant to this Agreement shall be held in abeyance and shall not resume until the City and the Township have agreed upon and both fully implemented an alternative land use plan and design standards for the District; and (2) the parties shall initiate the dispute resolution procedures provided for in Section 9 of this Agreement. After six (6) months, if the issues have not been resolved through mediation, or the parties have not agreed to extend the mediation period, this Agreement will automatically terminate at the end of the then current calendar year, and all payments held by the City through the end of the then calendar year shall be distributed to the Township. Upon such termination of this Agreement, the parties agree that the prior Annexation Agreement between the parties, entered

into on August 2, 1991, shall be reinstated for the remainder of its term.¹ Any property annexed into the City shall remain party of the City for all purposes.

- B. It is the intent of the parties that, upon approval of this Agreement, there be in existence a unified, consistent and planned development plan and structure for the District, regardless of whether property in the District is annexed to the City or not. Should changes be necessary to maintain such a plan and structure for the District, the land use plan and district uses as shown on Exhibit E and F may be adjusted upon written approval of the City and the Township, and approval through the appropriate legislative process of each jurisdiction.

Section 4. Tax Revenues

- A. The parties acknowledge that all real estate and personal property taxes attributable to the Township's inside or voted millage, levied on property in the District which is not annexed during the term of this Agreement, shall be distributed by the County Treasurer to the Township.
- B. All property annexed to the City during the term of this Agreement shall no longer be part of the Township for any purpose.
- C. Real Property Taxes. The City agrees to pay to the Township for the term of this Agreement an amount equal to the City's real property tax inside millage of 2.375 mills, but subject to the limitations imposed by Section 5 of this Agreement, paid to the City by the County Treasurer, for commercial/industrial property that has been annexed into

¹ The term of the 1991 Annexation Agreement shall lapse once this Agreement is signed by the parties. If it is reinstated, the time remaining on the 1991 Annexation Agreement shall be counted as of the date it lapsed.

the City and is located within the District. Payments will be made by the City to the Township semi-annually within two (2) months after real property taxes are received by the City. Payments made after the two-month payment period will be assessed monthly interest for those months following the two-month payment period. The interest rate will be tied to the Federal Reserve Board's Federal Funds rate plus one percent (1%).

D. Income Taxes. The City agrees to pay to the Township an amount equal to eighteen percent (18%) of the income tax withholdings collected by employers and received by the City from employers located within the District, upon land that has been annexed into the City. Payments will be made by the City to the Township semi-annually within two (2) months after June 30th and December 31st of each year for the term of this Agreement. Payments made after the two -month payment period will be assessed monthly interest for those months following the two-month payment period. The interest rate will be tied to the Federal Reserve Board's Federal Funds rate plus one percent (1%).

E. The City agrees that it shall collect a one-time payment for each residential building permit issued for property within the District, except for phases I, II and III of the Oberlin Reserve development which is specifically excluded, for the term of this Agreement and for any extensions. This "annexation fee" shall not be applicable to alterations, additions, remodeling or expansion of existing structures. It shall be collected by the City as a condition for issuance of a building permit and shall be in the form of a check made payable to Pittsfield Township according to the following schedule:

- \$250.00 per unit for detached single family dwellings
- \$200.00 per unit for duplex or triplex units
- \$150.00 per unit for multi-family containing 4 to 12 units
- \$100.00 per unit for multi-family containing 13 or more units

The City shall forward checks to Pittsfield Township within thirty (30) days of collection. The Township agrees to indemnify the City for all expenses and/or damages of any kind that the City may incur that are related to or that may arise out of the payment of said "annexation fees" for residential development.

- F. Pursuant to Section 709.192(C)(14) of the Ohio Revised Code, the payments set forth in this Section 4 shall be in lieu of taxes or other payments required by law or otherwise to be paid by the City to the Township as a result of the annexation to the City of any property located in the District including previously annexed territory within the District.
- G. Other Revenue Issues. All provisions within this Agreement regarding the sharing of revenue by the City with the Township shall apply to said revenue received by the City after January 1, 2005, subject to this Agreement being approved and executed by both the City and the Township. There shall be no overlap of revenue sharing from the previous Revenue Sharing Agreement between the parties and dated August 2, 1991, and this Agreement. Personal property taxes, estate taxes, or any other revenues currently received by the City, or that may be received by the City in the future, that are not specifically mentioned in this Agreement, shall not be shared by the City with the Township.
- H. Duty to Negotiate Extension of Revenues. It is contemplated that this Agreement will be in effect for a term of fifty (50) years, unless both parties agree to an earlier

termination. In that regard, the parties agree that they will meet and discuss the merits of continuing to share revenue beyond that term. However, both parties must agree in writing in order for revenue to be shared beyond the fifty (50) year term of this Agreement.

Section 5. Abatement of Real Property Taxes

- A. The City and Township agree that if, subsequent to the annexation of real property located in the District to the City, the City creates an Enterprise Zone, Community Reinvestment Area or other facility authorized by the Ohio Revised Code that allows for reduction in real, personal property and income taxes as an incentive to business and industry locating or expanding therein, they will adhere to the following procedure upon application for such tax abatement by any property owner in the District:
1. The City will mail a copy of the application and related materials to the Trustees of the Township at the same time that the school districts are noticed and request a meeting to discuss the application.
 2. A meeting will be held between appropriate representatives of the City, The Township and the applicant.
 3. The application will be processed further only upon agreement by both the City and the Township.
- B. It is the intent of the parties that any such proposed program to grant tax reduction in the District be closely scrutinized to ensure that the income resulting from development is not compromised to such an extent that the granting of an abatement will result in detriment to either the City or the Township in the long term.

Section 6. Provision of Services

- A. The Township shall continue to provide its services to property in the District until such time as it is annexed to the City.
- B. Upon annexation to the City, the City has the right to provide all municipal services to the property annexed, including police protection, fire/rescue service, street maintenance, reasonable storm water management, water, electric, refuse collection, and sanitary sewer service, in a manner similar to other land located within the corporate limits of the City, subject, however, to system capacity limitations,² payment by the property owner or developer of any utility extension costs, the provisions of all applicable City ordinances, and agreements, if any , with utilities that may be serving the District area.
- C. In the event that the City allows a tap-in to its sewer system to a property that is not yet subject to annexation, it is understood by the parties to this Agreement that such tap-in would be permitted only upon the property owner's acceptance of certain conditions including, but not limited to, the property owner agreeing to annex the property as soon as it is possible and agreeing to pay whatever utility premium that may be charged by the City until the property can be annexed. Any such tap-in would also need to receive approval of Oberlin City Council.
- D. In the event that a property owner in the District desires to develop a property for a use consistent with the agreed upon land use plan and district uses shown in Exhibit E, and annexation is not yet feasible and access to the City's sanitary system is not available

(both as determined by the City), the Township shall notify the City of the property owner's intent to use an on-site system subject to EPA and Lorain County Health Department approval. The City shall have a period of three months to evaluate whether sewer services can be provided to the property. The parties to this Agreement desire to encourage use of the best available technology. Once annexation and connection to the City's sanitary system does become feasible, within one year the property owner must connect to the City's system at the property owner's expense, plus pay for the property owner's fair share of the City's capital costs to extend the sanitary sewer line.

Section 7. Term

- A. This Agreement shall be in effect for an original term of twenty-five (25) years from the later of the date that it is approved by Ordinance of the City Council and Resolution of the Trustees of the Township. At the end of the twenty-fifth year, the Agreement shall automatically renew for another twenty-five (25) year term unless the legislative authorities of the City and the Township each affirmatively act by official legislation to terminate the Agreement.
- B. The City and the Township agree that they will meet at least every five (5) years during the term of this Agreement in order to review and evaluate whether the terms of this Agreement remain consistent with their intent or whether adjustments need to be made. Should new or amended state legislation alter the tax structure upon which the consideration in this Agreement is based, the parties agree to meet prior to the effective date of such legislation to determine whether adjustments need to be made. Any

² The City will take all reasonable measures to anticipate and provide for system capacity in the District.

adjustments to this Agreement must be in writing and approved by both the City and the Township by appropriate legislation.

- C. This Agreement may be terminated at any time by mutual consent of the City and the Township as authorized by their respective legislative authorities. In order for such termination to be effective, the legislative actions of the parties to terminate this Agreement must occur and be effective within a period of ninety (90) days of each other. Upon termination, all property annexed pursuant to this Agreement shall remain part of the City for all purposes.

Section 8. Amendments

- A. In addition to the amendments authorized by Section 1C herein, this Agreement may be amended by the City and the Township only in a writing approved by the legislative authorities of both parties, and further providing that for such amendment to be effective, the legislative actions of the parties must occur and be effective within a period of ninety (90) days of each other.

Section 9. Disputes

- A. In the event that a dispute arises as to any of the terms or applicability of this Agreement, the parties agree to use their best efforts to resolve the dispute through a mutually acceptable mediator at the earliest possible date and with the least amount of expense and inconvenience to the parties. The expenses of the mediation process shall be borne one-half (1/2) by the City and one-half (1/2) by the Township.
- B. Failure of any party to comply with the terms of this Agreement shall constitute a default. The non-defaulting party shall give written notice to the defaulting party setting

forth the nature of the alleged default. The defaulting party shall have sixty (60) days from receipt of the notice of default to cure the default, or, if the default cannot be reasonably cured within sixty (60) days, to commence to cure and thereafter diligently process such cure to completion. If a default is not satisfactorily cured in a timely manner, the non-defaulting party may call for mediation to resolve the default.

- C. If a dispute or default cannot be acceptably resolved through mediation or a party refuses to participate in mediation, this Agreement does not limit or preclude the parties from initiating appropriate legal action at law or in equity to seek redress.

Section 10. Miscellaneous

- A. Support of Agreement. The City and the Township agree to cooperate with each other and to use their best efforts to do all things necessary to effect the purpose of this Agreement. In the event that this Agreement, or any of its terms, conditions or provisions, is challenged by any third party or parties in a court of law, the City and the Township agree to vigorously defend this Agreement with the object of upholding its terms. The City and the Township shall each bear its own costs in any such proceeding challenging this Agreement or any of its terms except as provided in Section 4(E). In the event that the parties jointly retain one legal counsel, the parties shall each bear one-half (1/2) of the fees incurred.
- B. Severability. In the event any one or more of the provisions of this Agreement are held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement. However, if the provisions set forth in Section 4(D) related to the sharing of income taxes are held to be

invalid, illegal, or unenforceable, the Township shall have the option to terminate the Agreement at any time thereafter during the remainder of the term upon thirty (30) days advance notice, or continue performance pursuant to the remaining portions of the Agreement, or both the City and the Township shall have the option to, for a period of sixty (60) days, use their best efforts to renegotiate so that the spirit and intent of Paragraph 4(D) is preserved.

- C. Governing Law. This Agreement shall be governed exclusively by and construed in accordance with the laws of the State of Ohio.
- D. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the City and the Township and their respective permitted successors, subject, however, to the specific provisions hereof. This Agreement shall not inure to the benefit of anyone other than as provided in the immediately preceding sentence.
- E. Entire Agreement. This Agreement constitutes the entire agreement of the parties and may be amended or modified only as provided herein. All prior agreements between the parties, either oral or written, are superseded by this Agreement. Specifically, the agreement between the parties which was entered into on or about August 2, 1991, will lapse upon approval and formal execution of this Agreement as provided herein, and said prior agreement will be of no further force and effect unless revived as provided in Section 3(A)(3) herein.

IN WITNESS WHEREOF, the City and the Township have caused this Agreement to be duly signed in their respective names by their duly authorized officers as of the day and year first above written.

Signed in the presence of:

CITY OF OBERLIN

Print Name: _____

Its: City Manager

Signed in the presence of:

THE TOWNSHIP OF PITTSFIELD

By: _____

Print Name: _____

Trustee

By: _____

Print Name: _____

Trustee

By: _____

Print Name: _____

Trustee

Approved as to legal form:

By: _____

Eric R. Severs
Oberlin Law Director

By: _____

Counsel for Pittsfield Township

1162177.1.104005.0001