

BUDGET & FINANCE COMMITTEE

Charlie Winburn, Chair  
Amy Murray, Vice-Chair  
Kevin Flynn, Member  
David Mann, Member  
Chris Seelbach, Member  
Yvette Simpson, Member  
P. G. Sittenfeld, Member  
Christopher Smitherman, Member  
Wendell Young, Member

Monday  
October 27, 2017  
11:00 A.M.  
Council Chambers  
Room 300

Jacob Hesseling  
Chief of Staff

Robert A. Neely  
Clerk to the Committee

Reginald Zeno, Director of Finance  
Chris Bigham, Director of Budget  
Luke Blocher, Deputy City Solicitor

# Discussion of Infrastructure Improvements for Proposed FC Cincinnati Stadium Jeff Berding

## AGENDA

1-201701574 ORDINANCE, AUTHORIZING the City Manager to execute such agreements and take such other steps as may be necessary in order to provide for the financing and construction of certain public infrastructure improvements in connection with the construction of an approximately 21,000 seat Major League Soccer stadium, all as described in the attached Memorandum of Understanding between the City and Fussball Club Cincinnati LLC, commonly known as FC Cincinnati; ESTABLISHING new capital improvement program project account 980x164x181606, "Soccer Stadium Public Infrastructure improvements," for the purpose of providing certain assistance with the cost of public infrastructure improvements in the vicinity of the stadium; AUTHORIZING the transfer and appropriation of (I) \$7,383,000 from Special Reserve Account No. 3476, "Blue Ash 2 Reserve," within Miscellaneous Permanent Improvement Fund 757, and (ii) \$9,750,000 from Fund 852, "Urban Renewal Tax Increment Bond Fund," to the newly established capital improvement program project account 980x164x181606, "Soccer Stadium Public Infrastructure Improvements"; and DECLARING expenditures from such project account to be for a public purpose.

pg 2

# City of Cincinnati



Interdepartment  
Correspondence Sheet

201701574

Date: November 21, 2017

**To:** Mayor John Cranley

**From:** Paula Boggs Muething, City Solicitor PBM/LMS

**Subject:** **Ordinance – Authorizing Financing and Construction of Public Infrastructure Improvements Connected to Private Construction of Major League Soccer Stadium**

---

Transmitted herewith is an ordinance captioned as follows:

**AUTHORIZING** the City Manager to execute such agreements and take such other steps as may be necessary in order to provide for the financing and construction of certain public infrastructure improvements in connection with the construction of an approximately 21,000 seat Major League Soccer stadium, all as described in the attached *Memorandum of Understanding* between the City and Fussball Club Cincinnati LLC, commonly known as FC Cincinnati; **ESTABLISHING** new capital improvement program project account 980x164x181606, "Soccer Stadium Public Infrastructure Improvements," for the purpose of providing certain assistance with the cost of public infrastructure improvements in the vicinity of the stadium; **AUTHORIZING** the transfer and appropriation of (i) \$7,383,000 from Special Reserve Account No. 3476, "Blue Ash 2 Reserve," within Miscellaneous Permanent Improvement Fund 757, and (ii) \$9,750,000 from Fund 852, "Urban Renewal Tax Increment Bond Fund," to the newly established capital improvement program project account 980x164x181606, "Soccer Stadium Public Infrastructure Improvements"; and **DECLARING** expenditures from such project account to be for a public purpose.

PBM/JBW/(skj)  
Attachment  
244728

{00244983-1}

**City of Cincinnati**  
**An Ordinance No. \_\_\_\_\_**

JBW/PBM/  
LKB

- 2017

**AUTHORIZING** the City Manager to execute such agreements and take such other steps as may be necessary in order to provide for the financing and construction of certain public infrastructure improvements in connection with the construction of an approximately 21,000 seat Major League Soccer stadium, all as described in the attached *Memorandum of Understanding* between the City and Fussball Club Cincinnati LLC, commonly known as FC Cincinnati; **ESTABLISHING** new capital improvement program project account 980x164x181606, "Soccer Stadium Public Infrastructure Improvements," for the purpose of providing certain assistance with the cost of public infrastructure improvements in the vicinity of the stadium; **AUTHORIZING** the transfer and appropriation of (i) \$7,383,000 from Special Reserve Account No. 3476, "Blue Ash 2 Reserve," within Miscellaneous Permanent Improvement Fund 757, and (ii) \$9,750,000 from Fund 852, "Urban Renewal Tax Increment Bond Fund," to the newly established capital improvement program project account 980x164x181606, "Soccer Stadium Public Infrastructure Improvements"; and **DECLARING** expenditures from such project account to be for a public purpose.

WHEREAS, Fussball Club Cincinnati LLC, commonly known as FC Cincinnati (the "Club") is actively seeking a bid for membership as a Major League Soccer franchise; and

WHEREAS, the Club has, or intends to obtain, control over a site in the City's Oakley neighborhood, namely the approximately 15-acre former Cast-Fab Technologies, Inc. site that is situated to the west of the Oakley Station development, and wishes to build an approximately 21,000 seat Major League Soccer stadium (the "Stadium"); and

WHEREAS, the City supports the Club's bid for membership with Major League Soccer and wishes to facilitate the redevelopment of the area in the vicinity of the site the Club selects, whether at the site in Oakley described above or another site within the City, both for the Stadium and for other office, commercial, retail, residential, and entertainment uses; and

WHEREAS, the City is not willing to provide, and the Club has not asked the City to provide, City funds towards the cost of building the Stadium; and

WHEREAS, if so approved by the Port of Greater Cincinnati Redevelopment Authority (the "Redevelopment Authority"), the City would be willing to approve an arrangement in which (i) the Stadium is owned by the Redevelopment Authority and leased to the Club for a term of 30 years, and (ii) the lease could be terminated by the Club after 20 years should the Club pay off the Stadium-specific bonds, which bonds would not be issued by the City or supported by City funds or collateral; and

WHEREAS, the City is willing to provide certain funding towards public infrastructure improvements, including roadway improvements, utility infrastructure, and a 1,000-space public parking garage (collectively, the "Public Infrastructure Improvements"), that will benefit the Stadium and unlock the area surrounding the Stadium for other office, commercial, retail, residential and entertainment uses; and

WHEREAS, the aggregate cost of the Public Infrastructure Improvements is estimated to be approximately \$75,000,000, which the City anticipates assisting with as follows, as described in more detail in a *Memorandum of Understanding* between the City and the Club in substantially the form attached as Exhibit A to this Ordinance (the "MOU"):

- (i) The City is willing to provide the uncommitted cash on hand and future payments in lieu of taxes from the City Incentive District No. 20 established by Ordinance No. 415-2005, passed November 2, 2005 (the "Oakley TIF District"), as well as the project TIF exemptions created in connection with the Center of Cincinnati development established by Ordinance Nos. 245-2002, passed June 26, 2002, and 336-2001, passed October 24, 2001, respectively (the "Existing Project TIFs"), subject to compliance with Ohio Revised Code 5709.40. The cash on hand within the Oakley TIF District and Existing Project TIF equivalent funds, plus the bond proceeds realizable by pledging the future payments in lieu of taxes available to the City from them as a source of payment and security, is estimated to equal approximately \$9,750,000.00.
- (ii) The City is willing to provide, from the proceeds of the sale of the Blue Ash Airport currently available as cash on hand in Special Reserve Account No. 3476, "Blue Ash 2 Reserve," within Miscellaneous Permanent Improvement Fund 757, \$7,383,000.00.
- (iii) Subject to the agreement of the Hamilton County, Ohio Board of Commissioners (the "County") and the Convention Facilities Authority for Hamilton County, Ohio (the "CFA"), the City is willing to take all steps legally necessary to authorize the use of the City's share of the residual transient occupancy tax revenues, or approximately \$1,150,000 annually, for 30 years as a source of repayment and security for bonded indebtedness to finance the cost of the Public Infrastructure Improvements.
- (iv) Subject to the agreement of the County, the City is willing to take all steps legally necessary to authorize the use of certain capital dollars currently provided by the City to the County in connection with its Cooperative Agreement with the County and the CFA for 30 years as a source of repayment and security for bonded indebtedness to finance the cost of the Public Infrastructure Improvements. The City's contribution pursuant to this and the immediately preceding clause (iii) will be capped at an aggregate of \$1,500,000 per year regardless of whether the City's share of the residual transient occupancy tax increases.
- (v) Subject to the agreement of the County, the City is willing to provide all consents necessary and cooperate in all respects as may be legally or practically necessary to authorize the use of the County's share of the residual transient occupancy tax revenues, or approximately \$2,800,000 annually, for 30 years as a source of

repayment and security for bonded indebtedness to finance the cost of the Public Infrastructure Improvements.

WHEREAS, the City's assistance is conditioned upon the County's agreement to provide at least \$15,000,000 in direct funding towards the costs of the Public Infrastructure Improvements and agreement regarding the use of transient occupancy tax revenues described above; and

WHEREAS, as described in the MOU, the City's assistance is contingent on the Club's Major League Soccer bid being accepted and on the Club's construction of the Stadium; and

WHEREAS, as further described in the MOU, the City will have no responsibility for payment of cost overruns and will contribute no direct funding assistance towards the cost of the Public Infrastructure Improvements beyond that described in this ordinance; and

WHEREAS, to facilitate the Club's Major League Soccer bid, pursuant to Ohio Revised Code Chapter 718.151, the City is willing to provide a 15-year refundable Job Retention Tax Credit equal to 50% of the income tax withholdings of the Club's employees within City limits and to cooperate with the Club's application for grant funding within the State of Ohio capital budget, including, if necessary, applying on the Club's behalf; now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio:

Section 1. That the City Manager is hereby authorized to execute a *Memorandum of Understanding* (the "MOU") with Fussball Club Cincinnati LLC (the "Club") in substantially the form attached to this ordinance as Exhibit A, and to cause the City Administration to take such steps as may be necessary, including the drafting and submittal of legislation, execution of agreements, application for and acceptance of grants, and cooperation with other governmental authorities including the Hamilton County, Ohio Board of Commissioners, the State of Ohio, and the Port of Greater Cincinnati Redevelopment Authority, in order to implement the transactions described therein. The whereas clauses of this ordinance are hereby incorporated by reference.

Section 2. That the City Manager is hereby authorized to apply for and accept, or to cooperate with the Club and other public authorities in applying for, a grant of funds from the State of Ohio towards the cost of a Major League Soccer stadium (the "Stadium"), if so allocated

by the State of Ohio's capital budget, and this Council hereby ratifies the City Manager's actions in connection with the same.

Section 3. That the Director of Finance is authorized to establish new capital improvement program project account 980x164x181606, "Soccer Stadium Public Infrastructure Improvements," for the purpose of providing certain assistance with the cost of public infrastructure improvements in the vicinity of the Stadium (the "Public Infrastructure Improvements").

Section 4. That this Council hereby authorizes the transfer and appropriation of (i) \$7,383,000 from Special Reserve Account No. 3476, "Blue Ash 2 Reserve," within Miscellaneous Permanent Improvement Fund 757, and (ii) \$9,750,000 from Fund 852, "Urban Renewal Tax Increment Bond Fund," to the newly established capital improvement program project account 980x164x181606, "Soccer Stadium Public Infrastructure Improvements."

Section 5. That the Public Infrastructure Improvements are hereby declared a public purpose in that they will facilitate the Club's bid for Major League Soccer and serve as a catalyst for other redevelopment projects in the vicinity of the Stadium, thereby providing the City with a major community asset and providing economic, social and other benefits.

Section 6. That the proper City officials are hereby authorized to use and expend the sums described in this ordinance and the MOU in accordance with this ordinance.

Section 7. That this Council hereby declares its emphatic support for the Club's Major League Soccer bid and urges Major League Soccer to select the Club for its expansion plans. The Clerk of Council is hereby directed to deliver a certified copy of this ordinance to Don Garber, the Commissioner of Major League Soccer, upon the City Manager's request.

Section 8. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

Passed: \_\_\_\_\_, 2017

\_\_\_\_\_  
John Cranley, Mayor

Attest: \_\_\_\_\_  
Clerk

EXHIBIT A

Memorandum of Understanding

(See Attached)



**City of Cincinnati**  
**Fussball Club Cincinnati, LLC**  
**Memorandum of Understanding — November 29, 2017**

Set forth below is a summary of certain terms relating to the development of a portion of the property located at 3040 Forrer Street in Cincinnati, Ohio, or such other site within City of Cincinnati (the “City”) limits as may be selected (the “Project Site”) by Fussball Club Cincinnati, LLC and/or its affiliates (collectively, the “Developer”) for: i) a major league soccer stadium (the “Private Improvements”); and ii) on and off-site roadways, utilities and a public parking garages (the “Public Improvements”), on or near the Project Site that the Developer owns or will place under contract.

All terms, costs and other items included herein are preliminary and will be finalized in a Development Agreement and other related agreements between the City and the Developer. Such agreements will require certain approvals by the City administration and legislative authorization by Cincinnati City Council and Developer’s completion of the contingencies outlined below.

<b><i>The Project Site</i></b>	The Project Site is approximately 15 acres at the Cast-Fab property site which is currently vacant and was formerly operated as a manufacturing plant, or such other site as may be selected by the Developer within City limits.
<b><i>The Private Improvements</i></b>	<p>The Developer is proposing to construct the Private Improvements, being a 21,000-seat Major League Soccer stadium.</p> <p>There are other private improvements that are expected to be made by other developers in the area once the stadium is open and operating, but those anticipated private improvements are not the subject of this Memorandum of Understanding (“MOU”).</p> <p>While the stadium is referred to herein as the “Private Improvements,” that is intended only to connote that, if approved by the Port of Greater Cincinnati Redevelopment Authority (the “Port”), the Developer will have use of the stadium under a master lease with the Port, whereby the stadium would be owned by the Port and leased to the Developer so that the land and building would be exempt from real property taxation.</p>
<b><i>The Public improvements</i></b>	<p>The Developer has requested assistance from the City to construct a series of Public Improvements in the vicinity of the Project Site to be specifically identified and negotiated by the City, Developer, and other stakeholders, such as:</p> <ul style="list-style-type: none"> <li>➤ Road improvements</li> </ul>

	<ul style="list-style-type: none"> <li>• Conduct Traffic Impact Study</li> <li>• Remove bump-outs on Vandercar Way</li> <li>• Improve Vandercar Way to 5-lanes between Marburg and Madison (from Crossroads)</li> <li>• Widen Madison Rd between Ridge and Kennedy to 5-lanes</li> <li>• Make Geier Dr public and extend around outer edge of site</li> <li>• Construct Vandercar/Geier/Edwards/Disney loop around stadium site – All 5 lanes</li> </ul> <p>➤ Utilities</p> <ul style="list-style-type: none"> <li>• Gas: 30,000 MBH</li> <li>• Sewer: (3) 10”, (2) 12”</li> <li>• Storm: (36) 16”, (2) 18”</li> <li>• Water: 8” fire service, 10” domestic service</li> <li>• Power: 10MVA service and a peak between 4-5MVA</li> <li>• Telecom Service: The facility shall have two telecommunications service entrances to support voice, data, internet, television, and broadcast video transport, etc. The primary service shall consist of (6) 4-inch conduits. The diverse entrance shall consist of (4) 4-inch conduits. All conduits shall be installed with (3) 1.25-inch inner ducts. A manhole shall be provided at property line for both primary and diverse routings. Conduits shall extend from property line to manhole and from manhole to Main Telecom Room. The cable will be provided for the Telecom Service Providers. The Owner, Operators, and Tenants will contract directly with the Telecom Service Providers based on the type of service and capacity required. There would be some initial build-cost and other fees along with all the monthly re-occurring charges based on services types contracted with the Service</li> </ul>
--	---

	<p>Providers.</p> <ul style="list-style-type: none"> <li>• Stormwater management will be dependent on building footprint.</li> </ul> <p>➤ Public parking structure</p> <ul style="list-style-type: none"> <li>• 1,000 space above ground parking multi-story structure – stadium patrons will also use existing surface parking in the area.</li> </ul>
<p><b><i>Zoning Matters; Variances</i></b></p>	<p>The Department of Community and Economic Development (“DCED”) acknowledges that certain zoning relief has been requested in connection with the development, including building signage, frontage, and building size/configuration. DCED intends to work in good faith with the Developer and other City departments to develop workable solutions to zoning issues, including, if warranted, supporting variances or other zoning relief for the Development.</p> <p>DCED will coordinate with DOTE for the purpose of securing approval of infrastructure improvements on adjacent streets.</p>
<p><b><i>Public Assistance Structure:</i></b></p>	<p>The City will consider the following public finance and property rights mechanisms to fund the construction of the Public Improvements:</p> <ol style="list-style-type: none"> <li>1. Revenue Bonds to finance Public Improvements – to be issued by the Port (if so approved by the Port) and to be underwritten by Ross Sinclair &amp; Associates.</li> <li>2. Public ownership of garage (if so approved by the Port) (property tax exemption)</li> <li>3. Public ownership of Private Improvements by the Port (if so approved by the Port) (property tax exemption)</li> <li>4. Public Improvements financing as described in this section</li> </ol> <p>The City will not be liable for any cost overruns in connection with the Public Improvements and the City’s direct assistance is limited to the amounts described in this MOU.</p> <p>The City will provide direct support in cash in the amounts of (i) \$7,383,000 from the proceeds of sale of the Blue Ash Airport and (ii) \$9,750,000 from existing TIFs in Oakley, subject to compliance with Ohio Revised Code 5709.40.</p>

	<p>The City will, if approved by Hamilton County and the Convention Finance Authority, permit the transfer of some or all its share of the transient occupancy tax (approximately \$1,150,000) to pay a portion of the cost of the Public Improvements plus annual capital budget appropriations in the amount of \$250,000 per year related to the City's Cooperative Agreement with Hamilton County and the Convention Finance Authority. The total funds available under this paragraph will be capped at \$1,500,000 per year for 30 years, regardless of whether the City's share of the transient occupancy tax increases in the future.</p> <p>In addition, the City will also cooperate with Hamilton County and take such other steps as are legally necessary to facilitate the County's use of its share of the transient occupancy tax to pay a portion of the cost of the Public Improvements.</p> <p>The City will also facilitate Developer's Major League Soccer bid by providing 15-year, 50% job retention tax credits pursuant to Ohio Revised Code 718.151.</p>
<p><b><i>Contingencies</i></b></p>	<p>The City has completed a Traffic Impact Study and the Developer agrees, if necessary, to amend it to the satisfaction of the City's Department of Transportation &amp; Engineering (DOTE). It is understood by the Developer and the City that the results of the traffic study may require material alterations to the Developer's project as currently proposed and that both the Private Improvements and Public Improvements to be constructed may change as a result of this study. City Council has approved the execution of this MOU and has authorized and directed staff to prepare and execute the Development Agreement consistent with the terms of this MOU all per the provisions of Ordinance No. _____ duly adopted by City Council on November __, 2017. Any changes to the Private or Public Improvements would be reflected in the Development Agreement.</p> <p>The agreement on the part of the City to proceed will also be conditioned upon the Developer being granted a franchise by Major League Soccer by no later than March 31, 2019.</p> <p>The MOU is also conditioned upon the passage of any additional legislation and execution of such other agreements and consents as may be needed to implement the matters described herein, including the County's agreement to provide at least \$15,000,000 towards the Public Improvements and provide necessary consents</p>

	<p>relating to transient occupancy tax revenues.</p> <p>The Developer will commit to lease the Private Improvements for 30 years with the ability to terminate the lease after 20 years upon condition that the aforementioned bonds shall have been retired. The lease will permit incidental soccer-related uses of the Private Improvements in addition to MLS matches.</p>
<p><b><i>Standard City Contractual Provisions</i></b></p>	<p>The Development Agreement will contain standard City contractual provisions, including the City's standard reporting requirements for City-subsidized construction projects and such other provisions as may be required by Federal, State, and local law or policy. The Development Agreement will contain such other terms as may be mutually acceptable to the City and Developer. Omission of a term from this Memorandum of Understanding is not an indication that such term will not be included in the Development Agreement.</p> <p>The Development Agreement will contain a standard non-assignment/non-transfer provision. It is agreed that this provision will permit collateral assignment to construction lenders and/or a sale and leaseback arrangement with the Port Authority (if desired by Developer).</p>

[Balance of Page Left Blank; Next Page is Signature Page]

---

**Name: Harry Black**  
**Title: City Manager**  
**City of Cincinnati**

---

**Date**

---

**Name: G. Jeffrey Berding**  
**Title: President & General Manager**  
**Fussball Club Cincinnati, LLC**

---

**Date**