

# CLCs on Steroids: County Land Reutilization Corp's under R.C. Chapter 1724

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# “Informative training program for the serious weight-lifter\*”

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## Agenda:

- Context: Miami County Economic Development
- Overview of traditional Economic Development Corporation-type CICs
  - Ohio Revised Code (R.C.) Chapter 1724
  - Powers & Limits
- Summary of 2009 law change to CICs
  - R.C. Chapter 1724 + R.C. Chapter 5722
- What does this all mean to an Economic Development practitioner?

*\* In a lame attempt to make this CIC discussion as fun as possible, please channel SNL's Hans and Franz as you proceed through the following.*





# “Alright. Once again, I am Hans . . . and I am Franz.”



Sometimes all it takes is one simple question.

## Economic Development Incentives

CCAO Webinar  
February 12, 2020

Presentation by

**Price Finley & Jeffrey Harris**

Bricker & Eckler LLP  
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## Questions?

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# “Yeah, that’s right. Could be this perfect?”

## Miami County Context 1: If it’s not broke,

- Triplets rule
  - Tipp City, Troy, Piqua
  - Municipal Utilities
- Consistent population gains
  - One of two growth counties in the region
- Original CIC (1973 – 2006)
  - Formed primarily for issuance of IDBs
  - Dissolved in 2006 for lack of activity
  - Why are we doing this again?

B 903-1658  
**RECEIPT AND CERTIFICATE** N<sup>o</sup> 23627  
 MIAMI COUNTY GROWTH CORPORATION

NAME  
443334  
 NUMBER

<b>DOMESTIC CORPORATIONS</b> ARTICLES OF INCORPORATION AMENDMENT MERGER/CONSOLIDATION DISSOLUTION AGENT REINSTATEMENT CERTIFICATES OF CONTINUED EXISTENCE MISCELLANEOUS <b>FOREIGN CORPORATIONS</b> LICENSE AMENDMENT SURRENDER OF LICENSE APPOINTMENT OF AGENT CHANGE OF ADDRESS OF AGENT CHANGE OF PRINCIPAL OFFICE REINSTATEMENT FORM 7 PENALTY	<b>MISCELLANEOUS FILINGS</b> ANNEXATION/INCORPORATION—CITY OR VILLAGE RESERVATION OF CORPORATE NAMES REGISTRATION OF NAME REGISTRATION OF NAME RENEWALS REGISTRATION OF NAME—CHANGE OF REGISTRANTS ADDRESS TRADE MARK TRADE MARK RENEWAL SERVICE MARK SERVICE MARK RENEWAL MARK OF OWNERSHIP MARK OF OWNERSHIP RENEWAL EQUIPMENT CONTRACT/CHATEL MORTGAGE POWER OF ATTORNEY SERVICE OF PROCESS MISCELLANEOUS ASSIGNMENT—TRADE MARK, MARK OF OWNERSHIP, SERVICE MARK, REGISTRATION OF NAME
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I certify that the attached document was received and filed in the office of TED W. BROWN, Secretary of State, at Columbus, Ohio, on the 21st day of August, A. D. 19 73, and recorded on Roll 1550 at Frame 1658 of the RECORDS OF INCORPORATION and MISCELLANEOUS FILINGS.

*Ted W. Brown*  
 TED W. BROWN,  
 Secretary of State

Filed by and Returned To: Office of the Prosecuting Attorney  
Miami County  
Troy, Ohio 45373 Att: Robert J. Huffman

NAME: MIAMI COUNTY GROWTH CORPORATION

FEE RECEIVED: \$ 25.00


MIAMI COUNTY  
**MOMENTUM**



# “Ja! Pay attention, because not working for nothing”

## Miami County Context 2: Maybe we need


- Program Opportunities
  - Business Development/Incubation
  - Business
  - Capital A
  - Business Retention
  - Technology




### DRIVING DEVELOPMENT FORWARD

Tipp City, Troy and Piqua, Ohio


Miami County...a great place to work and live, and a wonderful place to call home.




Miami County  
Richard Osgood  
937-440-5455  
MiamiCountyOhio.gov




Tipp City  
Tim Eggleston  
937-667-8425  
TippCityOhio.gov



Troy Development Council  
Joseph A. Graves  
937-339-7809  
TroyEconomicDevelopment.com



Grow Piqua Now  
Chris Schmiesing  
937-778-2049  
GrowPiquaNow.org





# “Conclusion affirmative. You can stop pinching yourself.”



## Miami County Context 3: Ohio Economic Developers are the BEST!

County	Conveyance Fee	Organization/Structure	Website	Notes	Revolving Loan Funds
Adams Holly Johnson Economic and Community Deve Director Allen Jeff Sprague 419-222-7706	Clinton County Wilmington CIC Clinton County Port Authority	Hancock Tim Mayle 567-429-7078 Harrison County Nick Homrighausen, Exec. Dir. 740 942-2027, ext. 3 nhomrighausen@harrisoncountyohio.org	Perry County David Hansen, Director 740 743-6207 david.hansen@somersetinnovation.works david.hansen@perrycountylandbank.org	County CIC/LRC	<a href="http://www.perrycountyohio.net/agencies-and-offices/perry-county-community-improvement-corporation">http://www.perrycountyohio.net/agencies-and-offices/perry-county-community-improvement-corporation</a>
Ashtabula County	Columbiana County Tad Herold, County Development Director 330 424-9078	Henry County April Welch, Exec. Dir. 419 592-4637 awelch@henrycountyed.com	Portage County	4.00/1,000 Portage Development Board Port Authority Chamber/DC model	<a href="http://www.portagedevbd.org/">www.portagedevbd.org/</a> Port Authority managed within Portage Development Board
Athens County Economic Development Council Chamber of Commerce Auglaize Greg Myers 419-738-6807	Crawford County Gary Frankhouse, ED Director 419 563-1809 garyf@crawfordpartnership.org Cuyahoga County Development Staff Theodore Carter, Chief ED & Business Off 216-443-7275	Hocking County Joy Davis, Exec. Dir. 740 380-0446 jdavis@hockingcountycic.com	Preble County	3.00/1,000 Preble County Development Partnership Chamber model	<a href="http://www.pcdp.net/">http://www.pcdp.net/</a> Conveyance -- yes CIC dissolved/cancelled--2000 Chamber of Commerce
Belmont County DOD Crystal Lorimor 740 695-9678 lorimor@belmontcic.com	Darke County Mike Bowers 937-548-3250 Defiance County Jerry Hayes, Executive Director 419 784-4471 jerry@defecon.com	Licking County	Richland County Jotika Shetty, RCRPC Exec. Dir. 419 774-6202 jshetty@rcrpc.org	Richland County Regional Planning Commission Richland County Growth Corporation/CIC	<a href="https://www.rcrpc.org/economic-development">https://www.rcrpc.org/economic-development</a>
Butler	Delaware County Bob Lamb, ED Director 614 306-1020 blamb@co.delaware.oh.us	Madison County	Sandusky County	Chamber/Development Council model	<a href="https://www.sanduskycountyedc.net/">https://www.sanduskycountyedc.net/</a>
Carroll County 330 627-5500 cmodranski@carrollcountyohio	Gallia County Melissa Clark 740 - 446 - 4612 x1271 mclark@gallianet.net	Marion County Gus Comstock 740-387-2267	Seneca County David Zak 419-912-1150	4.00/1,000 Seneca Industrial & ED Corp.	<a href="https://senecasuccess.wordpress.com/">https://senecasuccess.wordpress.com/</a> Port Authority managed within Seneca Success ED Corp
Champaign Marcia Bailey 937-653-7200	Greene Paul Newman, Jr. 937-562-5047 pnewman@co.greene.oh.us	Medina County Bethany Dentler 330-722-9215	Shelby County	4.00/1,000 Sidney-Shelby Economic Partnership	<a href="http://choosesidneyshelby.com/index.php">http://choosesidneyshelby.com/index.php</a> See also West Ohio Development Council
Clark	Mercer County	Trumbull County Thomas M. Humphries, Manager 330-744-2131, ext. 1231 tom@regionalchamber.com	Stark County Ray Hexamer 330-453-5900	4.00/1,000 Stark Economic Development Board	<a href="http://www.starkcoohio.com/">www.starkcoohio.com/</a> Port Authority managed within Stark County ED Board
Clermont Gael Fawley 513 732-7825 jgfawley@clermontcountyohio	Morgan County Shannon Wells, Director 740 962-1322 shannon.wells@morgancounty-oh.gov	Tuscarawas County	Union County Eric Phillips 937-642-6279	2.00/1,000 Union County-Marysville ED Partnership/LRC Audit, Bylaws, strategic plans, and other documents on file.	<a href="https://www.tuscawascic.com/cic">https://www.tuscawascic.com/cic</a> <a href="https://unioncounty.org">https://unioncounty.org</a> County contributes approximately \$145k annually to promote economic development. Good resource for programming.
	Ottawa County Gaye Winterfield, Business Dev. Manager gwinterfield@ocic.biz	Warren County Matt Schnipke, Director of ED 513 695-2090 matthew.schnipke@co.warren.oh.us	Wayne County Tom Pukys 330-264-2411	3.00/1,000 Wayne County Economic Development Council/Chamber model	<a href="http://www.co.warren.oh.us/wcoed/">http://www.co.warren.oh.us/wcoed/</a> <a href="http://waynecountyedc.com/index.php">http://waynecountyedc.com/index.php</a>
	Hamilton	Wood County	Wood	3.00/1,000 Wood County Economic Development Commission/Chamber model	<a href="http://www.woodcountyedc.com/about-us/">www.woodcountyedc.com/about-us/</a> Conveyance--yes (in part)





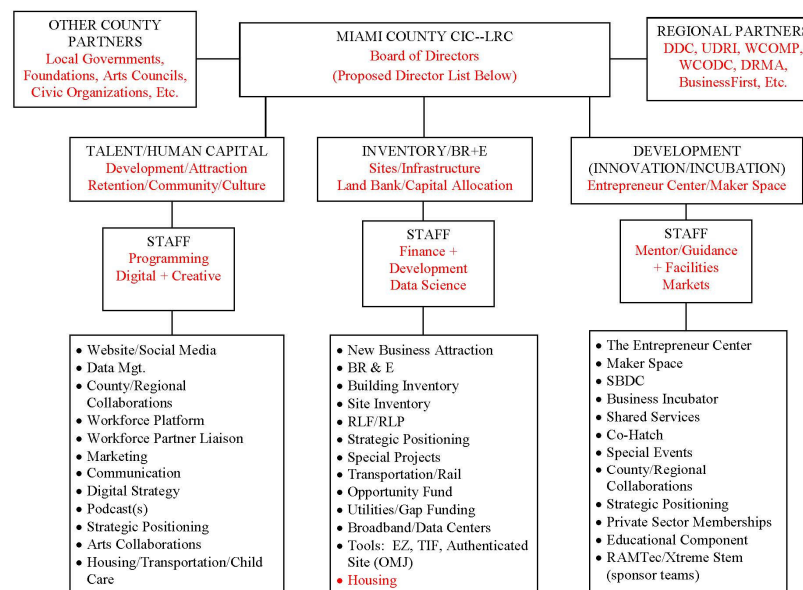
# “Ja! You are the embodiment of perfect pumpitude!”



## Miami County Context 4: From Concept to Design to Outreach to Further Consideration and Re-design and More Outreach

- ED Corp versus CLRC
  - Task Goals and Objectives
  - Preferred Organizational Structure
  - Preferred Funding Mechanism
  - Communication, Ownership, and Transparency
  - Operational Discretion
  - Accountability

MIAMI COUNTY COMMUNITY IMPROVEMENT CORPORATION  
ORGANIZATIONAL CHART





# **“Hear me now and believe me later – but don’t think about it ever....”**



## **Economic Development Corporation-type CICs:**

- Formed under R.C. Chapter 1724
- Deployed heavily by local political subdivisions during 1960's, 1970's & early 1980's
- Common reason for existence: industrial parks
- Common activity: issue IDBs to finance projects



Ascot Industrial Park , City of Akron



**“Some of you might think this is fun  
& for sissies, so go ahead & laugh...”**

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**Economic Development Corporation-type CIC Formation:**

- Economic Development Corporation (R.C. 1724.(A)(2))
  - Governed generally by R.C. Chapter 1724
- Formed as non-profit corporation under R.C. Chapter 1702
  - File Articles of Incorporation with Ohio Secretary of State
  - File with IRS for IRC 501(c)(3) [charitable] or (c)(4) [social welfare] status
  - Open custodial account at local bank
  - Form a volunteer Board
  - Hire Executive Director and other staff
  - Existential crisis – *Why am I here?*



# **“...but let me tell you something, we’ll be the ones laughing later!”**

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## **Economic Development Corporation-type CIC Powers:**

- Acquire and sell property (real, personal, stock, partnership, etc.)
- Borrow money for economic development projects through traditional means
  - Issue un-voted revenue bonds (IDBs) or notes (federally taxable)
- Operate a revolving loan fund for economic development projects
- Serve as an agent for grant applications and administer grants
- Charge fees-for-services to political subdivisions
- “All acts and things necessary or convenient” to carry out purposes of R.C. Chapter 1724



# “Just get out of our face and have another bowl of Haagen-Dazs!”



## 2020 OHIO CORPORATION LAW HANDBOOK

Containing Title 17: Corporations as amended  
through File 23 of the 133rd General Assembly

Also including  
Miscellaneous Related Statutes as amended  
through File 23 of the 133rd General Assembly  
Related Miscellaneous Administrative Code Provisions  
through January 31, 2020



### Extent of *Economic Development Corp-type* CICs’ “Designated Agency” Powers:

- Enter into economic development strategic plan with county or municipality  
(R.C. 1724.10(B)(1))
- Sell or lease political subdivision’s (excess) property without complying with public sale requirements and sell for less than FMV...
  - ... but political subdivision sets pricing & other terms
  - ... but limited to certain end uses (industrial, commercial, distribution, research)  
(R.C. 1724.10(B)(2))



# “Hear me now, it’s not our job to check up on you!”

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## Extent of *Economic Development Corp-type* CICs’ “Special” Powers (cont.):

- Receive political subdivision’s (excess) property without complying with competitive bidding
  - CIC has to pay back any excess \$\$ gained from future sale of such property  
(R.C. 1724.(B)(3))
- Not required to comply with prevailing wage laws...
  - ... unless acting as statutory agent of political subdivision
- Can make loans to any person, firm, partnership or corporation...
  - ... so long as the borrower has applied for the loan and been refused elsewhere  
(R.C. 1724.02(A)(2))



# “Flabby pathetic losers!”



## Economic Dev Corp-type CIC's are limited by the following:

- Can't levy taxes
  - No statutorily defined revenue sources
- Can't issue tax-exempt bonds
  - May have access to < \$10MM *tax-exempt* industrial development bonds (IDBs)...
    - .... issued by its *Mommy* (political subdivision)... if for a Mfg facility
- Can't appropriate or condemn property
- Can't sell or lease property outside of industrial, commercial, distribution, research end uses
  - Can't dispose of land for parks, community, residential end uses
- Can't grant tax abatements
- Can't directly receive County CDBG
  - Can be beneficiary of projects created using CDBG (Such a *Groupie!*)
- Required to follow Ohio's Sunshine and Public Records laws



# **“When you’re pummeled & beaten with a fist-full of pumped-up muscle!”**

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## **Economic Development Corp-type CICs’ GIRLY-MAN DILEMMA:**

- Poorly defined missions & sense of purpose
- Lack of consistent & reliable funding
- Board leadership vacuum
  - CIC may have been active in its heyday, with titans of industry calling the shots...
  - ... now it’s a paper tiger that files IRS Form 990 & pays for AOS audits
- Lackluster Board involvement & low energy levels
  - How to attract new volunteer Board members?
  - Veteran Board members re-appoint themselves... for years
- Becomes another staffing responsibility for Economic Developers...
  - ... without a clear payoff for the effort



# **“Mind over matter is great, but let’s not forget muscle over matter!”**

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## **Ohio Senate Bill 353 (effective April 2009):**

- *County Land Reutilization Corporation*-type CICs can employ flabby powers under R.C. Chapter 1724 and pumped-up land banking powers under R.C. Chapter 5722
- Counties “adopt and implement the procedures set forth in R.C. Sections 5722.02 to 5722.15 to facilitate the *effective reutilization of nonproductive land*” within their boundaries (R.C. 5722.01(A))



# “We just want to... pump... you up!”



## County Land Reutilization Corporation-type CICs' defined purposes:

“Not limited to” the following:

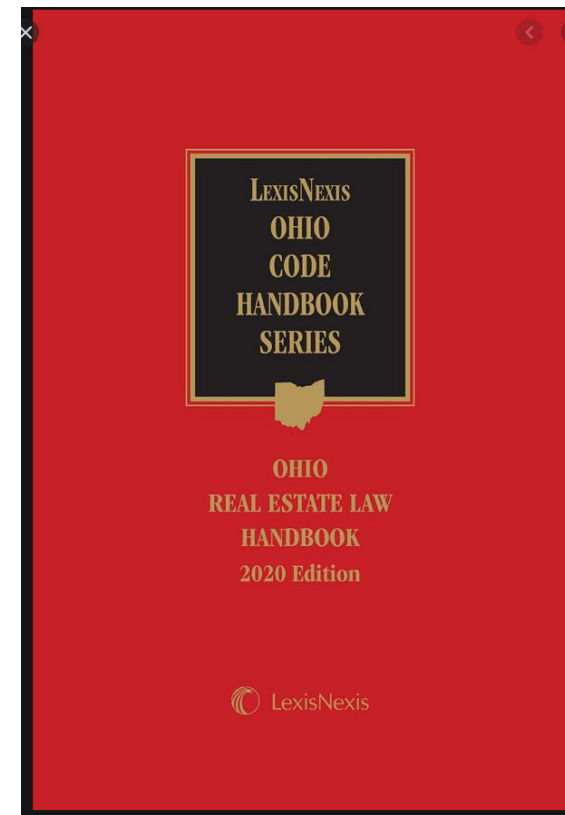
- Facilitating the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, or other real property in the county;
- Efficiently holding and managing vacant, abandoned, or tax-foreclosed real property pending its reclamation, rehabilitation, and reutilization;
- Assisting governmental entities and other non-profit or for-profit persons to assemble clear, and clear the title of property in a coordinated manner;
- Promoting economic or housing development in the county or the region  
(R.C. 1724.01(B)(2))
- Any powers extended to CIC under R.C. Chapter 5722 shall **not be construed as a limitation** on the powers granted under R.C. Chapter 1724, but shall be construed as **additional powers** (R.C. 5722.02(B))



# “Many people have accused us of being involved with steroids...”

## County Land Banks can:

- Receive statutorily dedicated **tax revenue**
  - Up to 5% direct allocation from County Delinquent Tax and Assessment Collection (DTAC) funds
- Select property for **no-bid acquisition** from counties' delinquent & forfeited land lists (*R.C. 5722.03 & R.C. 5722.04*)
- **Keep sale proceeds** from property sold on the open market (*R.C. 5722.08*)
- Take donations of land in lieu of tax foreclosures (*R.C. 5722.08*)





# “... Ja! They are right!”



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## County Land Banks can (cont.):

- Hold property in **tax-exempt** status
  - Automatic - no application required to qualify for exempt status
- **File Tax Foreclosure Complaints** in BORs or Courts of Common Pleas
  - Property directly transferred through tax foreclosure process - either “expedited” or judicial, respectively
    - Clear title in County Land Bank’s name & all future owners
    - **Title completely cleansed of all blemishes**
      - But for federal tax liens



# “But to us, those *steroids* are something different...”

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## County Land Banks can (cont.):

- Transfer the properties to adjoining property owners
  - Known as “side-lot programs”
  - Convert property to **public uses**
    - Parks, playgrounds, urban agriculture or community gardening & beautification projects
- Transfer property to **non-profits**
  - Local organizations, like community development corporations (CDCs), may then assemble land for new development and/or maintain property for community beautification goals



# **“The people who stop on the street and *stare* at our amazing pumpitude!”**

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## **County Land Banks can (cont.):**

- Exercise **sovereign immunity from civil lawsuits** (R.C. 2744.02)
- Transfer property to private sector for-profit entities for productive re-use
  - Land banks have considerable flexibility to **encourage site assembly, economic development & renovating residences**
  - County Land Banks may **sell property at less than FMV**
  - Land assembly has great potential for economic development initiatives
  - Tie-in with TIF, PACE, Port Authorities & Opportunity Zones



# **“Pay attention, because we’re not working for nothing here!”**

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## **What does all this mean to Economic Developers?**

- Flummoxed with what to do with aging & stale Community Improvement Corporations?
  - Flabby Girly-men
- **Go to the Gym – the Pumpatorium!**
  - Pumped up CICs... County Land Reutilization Corporations
  - These entities have a deep well of statutory powers unavailable to traditional CICs
    - Consider forming new CIC with land banking powers
  - At the very least, be certain County Land Banks are at Economic Developers' tables



**Questions?**



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