

Margaretta Local School District – New PK-12 School and Nexus Natural Gas Transmission Pipeline Tax Valuation Dispute Summary of Events



Natural Gas System Description

256 miles of 36" diameter welded steel pipe delivering 1.5 billion cubic feet per day (Bcf/d) of natural gas. 213 miles (83.4%) impact 13 counties in Ohio including all 4 compression stations. Construction started October 11, 2017, and the system went in service October 13, 2018, with an actual construction cost of \$2.6 billion vs. a preconstruction estimated cost of \$2.2 billion. With receipt points in eastern Ohio the system services consumers in northern Ohio, southeastern Michigan and the Dawn Hub in Ontario, Canada.

Nexus Promises Economic Boost to Erie County Schools

(See Attachment No. 1)

(Per Nexus June 2016 Publication Based on Estimated Ohio Property Tax Revenues)

District	Year 1	Year 2	Year 3	Year 4	Year 5	Total (5 Years)
Edison LSD	\$3,671,426	\$3,548,173	\$3,424,921	\$3,297,934	\$3,174,682	\$17,117,136
EHOVE	\$735,202	\$710,521	\$685,840	\$660,410	\$635,729	\$3,427,702
Margaretta LSD	\$6,249,093	\$6,039,306	\$5,829,520	\$5,613,376	\$5,403,590	\$29,134,885
Perkins LSD	\$1,486,935	\$1,437,017	\$1,387,100	\$1,335,670	\$1,285,751	\$6,932,473

Nexus Actual Payments to Erie County Schools to Date

District	2020	2021	2022	2020-22 Total	2016 Est. 3 Years Total
Edison LSD	\$2,434,886	\$2,464,986	\$2,952,313	\$7,852,185	\$10,644,520 (73.7%)
EHOVE	\$335,678	\$336,678	\$404,976	\$1,077,332	\$2,131,563 (50.5%)
Margaretta LSD	\$4,204,654	\$4,105,878	\$4,986,535	\$13,297,067	\$18,117,919 (73.4%)
Perkins LSD	\$865,695	\$877,863	\$1,056,867	\$2,800,425	\$4,311,052 (64.9%)

Timeline of Events

February 19, 2019 – Margaretta BOE Action (Facilities Update)

Supt. Mock gives facility update and suggests an expedited program (ELPP) to begin the project and lock in the OFCC funding which is estimated at 32%. He mentioned this percentage will be reduced when the Nexus valuations are included.

March 29, 2019 – Nexus Annual Report

Nexus files its 2019 Annual Report with the Ohio Department of Taxation.

July 2019 – Nexus Appraisal (Tegarden & Associates, Inc., Nashville, TN)

Nexus presents the Tegarden Appraisal listing the system total value at \$1,182,000,000 and the Ohio portion at \$996,410,634.

August 12, 2019 – Margaretta Board Action (Architect Presentation)

Fanning Howey Architects presents information on a new 162,000 SF Facility with a estimated cost of \$42 million which would take 1 year to design and 2 years to construct.

September 24, 2019 – Nexus Amended Annual Report

Nexus files an amended Annual Report for tax year 2019 and later files a petition for reassessment with the Tax Commissioner.

July 10, 2020 – Ohio BTA Tax Valuation Final Determination (See Attachment No. 2)

Ohio Tax Commissioner (BTA) rejects the Tegarden Appraisal and assessed the system total taxable value at \$1,425,915,660.

July 20, 2020 – Final Determination Upheld

Tax Commissioner denies all Nexus claims and upholds the previous Final Determination.

September 4, 2020 – Nexus Files Appeal (See Attachment No.3)

Nexus appeals the July 10, 2020, Final Determination.

September 9, 2019 – Margaretta BOE Action (Facilities Update)

Supt. Mock and Treasurer Keegan met with Becky Princehorn from Bricker & Eckler on August 28th to discuss financing and the ELPP program. They also met with Fanning Howey again with Board Member Mr. Sutorius on September 5th.

September 14, 2019 – Margaretta BOE Action (Facilities Update)

ELPP application has been submitted and a meeting scheduled for October 18th with Bricker & Eckler. The Nexus County valuations have not been communicated to the district.

November 18, 2019 – Margaretta BOE Action (Facilities Update)

Supt. Mock reported the ELPP application should be approved by the end of the year which will allow hiring Fanning & Howey Architects. He also met with Bricker & Eckler on November 1st & 18th on financing and scope of the project.

December 16, 2019 – Margaretta Board Action (Nexus Update)

Treasurer Keegan reported Nexus projected a year one received tax revenue of \$6.3M, this would generate \$8.1M revenue for the district. However, they are now appealing the valuation down to \$5.2M. All appeals are reviewed by the State Board of Tax Appeals (BTA).

February 24, 2020 – ELPP Master Plan Adopted

Project Scope: Build one new PK-12 School and abate and demolish Bogart Elementary and Jr. High/High School.
Project Budget: \$39,805,808 with Local Share \$24,679,601 (62%) and State Share \$15,126,207 (38%)

April 20, 2020 – Margaretta BOE Action (District Joins OSPC)

The district joined the Ohio Schools Pipeline Coalition (OSPC).

August 4, 2020 – Margaretta BOE Action (Nexus appeal denied in First Round)

The first round ruling on the Nexus appeal upheld the Dept. of Taxation valuation which would provide the district about \$8M in the first year. Treasurer Keegan reported that various appeals could be lodged to take a final decision all the way to the Supreme Court. New Supt. Ed Kurt replaces Supt. Denny Mock.

September 20, 2020 – (Nexus 2020 2nd Payment Received)

Received Nexus 2020 2nd payment (\$4,204,654) last month at the 47% valuation amount.

2020 Nexus Payments Received by the Margaretta LSD for Tax Year 2019

Total Amount \$4,204,654 (47.2 % of Valuation)

January 9, 2021 – Margaretta BOE Action (Hire Architect)

Board met in Executive Session with Bricker & Eckler and Fanning Howey.

January 25, 2021 – Margaretta BOE Action (Design Work Started)

Facility Core Meetings will be held every two weeks and visit other schools.

February 22, 2021- Margaretta BOE Action (Nexus appeal hearing delayed)

Nexus appeal hearing scheduled for May is delayed since no hearings have been held this year, they may start again in July.

April 19, 2021 – Margaretta BOE Action (Construction Team Selected & Nexus appeal hearing rescheduled)

BOE approved the following Hirings: Mosser (CMAR), Kastor Construction, LLC (Local Owner's Rep.), MCS & Associates (OFCC Compliance Owner's Rep.), Brewer Garrett (Commissioning) and amended Fanning Howey contract to provide construction documents. Second round of Nexus appeal now scheduled for February 22, 2022

May 5, 2021 – Margaretta BOE Action (Traffic Study Firm Hired)

Manik-Smith Group selected as Traffic Study Consultant

May 17, 2021 – Margaretta BOE Action (Testing Firm Hired)

Bowser-Morner selected for Geotech Services and Site Testing

May 24, 2021 – Mosser SD Hard Costs Budget

Mosser provides \$48,352,120 budget based on Schematic Design (SD) drawings not including soft costs and alternates.

June 24, 2021 – Fanning Howey Total Project SD Budget

Fanning Howey provides \$51,539,690 total project budget based on SD drawings.

July 30, 2021 – Phase I Environmental Site Assessment Completed

Report by Bowser-Morner.

September 14, 2021 – Mosser DD Hard Costs Budget

Mosser provides \$48,425,664 budget based on Design Development (DD) drawings not including soft costs and alternates.

October 18, 2021 – Fanning Howey DD Hard Cost Budget

Fanning Howey provides \$57,051,851 total project budget based on DD drawings.

December 2, 2021 – Preliminary Traffic Study Completed

Report by Manik-Smith

December 20, 2021 – Margaretta Board Action (New PK-12 Project Update)

Construction team provided project update and presented the design to the public. Construction will be paused until the Nexus tax valuation appeal is resolved. Treasurer Keegan stated the district was projected to receive \$6.2M in year one of operation and when the final tax bill was published it reflected was to pay Margaretta \$8.3M which Nexus immediately appealed to 42%. This appeal was denied, and the previous valuation was upheld. Nexus then appealed to the next level, the State Board of Tax Appeals (BTA) which is scheduled for February 22, 2022.

2021 Nexus Payments Received by the Margaretta LSD for Tax Year 2020

Total Amount \$4,105,878 (47.3 % of Valuation)

March 14, 2022 – Margaretta Board Action (Nexus 2022 1st Payment Received)

Received first 2022 payment (\$4,986,535) for the valuation from 2021, they paid at 66% of the assessed value compared to 42% in year one and 47% in year two which is believed to be encouraging.

February 8, 2022 – Joint Settlement (Not released to public)

Settlement Agreement signed by Nexus Gas Transmission and Ohio Tax Commissioner.

2019 True Value: \$950,000,000 & Taxable Value: \$836,000,000

2020 True Value: \$946,333,660 & Taxable Value: \$832,773,620

2021 True Value: \$934,776,800 & Taxable Value: \$822,603,590

April 18, 2022 – Margaretta BOE Action (Bid Package #1 Sitework/Utilities Released for Bidding)

Due to reports of a upcoming tax valuation settlement and \$4.9M cash in New Facilities fund it was decided to move forward with BP #1.

April 20, 2022 – Final Traffic Impact Study Completed

Final report by Manik -Smith. (588 pages)

June 3, 2022 – Mosser CD Hard Costs Budget

Mosser provides \$54,530,035 budget based on Construction Documents (CD) drawings not including soft costs and alternates.

June 6, 2022 – Village Planning/Zoning Meeting

Zoning Permit Issued.

June 10, 2022 – Fanning Howey Total Project CD Budget

Fanning Howey provides \$64,188,694 total project budget based on CD drawings.

June 15, 2022 – Margaretta BOE Action (BP #1 Awarded)

Bid Package #1 awarded to Todd Alsbaugh & Assoc. for \$2,747,599.

June 23, 2022 – Settlement Final Determination (See Attachment No. 4)

Ohio Dept. of Taxation Final Determination

Breakdown of taxable values years 2019, 2020 & 2021 as listed below for Erie County Schools.

Taxing District and County	Tax Year 2019	Tax Year 2020	Tax Year 2021
0010 Berlin Township (Erie)	\$17,843,870	\$17,983,250	\$17,533,460
0020 Berlin Twp. & Village (Erie)	\$4,409,420	\$4,443,860	\$4,332,710
0050 Florence Township (Erie)	\$1,202,600	\$1,212,000	\$1,181,680
0200 Milan Township (Erie)	\$17,671,560	\$17,809,590	\$17,634,140
0240 Oxford Township (Erie)	\$5,275,360	\$5,316,570	\$5,183,590
Edison LSD Total	\$46,402,810	\$46,765,270	\$45,865,580
0090 Groton Township (Erie)	\$24,038,050	\$23,352,350	\$22,670,580
0220 Townsend Township (Sandusky)	\$62,584,200	\$60,844,110	\$60,369,130
Margaretta LSD Total	\$86,622,250	\$84,196,460	\$83,039,710
0110 Groton Township (Erie)	\$3,633,990	\$3,662,370	\$3,570,770
0260 Oxford Township (Erie)	\$12,229,490	\$12,325,010	\$12,016,750
Perkins LSD Total	\$15,863,480	\$15,987,380	\$15,587,520
Ohio Total Taxable Value	\$836,000,000	\$832,773,620	\$822,603,590

July 11, 2022 – Margaretta BOE Action & Groundbreaking Event Held

Erie County Auditor Rick Jeffrey attend Board Meeting and outlined the Nexus tax valuation settlement ruling by the BTA. Any of the 13 County Auditors can appeal within 60 days. Afterwards, 200 people attended an elaborate community groundbreaking celebration.

July 27, 2022 – Builder Risk Insurance Secured

Policy purchased from Chubb for \$83,584 in place on this date.

August 10, 2022 – Wetland Delineation Report

Report by Intertek PSI. (Professional Service Industries, Inc.)

August 26, 2022 – Nexus Appeal (See Attachment No. 5)

Nexus appeals the June 23, 2022 Settlement.

September 2, 2022 – Lorain County Auditor Snodgrass Appeal (See Attachment No. 6)

Appellant J. Craig Snodgrass files Notice of Appeal of Taxation Final Determination.

2019 Taxable Value Sought: \$1,425,915,660 (Increase of \$589,915,660)

2020 Taxable Value Sought: \$1,420,412,615 (Increase of \$587,638,995)

2021 Taxable Value Sought: \$1,403,066,197 (Increase of \$590,462,607)

November 30, 2022 – Nexus Motion to Dismiss Lorain Co. Appeal (See Attachment No. 7)

Appellee Nexus gas transmission LLC's combined motion to dismiss appeal of the Lorain County Auditor for lack of subject-matter jurisdiction and motion for attorney fees.

December 21, 2022 – Lorain Co. Response to Nexus Motion to Dismiss (See Attachment No. 8)

Appellant J. Craig Snodgrass's brief contra in opposition to Appellee Nexus Gas Transmission LLC's combined motion to dismiss and motion for attorney fees. (36 pages plus Exhibit A "Settlement Agreement")

2022 Nexus Payments Received by the Margaretta LSD for Tax Year 2021

Total Amount \$4,986,534 (58.2 % of Valuation)

January 11, 2023 – Nexus Response to Lorain Co. Response (See Attachment No.9)

Appellee Nexus Gas Transmission LLC's request to extend date to file its reply memorandum in support of Nexus' combined motion to dismiss appeal of the Lorain County Auditor for lack of subject-matter jurisdiction and motion for attorney fees. (Nexus requests that the new reply date to be January 11, 2023 – Request was granted)

February 9, 2023- BTA dismisses Lorain County Appeal (See Attachment No. 10)

BTA grants Nexus motion to dismiss Lorain County Appeal but does not award attorney fees. Lorain County has 30 days to appeal this decision.

March 1, 2023 – CMAR estimates 7% cost increase due to Lorain County Snodgrass 9/2/22 Appeal

Mosser the project Construction Manager at Risk (CMAR) estimated the total project cost increased 7% during the delay caused by the Lorain County Auditor appeal. Based on the June 10, 2022, \$64M total budget estimate, this amounts to a \$4.5M increase.

March 13, 2022 – Lorain County Auditor Craig Snodgrass Appeals BTA Settlement (See Attachment No. 11)

Auditor Snodgrass appeals the BTA ruling to dismiss his previous and he is requesting the Ohio Supreme Court to decide whether he has the right to challenge the BTA settlement, then will pursue an appeal if allowed. Furthermore, he has demanded the BTA to provide a certified transcript of the record of proceedings to the Supreme Court.

March 15, 2023 – Margaretta School District Stops Construction Indefinitely (See Attachment No. 12)

Based on the second Lorain County Auditor Snodgrass appeal, now to the State Supreme Court; the Margaretta School District has stopped construction and is considering all options and actions to complete the project.

2023 Nexus 1st Half Payment Received by the Margaretta LSD for Tax Year 2022

Total Amount \$1,582,990 (39.9 % of Valuation)

Grand Total Nexus Payments to Date: \$14,880,056

Estimated Project Cost History

Date	Document	Hard Costs Only	Total Project
2/24/20	BOE OFCC ELPP Resolution		\$39,805,808
1/1/21	Fanning Howey Original		\$49,382,736
5/24/21	Mosser SD Budget	\$48,352,140	
8/9/21	FH Budget/Cost Report		\$51,539,690
9/14/21	Mosser DD Budget	\$48,425,664	
10/12/21	FH Budget/Cost Report		\$55,404,305
10/18/21	FH Budget/Cost Report		\$57,051,851
6/7/22	Mosser CD Budget	\$54,726,388	
6/30/22	FH Budget/Cost Report		\$64,188,694
3/1/23	Mosser Rough Budget		\$68,681,902