

**AN ORDINANCE
TO AUTHORIZE THE MAYOR TO ENGAGE THE LAW
FIRM OF WALTER/HAVERFIELD JOINTLY WITH THE
REGIONAL INCOME TAX AGENCY AND OTHER
MUNICIPALITIES FOR THE PURPOSE OF CONTINUING
LITIGATION TO CHALLENGE THE CONSTITUTIONALITY
OF AMENDMENTS TO CHAPTER 718 OF THE OHIO
REVISED CODE RELATING TO MUNICIPAL INCOME TAX
AND DECLARING AN EMERGENCY.**

WHEREAS, the Village of Chagrin Falls recognizes, as a home rule power of local self-government, that municipal income tax administration and collection is vital to the health, safety and welfare of the municipality; and

WHEREAS, the Village of Chagrin Falls relies on the revenue from effective municipal income tax administration and collection to provide the services that maintain the health, safety and welfare of the municipality; and

WHEREAS, the Ohio General Assembly has attempted to assert control over the administration and collection of municipal income taxes by claiming that a municipality has no authority to impose an income tax unless it adopts a code in strict compliance with R.C. Chapter 718; and

WHEREAS, the established law of Ohio is clear that any such preemption of municipal income tax codes by the State of Ohio violates the Ohio Constitution and home rule provisions that allow a municipal corporation the right to administer and enforce its own municipal income tax; and

WHEREAS, more specifically, the State of Ohio has enacted HB 5 in 2014 comprehensively rewriting the entire municipal income tax law and HB 49 in 2017 authorizing centralized collection by the State of Ohio of municipalities' net profits taxes; and

WHEREAS, the Village of Chagrin Falls desires to assert its home rule authority to control the administration and collection of the municipal income tax, in order to provide for the health, safety and welfare of the municipality.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE VILLAGE OF CHAGRIN FALLS, CUYAHOGA COUNTY, OHIO:

Section 1 - The Mayor is hereby authorized to engage Walter/Haverfield jointly with the Regional Income Tax Agency and other municipalities who have filed a lawsuit in the Court of Common Pleas for Lorain County, Ohio and known as Case No. 17CV194026 to challenge the

ORDINANCE NO. 2018-04
INTRODUCED BY: MR. MAERSCH

constitutionality of amendments to Chapter 718 of the Ohio Revised Code and the legal services of Walter & Haverfield, LLP are hereby retained, those services to be in connection with the legal challenges to H.B. 49 regulating the collection, administration and enforcement of net profits taxes all of which is as further described in the engagement agreement attached hereto and made a part hereof as Exhibit "A".

SECTION 2. That actions of this Council concerning and relating to the passage of this legislation were adopted in lawful meetings of this Council and that all deliberations of this Council and of any of its committees that resulted in such formal action were in compliance with all legal requirements, including Chapter 114 of the Codified Ordinances of the Village of Chagrin Falls.

SECTION 3. That in accordance with Section 113.01 of the Codified Ordinances of the Village of Chagrin Falls, public notice of this Ordinance shall be given by posting a copy thereof for not less than fifteen (15) days in the Village Hall.

SECTION 4. That this Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, property, health and safety of the habitants of the Village and for the further reason that this Ordinance is necessary to go into immediate effect in order to join the judicial proceedings before the General Assembly imposed deadline to amend the Village Municipal Income Tax Code to conform to the changes made by H.B. 49; wherefore, provided it receives the affirmative vote of at least two-thirds (2/3) of all members elected to Council, this Ordinance shall be in full force and effect from and immediately upon its passage by this Council and approval by the Mayor; otherwise, it shall take effect and be in full force after the earliest period allowed by law.

PASSED: January 8, 2018


Karl Maersch, Council President

Submitted to the Mayor for
his approval on this

9 day of January, 2018

Approved by the Mayor

January 9, 2018


Mayor William Tomko

I hereby certify that Ordinance No. 2018- 04 was duly enacted on the 8th day of January, 2018, by the Council of the Village of Chagrin Falls and posted in accordance with Section 113.01 of the Codified Ordinances of the Village of Chagrin Falls.


Clerk of Council

EXHIBIT "A"

Walter | Haverfield LLP September 18, 2017

Village of Chagrin Falls
Attn: Mayor William Tomko
21 West Washington Street
Chagrin Falls, OH 44022

Re: ***Engagement of Walter | Haverfield LLP for Legal Services in regard to Joint Representation of Municipalities and the Regional Income Tax Agency (RITA) to challenge H.B. 49 in regard to the Centralized Administration and Collection of the Municipal Net Profit Tax of O.R.C. Chapter 718.***

Dear Mayor Tomko:

You have requested that Walter | Haverfield LLP (the "Firm") provide legal services to the Village of Chagrin Falls ("Client") jointly with other municipalities and the Regional Income Tax Agency ("RITA") (collectively the "Joint Clients") in regard to the matter described herein under "Scope of Services" ("Joint Representation"). The purpose of this Engagement Letter is to confirm the terms and conditions upon which the Firm will provide those legal services. If the terms set forth below meet with your approval, please return a signed and dated letter to me by e-mail.

Fundamental to an attorney-client relationship is a clear understanding of the terms and conditions upon which the Firm will provide legal services. If any of the information contained in this Engagement Letter is inaccurate or unclear, please advise me immediately.

Clients

The Joint Clients for whom the Firm will be providing legal services under this Engagement Letter are identified in "Attachment A" to this Engagement Letter. Only chartered municipal clients will be named as parties to any litigation.

Scope of Services

The Firm will represent the Joint Clients in connection with challenging H.B. 49 as to the Centralized Administration and Collection of the Municipal Net Profit Tax provisions of Ohio Revised Code Chapter 718. This will include filing a lawsuit against the State of Ohio. Legal services related to our representation of you and the Joint Clients will include: representation through final trial court decision and any appeals, including ongoing communication and consultation with respect to all issues and facts involved in the matter; drafting of all pleadings, motions, briefs and other court filings; legal research; coordination of efforts with counsel for municipalities in other similar lawsuits around the state; performing discovery in the case, if any; court appearances; participation in settlement discussions, if any; and preparing for court hearings or trial, if necessary ("Joint Representation").

Staffing

I will be the attorney at the Firm primarily responsible for the legal services to the Joint Clients, along with my partner, Darrell A. Clay. Brendan D. Healy will also be involved in

providing the Legal Services. Other attorneys and paralegals in the Firm may also assist in order to competently and efficiently perform the Legal Services.

The Firm's attorneys may express opinions or beliefs concerning the events or various courses of action and results that might be anticipated. Those statements are an expression of opinion only based on information available to the Firm at the time and are not, and must not be construed to be, a promise or guaranty of any particular result.

It is important that you are satisfied with the Firm's services and responsiveness at all times. When questions or comments arise regarding the Firm's services, staffing, billing or other aspects of the representation, please contact me by email and/or at my direct dial number listed above. Any issues related to a bill should be raised immediately upon receipt of the bill for our services.

Fees, Disbursements and Other Charges

A clear understanding now of how our fees are determined can avoid any misunderstanding later. In preparing a bill, the Firm will take into account a number of factors, the principal factor being the schedule of hourly rates for the attorneys and legal assistants who serve you.

You understand and agree that RITA will pay, on your behalf, all legal fees, costs, charges or expenses related to this matter. The Firm's bill will be sent directly to RITA for review, approval and payment. A lawyer is permitted to accept compensation for representing a client from someone other than the client if: 1) the client gives informed consent; 2) there is no interference with the lawyer's independence of professional judgment or with the client-lawyer relationship; and 3) information relating to representation of a client is protected. When a third party pays a client's legal expenses there are sometimes risks that the third party payor may attempt to minimize the amount of fee for the representation, to inquire how the representation is progressing, and to influence the tactics used in the representation and the outcome to benefit the third party payor's interest. By execution of this Engagement Letter you acknowledge the risks of RITA paying your fees and are consenting to RITA's payment of the legal fee for this Joint Representation upon the terms and conditions of this Engagement Letter. Should any Joint Clients request copies of the Firm's billing statements related to its representation of the Joint Clients, the Firm shall provide this information.

I have enclosed our "Billing Policies" brochure. Please review it carefully. The terms of the enclosed Billing Policies are part of our agreement. We will bill our legal services and expenses incurred on your behalf in accordance with our Billing Policies.

Designation of RITA as Point-of-Contact and Administrator/Director

The "Joint Clients" have aligned interests regarding this matter and its outcome. You acknowledge and agree that it is necessary to designate a single party to serve as a point-of-contact with the Firm. Accordingly, you acknowledge and consent to RITA serving as the point-of-contact for you.

In addition, you acknowledge and consent to RITA serving as the director or administrator on your behalf regarding this matter. This means RITA will be directly involved in the coordination, development, and implementation of litigation strategy and will otherwise be responsible for directing and controlling all aspects of this matter on your behalf, i.e., unless the Firm's representation of you is terminated as provided below.

Joint Clients' Responsibilities

In order for the Firm to provide quality legal services, representatives of the Joint Clients must keep the Firm reasonably informed of the progress and development of the matter, and respond to our inquiries in a timely manner. The Joint Clients must also fully and accurately disclose to us all facts that may be relevant to the matter or that we may otherwise reasonably request in order to keep us apprised of developments relating to the matter.

We will keep you informed of the status of this matter as developments occur. This will include sending you copies of significant correspondence and documents that we prepare as well as copies of important letters and other documents which we may receive from others. Usually, you will have to take no action upon receipt of this information, but you should read it to be aware of what is taking place. We suggest that you maintain a file marked "Confidential/Attorney-Client Communications" in which to keep copies of the items we send you.

Shared Information

One of the necessary consequences of joint representation of multiple clients by a single lawyer or law firm is the sharing of confidential information concerning the subject matter of the joint representation. You acknowledge and agree that communication between the firm and any or all of the Joint Clients relating to this matter will be treated as confidential and will not be disclosed outside Joint Clients without your informed consent or as otherwise permitted by the applicable rules of professional conduct or other law. You also acknowledge and agree that whatever relevant or material communications or information that we receive from any one or more Joint Clients concerning this matter will be shared with each of the Joint Clients as we consider appropriate. You further acknowledge and agree that in the event the Client is no longer represented by the Firm in this matter as the result of a conflict of interest or other cause, we may nevertheless use any confidential information we have concerning this matter adversely to you or to the advantage of those we continue to represent in any subsequent negotiation or proceeding relating to this matter.

Resolution of Conflicts

The Firm has not identified any conflicts of interest among the Joint Clients in regard to this Joint Representation. It is our understanding that you are not aware of any conflicts of interest between any of the Joint Clients on this Joint Representation, and you consent to this Joint Representation as provided in this letter.

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In the event you become aware of any conflict of interest issue between any of the Joint Clients, you will notify us immediately so that the issue can be satisfactorily resolved. In the event a conflict arises during the Joint Representation which cannot be satisfactorily resolved it may be necessary for the Firm to withdraw from representation of one or more of the Joint Clients in order to resolve the conflict in accordance with applicable terms under Termination of Representation paragraph below.

Termination of Representation

Any of the Joint Clients may withdraw from the joint representation at any time for any reason, upon written notice to the Firm. You acknowledge and agree, however, that: (i) you will be responsible for retaining and paying for separate legal representation, and (ii) we may continue to represent the other Joint Clients consistent with the other provisions of this letter, even if we take positions adverse to your interests in any subsequent negotiation or proceeding relating to this matter. If permission for withdrawal is required by a court or arbitration panel, we will promptly request such permission, and you agree not to oppose our request.

Unless previously terminated, the Firm's representation of you shall terminate within sixty (60) days upon final disposition of all litigation, including appeals, related to this matter. You are engaging the Firm to provide legal services to you solely described in the Scope of Services. Upon conclusion of your representation by the Firm, changes may occur in applicable laws that could impact your future rights and liabilities. Unless you engage the Firm in writing to provide additional services to you on issues arising from or related to our representation after its conclusion, the Firm shall have no continuing obligation to advise you with respect to future legal developments related to the subject matter described by the Scope of Services.

File Retention and Destruction

The legal documents in this representation and the files within which they are contained are the property of the Client and will be delivered to the Client at the Client's written request. If the Client does not request the Client's files the Firm will deem the absence of that request as permission to destroy the files seven years after each separate matter the Firm has handled for the Client has concluded.

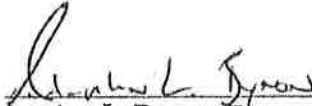
If you have any questions, comments or concerns regarding the terms of this Engagement Letter and the payment by RITA of your legal fees and the attendant risks, please contact us immediately. You should also have your legal counsel advise you on this Engagement Letter and the payment of legal fees by RITA. By your execution of this letter you are acknowledging that you have consented to RITA's payment of your legal fees upon the terms and conditions of this letter.

If the foregoing terms of our engagement are satisfactory, please indicate your consent by signing in the space provided for your signature below. Kindly return a signed copy of this Engagement Letter to by e-mail us at your earliest convenience. If you should have any questions

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or comments concerning this representation agreement, please do not hesitate to contact me. We look forward to working on your behalf.

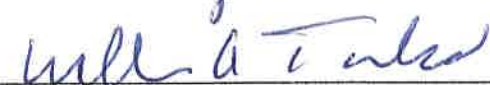
Very truly yours,

 (BDH)

Stephen L. Byron, Esq.

cc: Darrell A. Clay, Partner

AGREED AND APPROVED this 8 day of January, 2018.



Client representative
Mayor William Tomko

APPROVED as to Form:



Law Director Dale H. Markowitz