

DEPARTMENT OF ECONOMIC DEVELOPMENT

SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: _____

Project Name: 10408 Cedar Avenue PACE Energy Loan Special Assessment

Recipient: OC 105 CC-FRDC, LLC and FMCFP LLC or designee

Project Site: 10408 Cedar Avenue, Cleveland, OH 44106

Project Manager: Robin Brown

Ward/Councilperson: Ward 6 – Councilman Griffin

City Assistance: N/A – not a financial incentive

Project Site

10408 Cedar Avenue will be support the development of a new 40,000 SF grocery store and will include approximately 130,000 SF of residential space. PPN's: 121-18-011, 121-18-012, 121-18-013, 121-18-014, 121-18-015, 121-18-016, 121-18-017, 121-18-054, 121-18-055, 121-18-056

Company Background

OC 105 CC-FRDC, LLC and FMCFP LLC are privately held real estate investment entity's created for the purpose of redeveloping the space located at the Project Site. Fairfax Renaissance Development Corporation a non-profit community development corporation and Fairmount Properties a well-respected industry leader across multiple real estate platforms — from college campuses to city centers.

Project Summary

The proposed mixed-use development is located at Innovation Square, in Cleveland's Fairfax neighborhood. The developer is FMCFP LLC an entity owned and controlled by Fairmount Properties LLC and the co-sponsors of the project include the Cleveland Clinic and Fairfax Renaissance Development Corporation. The proposed project will be a 40,000 SF grocery store and 130,000 SF of residential space.

The estimated cost of the PACE project is \$9,000,000. Western Alliance Business Trust is providing the financing at 4.59 % over approximately 27.0 years, with the final payment due on July 31, 2051. Estimated annual debt service payment is anticipated at approximately \$740,264.76. The PACE loan will finance acquisition, construction, installation, equipping, and improvements of the below:

- Lighting
- Roofing
- HVAC System Controls
- Windows
- Insulation
- Electrical
- And related improvements

These improvements are designed as energy efficiency improvements to create energy efficiency savings greater than that required by basic building codes.

Special Assessment

The proposed security for the project is a Special Assessment under the authority of the City of Cleveland-First Suburbs Coalition Advanced Energy Special Improvement District, created pursuant to Ohio HB-1 and City Ord. 1078-10. The Special Assessment will require the approval of the Board of the Advanced Energy SID to add the proposed property and improvement to the District. The Advanced Energy SID approved the project in October of 2021.

Under the proposed terms, OC 105 CC-FRDC, LLC and FMCFP LLC, will petition the City to implement an annual Special Assessment with a maximum amount equal to the debt service payment due on the Energy Loan, currently estimated at \$740,264.76 per year, exclusive of additional servicing fees imposed by the City and the County Fiscal Officer. The Special Assessment will be levied and collected in accordance with a semiannual payment schedule to be certified by the City to the County Fiscal Officer.

In order to implement this Special Assessment, the City will be required to do the following:

- Approve OC 105 CC-FRDC, LLC and FMCFP LLC petition for the Special Assessment and levy the Special Assessment as described above.
- Coordinate with the City of Cleveland-First Suburbs Advanced Energy Special Improvement District to implement the Special Assessment, including amending the SID documents to include the property located at 10408 Cedar Avenue, Cleveland, OH.
- Enter into agreements with the County Fiscal Officer, Western Alliance Business Trust, the Advanced Energy SID and/or Port Authority to implement the Special Assessment, including collection of the Special Assessment and disbursement of the Special Assessment to Western Alliance Business Trust, as the investor.

The City will not be obligated under these agreements to make any payments other than those of any Special Assessments collected. The Department proposes to charge a fee for managing the Special Assessment, which will be set aside in a newly created fund dedicated to funding energy improvement projects.

A closing fee will be charged for \$100 and 0.25% of any Special Assessments collected by the City annually.

Proposed City Assistance/Requirements

- N/A– not a financial incentive