

Ordinance No. 1081-2021

By Council Members Gray, Brancatelli and Kelley (by departmental request)

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with 3740 Carnegie LLC, and/or its designee, to support the financing and development of the Minute Men Staffing Expansion Project; to provide for payments to the Cleveland Metropolitan School District; and to declare certain improvements to real property to be a public purpose.

WHEREAS, under Section 5709.41 of the Revised Code, improvements to real property may be declared to be a public purpose where fee title to the real property was, at one time, held by the City of Cleveland and the real property is then leased or conveyed by the City; and

WHEREAS, pursuant to Ordinance authority, the City will have duly entered into the chain of title for the Property which is more particularly described in this ordinance (the “Real Property”) pursuant to the requirements of Section 5709.41 of the Revised Code prior to the passage of this ordinance; and

WHEREAS, the Real Property is to be developed in accordance with the Cleveland 2020 Citywide Plan, a copy of which is placed in **File No. 1081-2021-A**; and

WHEREAS, under Section 5709.41 of the Revised Code, the improvements declared to be a public purpose may be exempt from real property taxation; and

WHEREAS, under Section 5709.41 of the Revised Code, the owners of the improvements may be required to make annual service payments in lieu of taxes that would have been paid had the improvement not been exempt; and

WHEREAS, under Section 5709.41 of the Revised Code, the exemption may exceed 75% of the improvements for up to 30 years when a portion of the service payments so collected are distributed to the Cleveland Metropolitan School District (“District”) in an amount equal to the amount the District would have received had the improvement not been exempt; and

WHEREAS, the District has been notified of the intent to enter into the agreement authorized by this ordinance in compliance with Sections 5709.41(C)(4) and 5709.83 of the Revised Code; and

WHEREAS, this ordinance constitutes an emergency measure providing for the usual daily operation of a municipal department; now, therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:

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Section 1. That the improvements to be constructed by 3740 Carnegie LLC, and/or its designee, (“Redeveloper”), are declared to be a public purpose for purposes of Section 5709.41 of the Revised Code (the “Improvements”). The Real Property is known as Permanent Parcel No. 103-16-093 and may subsequently be replatted, re-numbered, or revised.

Section 2. That one hundred percent (100%) of the Improvements are declared exempt from real property taxation for a period of thirty years, effective and commencing the first year the value of the Improvements are reflected on the tax duplicate; and that in no event shall the exemption period extend beyond 2054. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

Project: Minute Men Staffing Expansion
Ward: 5

Minute Men Staffing was founded in 1968 in Cleveland. For over 50 years, they have been working with employers and employees to solve workforce challenges. Located in Cleveland’s Central neighborhood on Carnegie Avenue, they have continued to grow and provide staffing and human resources services for companies located throughout the Great Lakes region, including Chicago, Detroit, Columbus, and Cincinnati in addition to Cleveland.

Minute Men provides the full suite of HR services. In addition to temporary staffing, they also provide long-term and permanent staffing services. They support companies with their payroll, worker’s compensation, management, and other human relations challenges.

Minute Men is constructing a 60,000 SF building that will expand on their existing headquarters building, which they are going to gut and remodel once the new building is complete. The facility will serve as their national sales & payroll/worker’s compensation processing center. This will result in the creation of 300 jobs and an estimated \$17,000,000 payroll in Cleveland.

Estimated Sources & Uses:

SOURCES		USES	
Bank Debt	\$12,000,000	Construction	\$20,000,000
TIF	\$2,000,000		
Equity	\$6,000,000		
TOTAL	\$20,000,000	TOTAL	\$20,000,000

Community Benefits:
Chapter 187 Applies
Chapter 188 Applies
Workforce Development Agreement Required

Section 3. That, under Section 5709.41 of the Revised Code, Redeveloper, or the owners of the Improvements, shall make service payments for a period of thirty years in lieu of the exempt taxes to the Cuyahoga County Fiscal Officer or Treasurer, or

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designee; the payments shall be charged and collected in the same manner, and shall be in an amount not less than the taxes that would have been paid had the Improvements not been exempt from taxation.

Section 4. That a portion of the service payments collected under this ordinance shall be distributed by the Cuyahoga County Fiscal Officer or Treasurer, or designee to the Treasurer of the District in the amount of the taxes that would have been payable to the District had the Improvements not been exempt from taxation.

Section 5. That the Director of Economic Development is authorized to enter into an agreement or agreements with Redeveloper to provide for the exemption and service payments described in this ordinance, including agreements securing the payments described in this ordinance, which agreement or agreements shall contain those terms contained in this ordinance.

Section 6. That when applicable under Section 5709.43 of the Revised Code, there is established an Urban Redevelopment Tax Increment Equivalent Fund into which shall be deposited Service Payments in Lieu of Taxes (“PILOTS” or “Service Payments”) that shall be used for financing the public purpose Improvements including project debt service, bond payments, and reimbursement of project construction costs, or for other economic development purposes as determined by the Director of Economic Development.

Section 7. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this ordinance were adopted in open meetings of this Council, and any of its committees that resulted in formal action were in meetings open to the public in compliance with the law.

Section 8. That the contract or contracts authorized by this ordinance shall be prepared by the Director of Law.

Section 9. That this ordinance is declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

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READ FIRST TIME on NOVEMBER 22, 2021 **REPORTS**
and referred to DIRECTORS of Economic Development, Finance, Law;
COMMITTEES on Development Planning and Sustainability, Finance

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

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**PASSAGE RECOMMENDED BY
COMMITTEE ON
DEVELOPMENT, PLANNING AND
SUSTAINABILITY**

FILED WITH COMMITTEE

**PASSAGE RECOMMENDED BY
COMMITTEE ON
FINANCE**

FILED WITH COMMITTEE

