

Ordinance No. 772-2022

By Council Members Howse, Hairston and Griffin (by departmental request)

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with 3614 Euclid Holding LLC, and/or its designee, to support the financing and development of the Delta Hotel Project to be located at 3614 Euclid Avenue; 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, under Ordinance No. 527-2022, passed July 13, 2022, the City has 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. 772-2022-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

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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:

Section 1. That the improvements to be constructed by 3614 Euclid Holding 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 more fully described below and as may subsequently be replatted, re-numbered, or revised:

Exhibit “A” to Receiver’s Deed
(Description of Premises)

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio, and known as being part of Sublot No. 1 and all of Sublot No. 20 in J.H. Webster’s Subdivision as assignee of H.P. Weddell of part of Original Ten Acre Lots Nos. 64, 65, and 66 as shown by the recorded plat in Volume 13, Page 4 of Cuyahoga County Map Records, and also a part of Original Ten Acre Lot No. 66, and together forming a parcel of land more fully described as follows:

Beginning at a point on the Southerly line of Euclid Avenue (99 feet wide) at a point which is distant 50.00 feet Westerly measured along said Southerly line, from the Northeasterly corner of said Sublot No. 1 in J.H. Webster’s Subdivision;

Thence North 89° 59’ 31” East along the Southerly line of Euclid Avenue, as aforesaid, 243.31 feet to a point on the common boundary line as established by agreement dated August 21, 1953 and recorded in Volume 7859, Page 603 of Cuyahoga County Deed Records;

Thence South 0° 05’ 36” East along the line established by said boundary agreement 64.28 feet to a point;

Thence South 0° 02’ 55” East along the line established by said boundary agreement 210.13 feet to a point;

Thence North 89° 58’ 55” East along the line established by said boundary agreement 0.17 feet to a point on the Easterly line of said Original Lot No. 66;

Thence South 0° 05’ 00” East along the Easterly line of said Original Lot No. 66 a distance of 125.00 feet to a point on the Northerly line of Prospect Avenue (82.50 feet wide);

Thence South 89° 58’ 55” West along the Northerly line of Prospect Avenue, as aforesaid, 53.40 feet to a point at the Southeasterly corner of a parcel of land conveyed to John G. Hall by deed dated May 28, 1873 and recorded in Volume 129, Page 273 of Cuyahoga County Deed Records;

Thence North 0° 05’ 00” West along the Easterly line of said parcel conveyed to John G. Hall, 100.00 feet to a point at the Northeasterly corner thereof,

Thence South 89° 58’ 55” West along the Northerly line of said parcel conveyed to John G. Hall, 20.00 feet to a point at the Southeasterly corner of a parcel of land conveyed to Augustine G. Stone by deed dated December 8, 1884 and recorded in Volume 373, Page 506 of Cuyahoga County Deed Records;

Thence North 0° 05’ 00” West along the Easterly line of said parcel conveyed to Augustine G. Stone, 40.00 feet to a point at the Southeasterly corner of a parcel of land conveyed to William D. Rees by deed dated August 12, 1902 and recorded in Volume 1417 page 1 of Cuyahoga County Deed Records;

Thence South 89° 58’ 55” West along the Southerly line of said parcel conveyed to William D. Rees 20.00 feet to a point on the Westerly line of said parcel of land conveyed to Augustine G. Stone;

Thence North 0° 05’ 00” West along the Westerly line of said parcel conveyed to Augustine G. Stone, 10.00 feet to a point at the Northwesterly corner of said parcel conveyed to Augustine G. Stone, which is also the Southerly line of land conveyed to William D. Rees by deed recorded in Volume 477, Page 120 of Cuyahoga County Deed Records;

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Thence South 89° 58' 55" West along the Southerly line of said parcel conveyed to William D. Rees and along the Northerly line of the second parcel of land conveyed to Emily R. Hall by deed dated October 7, 1909, and recorded in Volume 1225, Page 34 of Cuyahoga County Deed Records, 34.17 feet to a point at the Northwesterly corner of said parcel conveyed to Emily R. Hall;

Thence South 0° 05' 00" East along the Westerly line of said second parcel conveyed to Emily R. Hall, 20.00 feet to a point which is distant 130.00 feet Northerly, measured along a line parallel with the Westerly line of said Original Lot No. 66, from the Northerly line of Prospect Avenue as aforesaid;

Thence South 89° 58' 55" West parallel with the Northerly line of Prospect Avenue, as aforesaid, 0.83 feet to a point at the Southeasterly corner of a parcel of land conveyed to Fred C. Cusack by deed dated June 22, 1933, and recorded in Volume 4299, Page 124 of Cuyahoga County Deed Records;

Thence North 0° 05' 00" West along the Easterly line of said parcel conveyed to Fred C. Cusack, 20.00 feet to a point at the Northeasterly corner thereof;

Thence South 89° 58' 55" West along the Northerly line of said land conveyed to Fred C. Cusack, 22.50 feet to a point at the Northwesterly corner thereof,

Thence South 0° 05' 00" East along the Westerly line of said parcel conveyed to Fred C. Cusack by deed last aforesaid and by deed dated May 31, 1933 and recorded in Volume 4299, Page 125 of Cuyahoga County Deed Records, 150.00 feet to a point on the Northerly line of Prospect Avenue, as aforesaid;

Thence South 89° 58' 55" West along the Northerly line of Prospect Avenue, as aforesaid, 113.50 feet to a point at the Southwesterly corner of Sublot No. 20 in J. H. Webster's Subdivision;

Thence North 0° 05' 00" West along the Westerly line of said Sublot No. 20, a distance of 200.09 feet to a point at the Northwesterly corner thereof;

Thence North 89° 58' 55" East along the Northerly line of said Sublot No. 20 a distance of 21.03 feet to a point that is 50.00 feet from the Southeast corner of Sublot No. 1 in J.H. Webster's Subdivision;

Thence North 0° 05' 00" West, parallel with the Easterly line of said Sublot No. 1, a distance of 199.36 feet to a point on the Southerly line of Euclid Avenue, as aforesaid, and the place of beginning, according to a survey by The Western Reserve Surveying Company in September, 1996, be the same more or less, but subject to all legal highways.

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 2053. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

Project Name:	Delta Hotel
Project Address:	3614 Euclid Ave, Cleveland. OH 44114
Developer:	3614 Euclid Holding LLC and/or designee
Project Manager:	Robin Brown
Ward/Councilperson:	7-Stephanie Howse
City Assistance:	Non-School TIF

Project Summary and Discussion

3614 Euclid Holding LLC and/or designee, ("Developer") is proposing to redevelop the former University Hotel located at 3614 Euclid Ave, Cleveland. OH 44114 ("Project Site"). In order to assist with the project financing, the Developer has requested the City impose a 5709.41, 30-Year, Non-School TIF. The TIF will support debt service related to the project and assist with building renovations. The project will create and/or cause to create approximately 40 new W-2 jobs at the Project Site with an approximate payroll of \$2,700,000.

3614 Euclid Holding LLC is a subsidiary of Crimson Rock Capital and CGI Capital, LLC ("C&C"). Founded in 2004 by Dionis Rodriguez, Crimson Rock Capital, LLC is a private investment firm focused on US hotel investment opportunities that are distressed, inefficient, value added or have significant long-term growth

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potential. CGI Capital is., a national leader in the travel and hospitality industry founded by Amy Alidina. C&C acquired the note to the University Hotel and Suites in September 2018 and foreclosed on the asset, successfully securing fee simple title to the property in June 2019.

The 105,000-sf property was built in 1964 as a Holiday Inn hotel, sits on 2.02 acres of land and has 10 floors. Post renovation amenities will include 207 guest rooms, a 3,500 square foot restaurant & bar, 3,500 square feet of meeting space, 1,000 square feet fitness room and other amenities include a Grab N' Go Delta Pantry, business center and an outdoor courtyard. The Hotel will be rebranded the Delta Hotel by Marriott to capitalize on the Midtown/Health Tech Corridor neighborhood. The project has been awarded federal historic tax credits. Total project investments is approximately \$39.2 million.

Proposed City Assistance

- This ordinance will authorize the Director of Economic Development to enter into a 30-year non-school Tax Increment Finance (TIF) agreement with 3614 Euclid Holding LLC or its designee. The City will have declared certain improvements with respect to the project to be a public purpose and exempt 100% of the improvements from real property taxes.
- The Developer agrees to make certain improvements to the parcel and make payments in lieu of taxes (PILOTS) equal to the taxes that would have been paid for the parcel but for the TIF. A portion of the PILOTS will be paid to the Cleveland Metropolitan School District in the amount the District would have otherwise received but for the TIF by the County ("District Payments"). The balance of the PILOTS will be utilized to fund eligible project costs and project debt. The developer will be responsible for any shortfall of PILOT payments for project costs.

Economic Impact

- Creation of approximately 40 new full time jobs in the City of Cleveland
- Project estimates \$67,500 in new annual City tax revenue generated from new employees

City Requirements

- Subject to Chapter 187: MBE/FBE/CSB requirements
- Subject to Chapter 188: Fannie Lewis Cleveland Residential Employment Law
- Subject to a Workforce Development Agreement for all new jobs
- Subject to a Community Benefits Agreement

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 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

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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.

SMa:nl
8-10-2022
FOR: Director Jackson

**By Council Members Howse, Hairston and Griffin
(by departmental request)**

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READ FIRST TIME on AUGUST 10, 2022

REPORTS

**and referred to DIRECTORS of Economic Development,
City Planning Commission, Finance, Law;
COMMITTEES on Development Planning and Sustainability,
Finance Diversity Equity and Inclusion**

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

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

FILED WITH COMMITTEE

**PASSAGE RECOMMENDED BY
COMMITTEE ON
FINANCE, DIVERSITY, EQUITY
and INCLUSION**

FILED WITH COMMITTEE
