

Ordinance No. 906-2020

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

An emergency ordinance authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Library Lofts LLC and/or UC City Center LLC, and/or their designees, to provide for the development of a new library, residential units, retail space, and new parking for the Circle Square Development Project located at 10600 and 10605 Chester 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. 1469-15, passed January 25, 2016, 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. 906-2020-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 division (C)(4) of Section 5709.41 and Section 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:

Section 1. That the improvements to be constructed by Library Lofts LLC and/or UC City Center LLC, and/or their designees, (“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 as follows:

Area No. 1

Situated in the City of Cleveland, County of Cuyahoga, State of Ohio and known as being part of Sublot No. 2 in the J.J. Benton’s Subdivision as recorded in Volume 7, Page 32 of Cuyahoga County Map Records, part of Reserve Court N.E. (20 feet Wide) and also being part of Original One Hundred Acre Lot No. 402 and being further bounded and described as follows:

Beginning at the intersection of the Southerly right-of-way of Chester Avenue N.E. (86 Feet Wide) and the Westerly right-of-way of Stokes Boulevard (60 Feet Wide), formerly known as Fairmount Street and East 107th Street;

Course 1 Thence South 00°29’13” East, along the Westerly right-of-way of said Stokes Boulevard, a distance of 162.33 feet to an angle point on said Westerly right-of-way;

Course 2 Thence South 05°30’03” East, continuing along the Westerly right-of-way of said Stokes Boulevard, a distance of 187.56 feet to its intersection with the Southerly right-of-way with Reserve Court N.E. (20 Feet Wide);

Course 3 Thence South 87°07’57” West, along the Southerly right-of-way of said Reserve Court N.E., a distance of 88.11 feet;

Course 4 Thence South 02°52’03” East, a distance of 189.90 feet to a point on the Northerly right-of-way for Euclid Avenue (100 Feet Wide);

Course 5 Thence South 87°07’57” West, along the Northerly right-of-way of said Euclid Avenue, a distance of 276.85 feet to the Southwesterly corner of a parcel of land conveyed to Beal Auto Service, Inc. by deed recorded in Volume 14677, Page 265 of Cuyahoga County Records;

Course 6 Thence North 01°13’03” West, along the Westerly line of said Beal Auto Service, Inc. parcel, a distance of 210.86 feet to a point on the Northerly right-of-way for Reserve Court N.E. (20 Feet Wide);

Course 7 Thence North 87°07’57” East, along the Northerly right-of-way for Reserve Court N.E., a distance of 3.42 feet to the Southeasterly corner of a parcel of land conveyed to Cleveland Clinic Foundation by deed recorded in Volume 86-8222, Page 2 of Cuyahoga County Records;

- Course 8 Thence North $00^{\circ}59'53''$ West, along the Easterly line of said Cleveland Clinic Foundation parcel, a distance of 132.74 feet to a point on the Southerly line of a parcel of land created by a Lot Split/Consolidation Plat for The Cleveland Clinic Foundation as recorded in Volume of Maps, Page of Cuyahoga County Records;
- Course 9 Thence North $89^{\circ}11'16''$ East, along an Southerly line of said Cleveland Clinic Foundation parcel, a distance of 19.10 feet to a Southeasterly corner of said parcel;
- Course 10 Thence North $00^{\circ}48'44''$ West, along a Easterly line of said Cleveland Clinic Foundation parcel, a distance of 116.00 feet to an interior corner of said parcel;
- Course 11 Thence North $89^{\circ}11'16''$ East, along a Southerly line of said Cleveland Clinic Foundation parcel, a distance of 51.33 feet to a Southeasterly corner of said parcel;
- Course 12 Thence North $00^{\circ}48'44''$ West, along an Easterly line of said Cleveland Clinic Foundation parcel, a distance of 76.36 feet to a Northeasterly corner of said parcel;
- Course 13 Thence North $88^{\circ}48'44''$ West, along a Northerly line of said Cleveland Clinic Foundation parcel, a distance of 20.97 feet to an interior corner of said parcel;
- Course 14 Thence North $00^{\circ}59'53''$ West, along an Easterly line of said Cleveland Clinic Foundation parcel, a distance of 14.36 to a point on the Southerly right-of-way of said Chester Avenue;
- Course 15 Thence North $89^{\circ}00'47''$ East, along the Southerly right-of-way of said Chester Avenue, a distance of 292.58 feet to the place of beginning and containing 3.8217 Acres (166,474 Square Feet) of land.

Area No. 2

Situated in the City of Cleveland, County of Cuyahoga, State of Ohio and known as being part of Original One Hundred Acre Lot No. 402 and being further bounded and described as follows:

Beginning at the intersection of the Southerly right-of-way of Chester Avenue N.E. (86 Feet Wide) and the Easterly right-of-way of Stokes Boulevard (60 Feet Wide), formerly known as Fairmount Street and East 107th Street;

- Course 1 Thence Southeasterly, along the arc of a curve deflecting to the right along the Southerly right-of-way of said Chester Avenue, a distance of 100.55 feet to a point of compound curvature. Said arc having a radius of 347.00 feet, a

central angle of $16^{\circ}36'10''$ and a chord which bears South $77^{\circ}13'33''$ East, a distance of 100.20 feet;

- Course 2 Thence Southeasterly, along the arc of a curve deflecting to the right and continuing along the Southerly right-of-way of said Chester Avenue, a distance of 91.06 feet to its intersection with the Westerly line of Martin Luther King Jr. Drive N.E. (Width Varies). Said arc having a radius of 997.00 feet, a central angle of $05^{\circ}13'59''$ and a chord which bears South $66^{\circ}18'29''$ East, a distance of 91.03 feet;
- Course 3 Thence Southeasterly, along the arc of a curve deflecting to the left and along the Westerly line of said Martin Luther King Jr. Drive N.E., a distance of 317.59 feet to a point of tangency. Said arc having a radius of 547.98 feet, a central angle of $33^{\circ}12'25''$ and a chord which bears South $04^{\circ}21'43''$ East, a distance of 313.17 feet;
- Course 4 Thence South $19^{\circ}43'33''$ East, continuing along the Westerly line of said Martin Luther King Jr. Drive N.E., a distance of 29.50 feet to its intersection with the Northerly line of University Circle;
- Course 5 Thence Southwesterly, along the arc of a curve deflecting to the left and along the Northerly line of said University Circle, a distance of 146.93 feet to its intersection with the Northerly right-of-way of Euclid Avenue (100 Feet Wide). Said arc having a radius of 200.00 feet, a central angle of $42^{\circ}05'32''$ and a chord which bears South $32^{\circ}39'22''$ West, a distance of 143.65 feet;
- Course 6 Thence South $87^{\circ}07'57''$ West, along the Northerly right-of-way of said Euclid Avenue, a distance of 100.86 feet to its intersection with the Easterly right-of-way of said Stokes Boulevard;
- Course 7 Thence North $05^{\circ}30'03''$ West, along the Westerly right-of-way of said Stokes Boulevard, a distance of 367.78 feet to an angle point on said Westerly right-of-way;
- Course 8 Thence North $00^{\circ}29'13''$ West, continuing along the Westerly right-of-way for Stokes Boulevard, a distance of 158.67 feet to the place of beginning and containing 1.8637 Acres (81,183 Square Feet) of land.

Total area for all TIF District Parcels 5.6854 Acres (247,657 Square Feet) of land.

Be the same more or less, but subject to all legal highways and easements of record.

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 2052. The

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

Project Name:	Circle Square Development
Project Address:	10600 and 10605 Chester Avenue
Developer:	Library Lofts LLC and/or UC City Center LLC, and/or designees
Project Manager:	Cassie Slansky
Ward/Councilperson:	9 – Kevin Conwell
City Assistance:	Non-School TIF

Project Summary

In 2014, the City issued a RFP for the redevelopment of the Third District Police Department site. The proposal also included an opportunity for proposers to negotiate the acquisition and redevelopment of the Cleveland Public Library (CPL) branch located next to the current Third District site. A Review Committee was appointed and selected UC City Center LLC (UC3) to complete redevelopment of this site. UC3 is wholly owned by Cleveland-based company Midwest Development Partners.

The Developer is proposing a large mixed-use development located at 10600 and 10605 Chester Avenue, Cleveland, OH 44106 (corner of Chester Avenue and Stokes Boulevard) (“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 infrastructure costs related to the project and assist with the development. The project will create and/or cause to create 14 new full-time jobs at the Project Site with an approximate payroll of \$796,020. The Developer has separated this project into Main Block North and Main Block South.

Main Block North development will consist of the White Oak Building, Ramp System Parking, and an infill portion of a garage and additional retail. The White Oak Building will include approximately 14,000 square feet of commercial space, 298 residential units, and 287 parking spaces. The Ramp System Parking will consist of a two-bay garage to provide approximately 302 parking spaces for the other users of the garage, including the White Oak Building and the new Library. The infill portion of a garage and additional retail will include approximately 186 additional parking spaces and 22,605 square feet of additional retail space. The total project investment for Main Block North is expected to exceed \$125,000,000. Main Block South of this development will include the new MLK Jr. Library and residential units. This building will consist of approximately 24,650 square feet of library space and 207 residential units above. This part of the development is expected to exceed an additional \$61,500,000.

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 Library Lofts LLC and/or UC City Center LLC, and/or designees. 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.
- The TIF will be immediately effective on the residential after the expiration of the 15-year, 100% tax abatement.

Economic Impact

- Creation of 14 jobs in the City of Cleveland
- Project estimates \$19,901 in added income tax
- The project will generate \$568,125 annual residency taxes and once stabilized, the project is expected to generate \$1,778,720.84 in annual property taxes for the School District upon expiration of the residential tax abatement

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 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.

Referred to the Directors of Economic Development; City Planning Commission; Finance; and Law; Committees on Development, Planning and Sustainability; and Finance.