

Ordinance No. 867-2019

**Council Members Brancatelli and Kelley
(by departmental request)**

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Jennings Freeway Industrial Park, an Ohio general partnership, or its designee, to fund eligible project debt relating to the Strike Force project located at 4781 Hinckley Industrial Parkway; 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, 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. 867-2019-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 Jennings Freeway Industrial Park, an Ohio general partnership, 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 as follows:

**LEGAL DESCRIPTION
OF
6.1348 ACRE PARCEL OF LAND
OF
PART OF P.P.N. 010-31-001 AND -002
HINCKLEY INDUSTRIAL PARKWAY, CLEVELAND**

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being part of Block "L" in the Resubdivision of Jennings Freeway Industrial Park of part of Original Brooklyn Township Lot No. 79 as shown by the plat recorded in Volume 233, Page 36 of Cuyahoga County Map Records and bounded and described as follows:

Beginning at the intersection of the centerline of Hinckley Industrial Parkway (60 feet wide) as shown on the Dedicated Plat recorded in Volume 229, Page 28 and Volume 229, Page 48 of Cuyahoga County Map Records and the centerline of Schaaf Road (50 feet wide) as shown on the Centerline Survey Plat recorded in Volume 361, Page 36 of Cuyahoga County Map Records;

Thence North 29°22'36" East along the centerline of Hinckley Industrial Parkway, passing through a 1" iron pin (0.00 feet north and 0.04 feet west) in a monument box at 25.00 feet, 104.46 feet to a 1" iron pin in a monument box (0.19 feet north and 0.00 feet east) at a point of curvature;

Thence along the curved centerline of Hinckley Industrial Parkway deflecting to the left, an arc of 206.29 feet with a delta of 19°41'58", said curve having a radius of 600.00 feet and a chord that bears North 19°31'37" East, 205.28 feet to a 1" iron pin in a monument box at a point of tangency;

Thence South 80°19'22" East, 30.00 feet to the easterly right of way of Hinckley Industrial Parkway and being the **PRINCIPAL PLACE OF BEGINNING** of the premises herein described;

Thence North 09°40'38" East along the easterly right of way of Hinckley Industrial Parkway, 409.03 feet to the southwesterly corner of land described to Wesco Real Estate I, LLC (P.P.N. 010-29-010) by the deed dated March 07, 2003 and recorded in AFN. 200303071303 of Cuyahoga County Deed Records;

Thence South 78°22'40" East along the southerly line of land so described to Wesco Real Estate I, LLC and being the southerly line of Sublot No. 10 of The Map of Lot Split recorded in Volume 239, Page 59 of Cuyahoga County Map Records, 630.45 feet to a southeasterly corner therein;

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Thence North 17°57'33" East along an easterly line of land so described to Wesco Real Estate I, LLC and being the easterly line of said Sublot No. 10, 80.00 feet to a southwesterly corner of land described to John A. Litteria and D. Litteria (P.P.N. 010-31-004) by deed dated June 11, 1976 and recorded in Volume 14255, Page 527 of Cuyahoga County Deed Records;

Thence South 01°56'46" East, 220.02 feet to the northerly line of land described to Kiwi Real Estate Holdings Ltd. (P.P.N. 010-31-005) by deed dated March 18, 2015 and recorded in AFN. 201503180464 of Cuyahoga County Deed Records;

Thence South 88°03'14" West along the northerly line of land so described to Kiwi Real Estate Holdings Ltd., 79.67 feet to the northwesterly corner therein;

Thence South 01°55'18" East along the westerly line of land so described to Kiwi Real Estate Holdings Ltd. 203.46 feet to a northerly line of land so described to Manolis Investments LLC (P.P.N. 010-31-003) by deed dated May 21, 2010 and AFN. 201005210211 of Cuyahoga County Deed Records;

Thence South 87°33'52 West along a northerly line of land so described to Manolis Investments LLC, 323.09 feet to a northwesterly corner therein;

Thence North 08°26'16" East, 3.37 feet to an angle point;

Thence North 80°19'22" West along a northerly line of so described to Manolis Investments LLC, 333.48 feet to the curved easterly right of way of said Hinckley Industrial Parkway;

Thence along the curved easterly right of way of Hinckley Industrial Parkway deflecting to the left, an arc of 28.49 feet with a delta of 2°35'29", said curve having a radius of 630.00 feet and a chord that bears North 10°58'23" East, 28.49 feet to the **PRINCIPAL PLACE OF BEGINNING** and containing 6.1348 acres (267,231 Sq.Ft) of land as land as described by Edward B. Dudley, PS No. 6747 of the Riverstone Company in May of 2019 and subject to all legal highways, restrictions, reservations and easements.

Basis of Bearings:

The centerline of Hinckley Industrial Parkway in the dedication of Hinckley Industrial Parkway as North 09°40'38" East as shown on the plat recorded in Volume 229, Page 28 and 48 of Cuyahoga County Map Records.

Deed of Reference:

Land described to Jennings Freeway Industrial Park, an Ohio general partnership, by deed dated July 6, 1983 and recorded in Volume 83-00188, Page 833 of Cuyahoga County Deed Records.

Section 2. That one hundred percent (100%) of the Improvements are declared exempt from real property taxation for a period of fifteen 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 2035. The terms of the agreement are as follows:

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DEPARTMENT OF ECONOMIC DEVELOPMENT

SUMMARY FOR THE LEGISLATIVE FILE

Project Name: Strike Force
Recipient: Jennings Freeway Industrial Park, an Ohio general partnership, and/or designee
Project Manager: Richard Barga
Ward/Councilperson: 12 - Brancatelli
City Assistance: ORC 5709.41 Non-School TIF
Project Site: Hinckley Industrial Parkway & Schaaf Rd.



Company Background

The Ray Fogg Building Methods, Inc. began their first real estate developments in the late 1960s. Since that time, Fogg has developed numerous industrial and business parks, flex properties, industrial facilities, office buildings, retail properties and recreational facilities. Fogg has become known for its real estate development and leasing as well as for its work as a design/builder of conventional industrial, office and retail facilities. Today Ray Fogg offers a full range of services to its customers including design-build construction, engineering, real estate development, leasing, property management, real estate investment, land development and asset management.

Project Summary

In 2017, the Federal government approached regional law enforcement authorities with the opportunity to develop a Strike Force. Strike Force is an effort to coordinate law enforcement efforts to better combat organized crime, especially focused on drug trafficking. Participants in the Strike Force include federal organizations (FBI, Homeland Security, U.S. Marshals, Border Patrol, IRS) and local organizations (County Sheriff, Cleveland Police, other suburban police forces). The Strike Force project will be housed in a build-to-suit building located in the Jennings Freeway Industrial Park off Schaff Rd. The property is the only remaining undeveloped parcel in the industrial park. The parcel has significant grading and site development challenges that are not ideal for an industrial user, but workable for a build-to-suit office-type tenant like Strike Force.

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The development team anticipates 143 members of Strike Force employed at the site, with an income of \$14.3 Million. 118 of those would be relocated from other Cleveland offices, while 25 would be new to the City. If the program proves successful, there is the potential for additional job creation. The building anticipates growth in the various entities and can accommodate up to 79 additional employees, which are expected to come to the project site over the next 5-10 years. While the development will be occupied by the government, it will be developed privately and thus taxable.

The incentive is required in order to write down the costs of a custom-build, single-use building to a rent that is fixed by government procurement requirements.

Proposed City Assistance

- ORC 5709.41 Non-School TIF

Economic Impact

- Project estimates the retention of 118 full time equivalent jobs, with payroll estimate at \$11,800,000.
- Estimated job creation of 25 full time equivalent jobs
- Additional annual payroll for new jobs is \$2.5 M.
- Estimated additional annual City income tax \$62,500

City Requirements

- Project is subject to Chapter 187: MBE/FBE/CSB requirements
- Project is subject to Chapter 188: Fannie Lewis Cleveland Resident Employment Law
- Project is subject to Davis-Bacon prevailing wage requirements

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 fifteen 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 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
7-24-19

FOR: Director Ebersole

Council Members Brancatelli and Kelley (by departmental request)

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Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Jennings Freeway Industrial Park, an Ohio general partnership, or its designee, to fund eligible project debt relating to the Strike Force project located at 4781 Hinckley Industrial Parkway; to provide for payments to the Cleveland Metropolitan School District; and to declare certain improvements to real property to be a public purpose.

READ FIRST TIME on JULY 24, 2019
and referred to DIRECTORS of Economic Development,
City Planning Commission, Finance, Law;
COMMITTEES on Development Planning and Sustainability, Finance

REPORTS

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**

FILED WITH COMMITTEE

