

Ordinance No. 1148-2021

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 Reserve Premier, LLC, and/or its designee, to support the financing and development of the Reserve Premier Development Project to be located at East 55th Street and Sweeney 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, 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. 1148-2021-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

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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 Reserve Premier, 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:

Legal Descriptions

Parcel 123-15-031:

Situated in the City of Cleveland, County of Cuyahoga, and State of Ohio, and known as being part of Original 100 Acre Lot No. 324, and known as being all of Parcel 1B as shown on the Plat of Lot Split and Consolidation for Industrial Properties, Inc. recorded in Volume 284, Page 52 of Cuyahoga County Records, said premises containing 1.1343 acres of land, be the same more or less, but subject to all legal highways and easements of record.

Parcel 123-15-034:

Situated in the City of Cleveland, County of Cuyahoga, and State of Ohio:

And being farther known as part of Sub lot No. 1 in the Osco, Steel Company Resubdivision of part of Original 100 Acre Lots No. 280 and 324 as shown by the recorded plat in Volume 177, Page 7 of Cuyahoga County Records, being further bounded and described as follows:

Beginning at a point on the southwesterly line of Bragg Road, S.E., 50 feet wide, said point also being the most northerly corner of said Sublot No. 1, said point also being the most northerly corner of Parcel No. 1 in the Consolidation and repartition Plat for Teledyne Industries, Inc., as shown by the recorded plat in Volume 261, Page 20 Cuyahoga County Records.

Thence South 48° 57' 04" East along the southwesterly line of said Bragg Road, S.E., 245.03 feet to the northerly corner of a parcel of land conveyed to Central Brass Mfg. Co. by deed dated May 27, 1977 and recorded in Volume 14474, Page 135 of Cuyahoga County Records;

Thence along a southeasterly line of Sublot No. 1 and of Parcel No. 1 and the northwesterly line of Central Brass Mfg. Co., as aforesaid, South 41° 02' 56" West, 120.00 feet:

Thence along the northeasterly line of Sublot No. 1 and Parcel No. 1 and the Southwesterly line of Central Brass Mfg. Co., South 48° 57' 04" East, 70.01 feet;

Thence along the face of a brick wall South 48° 47' 20" East, 14.50 feet to an angle point;

Thence along the face of a brick wall North 89° 51' 45" East, 18.08 feet;

Thence along the westerly face of a concrete wall South 00° 10' 40" West 43.53 feet;

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Thence along the prolongation of the southerly face of a block wall and the southerly face of a block wall, South $89^{\circ} 49' 20''$ East 4.65 feet;

Thence along the westerly face of concrete wall South $00^{\circ} 10' 40''$ West 10.53 feet;

Thence along the northerly face of a block wall Due West 2.24 feet;

Thence along the easterly face of a block wall, Due North 0.43 feet,

Thence along the northerly face of a block wall, Due West 2.14 feet;

Thence along the prolongation of the exterior face of a brick wall and the exterior face of a brick wall, South $01^{\circ} 01' 00''$ West 88.94 feet;

Thence due West, 250.91 feet to a westerly line of said Sublot No. 1 and said Parcel No. 1:

Thence North $01^{\circ} 19' 29''$ East, 22.41 feet along a westerly line of said Sublot No. 1 and said Parcel No. 1 to an angle point therein;

Thence along a southerly line of Sublot No. 1 and Parcel No. 1, South $89^{\circ} 57' 51''$ West, 122.20 feet to the southwesterly corner of Sub lot No. 1 and Parcel No. 1;

Thence along the westerly line of Sublot No. 1 and Parcel No. 1 North $01^{\circ} 18' 36''$ East, 70.00 feet to an angle point;

Thence North $00^{\circ} 04' 24''$ West along the westerly line of said Sublot No. 1 and said Parcel No. 1, 257.30 feet to the northwesterly corner of said Sublot No. 1 and said Parcel No. 1;

Thence North $89^{\circ} 57' 56''$ East along the northerly line of said Sublot No. 1 and said Parcel No. 1, 98.12 feet to an angle point therein;

Thence North $41^{\circ} 02' 56''$ East along a northwesterly line of said Sublot No. 1 and said Parcel No. 1, 132.34 feet to the principal place of beginning and containing 2.9557 acres of and.

NOTE: Bearings are based on an assumed meridian and are used to denote angles only.

The above described premises is known as Parcel 1-A in the Plat of Lot Split and Consolidation for Industrial Properties, Inc. as shown by the recorded plat in Volume 284 of Maps, Page 52 of Cuyahoga County Records.

The Premises described above are conveyed subject to, and there are excepted from the limited warranty covenants, the following: reservations, restrictions and easements of record, zoning ordinances, legal highways, and taxes and assessments not yet due and payable, if any.

And the said Grantor does, for itself and its successors and assigns, covenant with the said Grantee, its successors and assigns, that it will warrant and defend title to said Premises, with the appurtenances thereunto belonging, to said Grantee, its successors and assigns, against all lawful claims and demands from, through or under it, but against no others.

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Parcel 123-15-043:

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being Parcel 2 in the Consolidation & Repartition Plat for Teledyne Industries, Inc., of part of Original 100 Acre Lot No. 324, as shown by the recorded Plat in Volume 261, Page 20 of Cuyahoga County Records, as appears by said plat, be the same more or less, but subject to all legal highways.

Parcel 123-15-044:

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being Parcel A in the Lot Split & Consolidation Survey for 55th Street, LLC, of part of Original 100 Acre Lot No. 324, as shown by the recorded Plat in Volume 354, Page 22 of Cuyahoga County Records, as appears by said plat, be the same more or less, but subject to all legal highways.

Parcel 123-15-047:

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being Parcel B in the Lot Split & Consolidation Survey for 55th Street, LLC, of part of Original 100 Acre Lot No. 324, as shown by the recorded Plat in Volume 354, Page 22 of Cuyahoga County Records, as appears by said plat, 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:

<u>Project Name:</u>	Reserve Premier Development
<u>Project Address:</u>	E. 55 th and Sweeney Ave., Cleveland, OH 44127
<u>Developer:</u>	Reserve Premier, LLC and/or Designee
<u>Project Manager:</u>	Dan Kennedy
<u>Ward/Councilperson:</u>	5 – Gray
<u>City Assistance:</u>	Non-School TIF

Project Summary and Discussion

Reserve Premier, LLC and/or Designee (“Developer”) requests the City impose a 5709.41 30-Year, Non-School TIF. The TIF will support debt service and assist with the development located at E. 55th St. and Sweeney Ave., Cleveland, OH 44127 (“Project Site”). The project will create and/or cause to create 36 new FTE W-2 jobs at the Project Site.

The proximity to Opportunity Corridor is the catalyst for this project, however the brownfield and demolition issues result in costs that do not add to value and are a big hurdle for a project here, especially at a time when escalating costs further complicate development projects. The 10.9-acre development site at East 55th Street and Bragg in Cleveland consists of 5 existing parcels and a vacated street (Sweeney Avenue from 51st to 55th, approximately 1.2 acres) with 8 buildings on the parcels. The site includes four parcels, totaling 6.7 acres, owned by the Developer and a fifth parcel currently under option (3 acres). The parcel under option is currently owned by SO Realty. The property owned by the Developer includes a former recycling site and is considered a brownfield.

After demolition of the 8 buildings (over 200,000 square feet) and the brownfield clean-up is completed, this site would be graded and slated for new construction of a modern light industrial or logistics facility,

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to meet current market preferences. The planned building would be a 182,000 SF industrial spec building with 32' clear ceilings. The site will also have up to 38 docks and approximately 215 parking spaces.

Opportunity Corridor provides access to Route 490 as well as the rest of the federal highway network, Route 77, Route 71 and Route 90, which places approximately 50% percent of the US population within a 500-mile radius. Additionally, the close proximity to Cleveland Clinic, University Hospitals and Metro Hospital is a strategic advantage. The redevelopment of this site will greatly benefit Cleveland by revitalizing this area and promoting further development in the areas surrounding the Opportunity Corridor.

Proposed City Assistance

The request to Cleveland City Council is to authorize the Director of Economic Development to enter into a non-school Tax Increment Finance (TIF) agreement with the Reserve Premier, LLC or its designee. This TIF agreement will be up to 30 years in length. The City will declare certain improvements with respect to the project to be a public purpose and exempt 100% of the improvements from real property taxes.

Under the agreement, parcels acquired and re-conveyed to the developer will be subject to a TIF under Section 5709.41 of the Ohio Revised Code in consideration for the developer agreeing to make certain improvements to those parcels and making payments in lieu of taxes (PILOTs) equal to the taxes that would have been paid for those parcels but for the TIF. A portion of the PILOT will be paid to the Cleveland Municipal School District in the amount the District would have otherwise received but for the TIF.

Economic Impact

- Creation of 36 jobs in the City of Cleveland
- Project estimates \$43,000 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 payments described in this ordinance, which agreement or agreements shall contain those terms contained in this ordinance.

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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
12-6-2021
FOR: Interim Director Ebersole

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

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READ FIRST TIME on DECEMBER 6, 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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Published in the City Record _____

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

FILED WITH COMMITTEE

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