

Ordinance No. 1069-2024 AS AMENDED

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

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Erievew Holdings LLC, Erievew Tower LLC, Erievew Galleria LLC, Erievew Tower Residential LLC, and/or designee, to assist with the financing of the Tower, Galleria, and Parking Garage Project to be located at 100 Erievew Tower/1301 East 9th Street, Cleveland, Ohio; 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~~ Ordinance No. 1029-2023, passed October 23, 2023, the City will have duly entered into the chain of title for the real property that 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. 1069-2024-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 seventy-five percent (75%) of the improvements for up to thirty (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

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WHEREAS, the District has been notified of the intent to enter into a tax increment financing 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:

Section 1. That the improvements to be constructed by Erievew Holdings LLC, Erievew Tower LLC, Erievew Galleria LLC, Erievew Tower Residential LLC, and/or designee (the "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:
(insert legals)

EXHIBIT "A"

Legal Description

PARCEL 1

Situated in the City of Cleveland, County of Cuyahoga, and State of Ohio and known as being Unit No. 2A in the Erievew Commercial Condominium, whose drawings are recorded in Volume 156 of Condominium Maps, Pages 70-82 of Cuyahoga County Records and amended in Volume 167 of Condominium Maps, Pages 66 through 70 of Cuyahoga County Records, and as further described by the Declaration of Condominium Ownership (and the Bylaws attached thereto) recorded March 1, 2006 as Instrument No. 200603010282 of Cuyahoga County Records as amended by the First Amendment to Declaration of Condominium Ownership for the Erievew Commercial Condominium recorded February 23, 2015 as Instrument No. 201502230141 of Cuyahoga County Records (the "Declaration"), together with respective undivided interest in and to all the common elements appurtenant to each of said units as is set forth in the declaration, as the same may be amended from time to time, which undivided interests shall automatically change in accordance with the amendments to the declaration as the same are filed of record pursuant to the provisions of said amendments, and which undivided interests shall attach to the common elements in the percentages set forth in such amendments to the declaration, which percentages shall automatically be deemed to be conveyed effective on the recording of each such amendment to the declaration as though conveyed hereby, be the same more or less, and any amendments thereto.

Together with and subject to all the rights, duties, easements, reservations, limitations, rights-of-way, conditions and restrictions contained in the Declarations, amendments thereto, the allotted drawings and Bylaws referred to above and incorporated herein as though set forth in full

Together with the following:
PARCEL 2 (Easements)

a. Appurtenant Easements established in the Deed from the City of Cleveland, to Erievew Corporation, filed for record in Volume 10671, Page 577 on February 7, 1963 of Cuyahoga County Records, as modified by Easement

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Modification Agreement filed for record in Volume 15499, Page 499 on November 17, 1981 of Cuyahoga County Records

b. Appurtenant Easements established in the Deed from the City of Cleveland to Erieview Corporation, filed for record in Volume 11622, Page 43 on June 21, 1965 of Cuyahoga County Records

c. Appurtenant Easements established in the modification of Judgment Entry and Grant of Easement Rights, between Erieview Associates, Medical Mutual of Cleveland, Inc., and the City of Cleveland, filed for record in Volume 15493, Page 617 on October 22, 1981 of Cuyahoga County Records.

Tax I.D./Key No. 101-34-302
Commonly known as 1301 East Ninth Street, Cleveland, OH 44114

"Exhibit "A "

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

Tract A: (Fee Simple)

Parcel No. 1 (Residences):

Units 1-17, 1-18, 1-19, 1-20, 1-21, 1-22, 1-23, 1-24, 1-25, 1-26, 1-27, and 1-28, respectively, in the Erieview Commercial Condominium, whose Drawings are shown in the Erieview Commercial Condominium Second Amendment Plat recorded as AFN 202401220350 of Cuyahoga County Records, and as further described by the Declaration of Condominium Ownership (and the Bylaws attached thereto) recorded March 1, 2006 as AFN 200603010282 of Cuyahoga County Records (the "Declaration"), whose Drawings are shown in Condominium Plat 156, Page 70, as amended by the First Amendment to the Declaration recorded February 23, 2015 as AFN 201502230141 of Cuyahoga County Records, whose Drawings are shown in Volume 167 of Condominium Maps, Page 66, and further amended by the Second Amendment to the Declaration recorded January 22, 2024 as AFN 202401220349 of Cuyahoga County Records; and

Parcel No. 2 (Hotel):

Units 1-0, 1-4, 1-5, 1-6, 1-7, 1-8, 1-9, 1-10, 1-11, 1-12, 1-38 and 1-41, respectively, in the Erieview Commercial Condominium, whose Drawings are shown in the Erieview Commercial Condominium Second Amendment Plat recorded as AFN 202401220350 of Cuyahoga County Records, and as further described by the Declaration of Condominium Ownership (and the Bylaws attached thereto) recorded March 1, 2006 as AFN 200603010282 of Cuyahoga County Records (the "Declaration"), whose Drawings are shown in Condominium Plat 156, Page 70, as amended by the First Amendment to the Declaration recorded February 23, 2015 as AFN 201502230141 of Cuyahoga County Records, whose Drawings are shown in Volume 167 of Condominium Maps, Page 66, and further amended by the Second Amendment to the Declaration recorded January 22, 2024 as AFN 202401220349 of Cuyahoga County Records; and

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Together with respective Undivided Interest in and to all the Common Elements appurtenant to each of said Units as is set forth in the Declaration, as the same may be amended from time to time, which Undivided Interests shall automatically change in accordance with the Amendments to the Declaration as the same are filed of record pursuant to the provisions of said Amendments, and which Undivided Interests shall attach to the Common Elements in the percentages set forth in such Amendments to the Declaration, which percentages shall automatically be deemed to be conveyed effective on the recording of each such Amendment to the Declaration as though conveyed hereby, be the same more or less.

Tract B: (Easement)

Parcel No. 1

Appurtenant easements established in the Deed from the City of Cleveland, to Erieview Corporation, filed for record in Volume 10671, Page 577 on February 7, 1963 of Cuyahoga County Records, as modified by Easement Modification Agreement filed for record in recorded in Volume 15499, Page 499 on November 17, 1981 of Cuyahoga County Records.

Parcel No. 2

Appurtenant easements established in the Deed from the City of Cleveland to Erieview Corporation, filed for recorded in Volume 11622, Page 43 on June 21, 1965 of Cuyahoga County Records.

Parcel No. 3

Appurtenant easements established in the Modification of Judgment Entry and Grant of Easement Rights, between Erieview Associates, Medical Mutual of Cleveland, Inc., and the City of Cleveland, filed for record in Volume 15493, Page 617 on October 22, 1981 of Cuyahoga County Records.

The following Tax Parcel Numbers are shown for information only (split from 101-34-301 and 101-34-304):

Tract A, Parcel No. 1, Unit 1-17 101-34-324
Tract A, Parcel No. 1, Unit 1-18 101-34-325
Tract A, Parcel No. 1, Unit 1-19 101-34-326
Tract A, Parcel No. 1, Unit 1-20 101-34-327
Tract A, Parcel No. 1, Unit 1-21 101-34-328
Tract A, Parcel No. 1, Unit 1-22 101-34-329
Tract A, Parcel No. 1, Unit 1-23 101-34-330
Tract A, Parcel No. 1, Unit 1-24 101-34-331
Tract A, Parcel No. 1, Unit 1-25 101-34-332
Tract A, Parcel No. 1, Unit 1-26 101-34-333
Tract A, Parcel No. 1, Unit 1-27 101-34-334
Tract A, Parcel No. 1, Unit 1-28 101-34-335
Tract A, Parcel No. 2, Unit 1-0 101-34-306
Tract A, Parcel No. 2, Unit 1-4 101-34-311
Tract A, Parcel No. 2, Unit 1-5 101-34-312
Tract A, Parcel No. 2, Unit 1-6 101-34-313
Tract A, Parcel No. 2, Unit 1-7 101-34-314
Tract A, Parcel No. 2, Unit 1-8 101-34-315
Tract A, Parcel No. 2, Unit 1-9 101-34-316
Tract A, Parcel No. 2, Unit 1-10 101-34-317
Tract A, Parcel No. 2, Unit 1-11 101-34-318
Tract A, Parcel No. 2, Unit 1-12 101-34-319

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Tract A, Parcel No. 2, Unit 1-38 101-34-345
Tract A, Parcel No. 2, Unit 1-41 101-34-348

Exhibit "A "

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

Parcel No. 1: (Fee Simple)

A. Units 1-1A, 1-1B, 1-2 through 1-3, 1-13 through 1-16, 1-29 through 1-37, and 1-39 and 1-40, respectively, in the Erieview Commercial Condominium, whose Drawings are shown in the Erieview Commercial Condominium Second Amendment Plat recorded as AFN 202401220350 of Cuyahoga County Records, and as further described by the Declaration of Condominium Ownership (and the Bylaws attached thereto) recorded March 1, 2006 as AFN 200603010282 of Cuyahoga County Records (the "Declaration"), whose Drawings are shown in Condominium Plat 156, Page 70, as amended by the First Amendment to the Declaration recorded February 23, 2015 as AFN 201502230141 of Cuyahoga County Records, whose Drawings are shown in Volume 167 of Condominium Maps, Page 66, and further amended by the Second Amendment to the Declaration recorded January 22, 2024 as AFN 202401220349 of Cuyahoga County Records; and

B. Unit 3 in the Erieview Commercial Condominium, whose Drawings are recorded in Volume 156 of Condominium Maps, Pages 70-82 of Cuyahoga County Records, and as further described by the Declaration of Condominium Ownership (and the Bylaws attached thereto) recorded March 1, 2006 as AFN 200603010282 of Cuyahoga County Records (the "Declaration"), as amended by the First Amendment to the Declaration recorded February 23, 2015 as AFN 201502230141 of Cuyahoga County Records, whose Drawings are shown in Volume 167 of Condominium Maps, Page 66 of Cuyahoga County Records.

together with respective Undivided Interest in and to all the Common Elements appurtenant to each of said Units as is set forth in the Declaration, as the same may be amended from time to time, which Undivided Interests shall automatically change in accordance with the Amendments to the Declaration as the same are filed of record pursuant to the provisions of said Amendments, and which Undivided Interests shall attach to the Common Elements in the percentages set forth in such Amendments to the Declaration, which percentages shall automatically be deemed to be conveyed effective on the recording of each such Amendment to the Declaration as though conveyed hereby, be the same more or less.

Parcel No. 2: (Easements)

A. Appurtenant easements established in the Deed from the City of Cleveland, to Erieview Corporation, filed for record in Volume 10671, Page 577 on February 7, 1963 of Cuyahoga County Records, as modified by Easement Modification Agreement filed for record in recorded in Volume 15499, Page 499 on November 17, 1981 of Cuyahoga County Records.

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B. Appurtenant easements established in the Deed from the City of Cleveland to Erieview Corporation, filed for recorded in Volume 11622, Page 43 on June 21, 1965 of Cuyahoga County Records.

C. Appurtenant easements established in the Modification of Judgment Entry and Grant of Easement Rights, between Erieview Associates, Medical Mutual of Cleveland, Inc., and the City of Cleveland, filed for record in Volume 15493, Page 617 on October 22, 1981 of Cuyahoga County Records.

The following are shown for information only:

Parcel No. 1A

Tax Identification Numbers (split from 101-34-301 and 101-34-304)

Unit 1-1A 101-34-307

Unit 1-1B 101-34-308

Unit 1-2 101-34-309

Unit 1-3 101-34-310

Unit 1-13 101-34-320

Unit 1-14 101-34-321

Unit 1-15 101-34-322

Unit 1-16 101-34-323

Unit 1-29 101-34-336

Unit 1-30 101-34-337

Unit 1-31 101-34-338

Unit 1-32 101-34-339

Unit 1-33 101-34-340

Unit 1-34 101-34-341

Unit 1-35 101-34-342

Unit 1-36 101-34-343

Unit 1-37 101-34-344

Unit 1-39 101-34-346

Unit 1-40 101-34-347

Parcel 1B

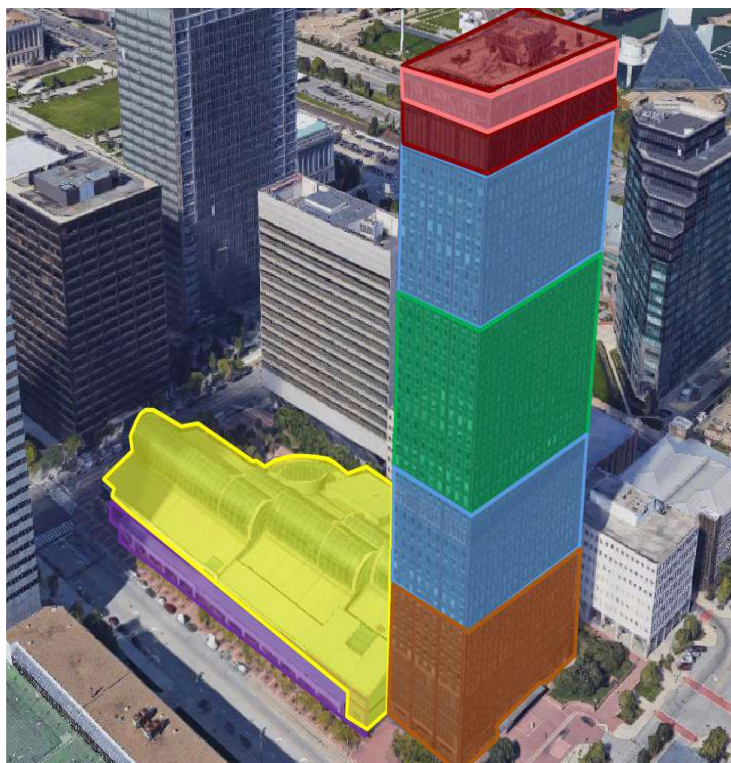
Tax Identification Number

101-34-303".

Section 2. That the City having entered into title in 2024, that year is established as the base year for determining the increment or appreciated value after completion of the Improvements. One hundred percent (100%) of the Improvements are declared exempt from real property taxation for a period of thirty (30) 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 2055. The terms of the tax increment financing agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

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Project Name: Galleria and Parking Garage
Recipient: Erieview Holdings LLC, Erieview Tower LLC, Erieview Galleria LLC, Erieview Tower Residential LLC, and/or designee
Project Site: 100 Erieview Tower/1301 E 9th Street, Cleveland, Ohio 44114
Project Manager: Robin Brown
Ward/Councilperson: 3 / McCormack
City Assistance: 30 year non-school TIF



- Top Floor Rental Apartments (Floors 39-40)
- Restaurant and Bar (Floor 38 and Rooftop Area)
- Renovated Office (Floors 29-37, and 13-15)
- The W Residences (Floors 17-28)
- The W Hotel (Floors 5-12)
- The Galleria
- Parking (311 Nonresidential Spaces, 200 Residential Spaces)

Project Summary

Built in 1964 and renovated in 1987, Erieview Tower (the "Tower") is a 40-story, 810,000 SF office tower located in Downtown Cleveland. At 529 feet, the Tower is the 4th tallest building in Cleveland and the 9th tallest in the state of Ohio. In 2017, the building was approved for addition to the National Register of Historic Places, a designation that makes the building eligible for federal historic tax credits.

The Tower was acquired by James Kassouf (the "Developer") in 2018 from a former lender for \$17.7 Million (\$22/SF), and refinanced in 2020. At the time of the acquisition, the tower was more than 50% vacant. The Developer also owns the adjacent Erieview Galleria (the "Galleria")-a 133,663 square foot glass enclosed, two-story open air shopping center-which will be redeveloped into a Market Hall concept. The redevelopment of the Tower, Galleria and Parking Garage (the "Project") is expected to cost an estimated \$231 Million.

As conceived, the Project will involve a mixed-use redevelopment of Erieview Tower, Galleria and Parking Garage with:

- Approximately 227 apartments (subject to change), branded by W Residences. Approximately 30 additional rental apartments.
- An approximately 210-key luxury hotel, branded and managed by W Hotels

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- Improvements to approximately 300,000 square feet of existing Class-A office space
- Approximately 500+ indoor parking spaces
- The Galleria will include fine dining, a new food court, indoor sports and entertainment spaces, and a second floor renovated ballroom for special events.

The Developer has entered into a contract with Marriott International to develop the project as a W Hotel and W Residences property that is expected to feature a spa, restaurant, rooftop bar, refreshed lobby entrance with access to both the Residences and Hotel that will have a living room concept feel with a bar and cafe.

Proposed City Assistance

- 30 year non-school TIF

Economic Impact

- Creation of approximately 604 W-2 jobs with an approximate payroll of \$70,404,026 and approximately \$1,760,100 in new annual City tax revenue.
- Retention of approximately 658 W-2 jobs with an approximate payroll of \$97,585,970 to the City of Cleveland.

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 (30) 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
9-30-2024
FOR: Director McNair

Ord. No. 1069-2024 AS AMENDED

**REPORT
after second Reading**

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

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Erievew Holdings LLC, Erievew Tower LLC, Erievew Galleria LLC, Erievew Tower Residential LLC, and/or designee, to assist with the financing of the Tower, Galleria, and Parking Garage Project to be located at 100 Erievew Tower/1301 East 9th Street, Cleveland, Ohio; to provide for payments to the Cleveland Metropolitan School District; and to declare certain improvements to real property to be a public purpose.

REPORTS

READ FIRST TIME

and referred to
by the council

CITY CLERK

READ SECOND TIME

by the council

CITY CLERK

READ THIRD TIME

by the council

PRESIDENT

CITY CLERK

APPROVED

MAYOR

Recorded Vol. _____ Page _____

Published in the City Record _____