

Ordinance No. 675-2019

Council Members McCormack, Johnson and Kelley (by departmental request)

AN EMERGENCY ORDINANCE

Authorizing the Director of Public Works to enter into an amendment to Contract No. 38823 with Hertz Cleveland North Point, LLC for lease of the North Point Garage to extend the term of the lease and to make certain modifications to other terms of the lease.

WHEREAS, the Hertz Investment Group, through Hertz Cleveland North Point, LLC ("Hertz"), owns the North Point Office Complex and ground leases the North Point Garage property from the City of Cleveland under a 50-year lease that is expiring in 2037; and

WHEREAS, the North Point Garage is located on Permanent Parcel No. 102-01-013; and

WHEREAS, Hertz and the City desire to make mutually beneficial modifications to the current lease in order for Hertz to refinance debt, to secure new long term tenants and retain existing ones in their North Point Office Complex and anticipating that additional tenants will increase parking revenues in the North Point Garage; 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 Director of Public Works is authorized to enter into an amendment to Contract No. 38823 with Hertz Cleveland North Point, LLC, for lease of the North Point Garage to extend the term of the lease for an additional twenty-two years to expire in 2059. The amendment shall also provide for the following modifications to the original contract:

(a) To change the current base rent from a flat \$120,000 per year to adjust the base rent based on the United States Department of Labor, Consumer Price Index: "All Urban Consumers" Cleveland and Akron;

(b) To lower the additional rent threshold from \$1,700,000 and above to \$1,600,000 and above; and

(c) To increase the percent of additional rent to the following:

Ordinance No. 675-2019

7.5% at \$1,600,000 to \$1,999,999
11.25% at \$2,000,000 to \$2,499,999;
16.25% at \$2,500,000 to \$2,999,999;
21.25% at \$3,000,000 to \$3,999,999; and
26.25% at \$4,000,000 and higher.

All other terms and conditions contained in Contract No. 38823 shall remain the same.

Section 2. That the amendment to Contract No. 38823 shall be prepared by the Director of Law.

Section 3. 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.

GK:nl
5-20-19

FOR: Director Cox

Ord. No. 675-2019

REPORT
after second Reading

Council Members McCormack, Johnson and Kelley (by departmental request)

AN EMERGENCY ORDINANCE

Authorizing the Director of Public Works to enter into an amendment to Contract No. 38823 with Hertz Cleveland North Point, LLC for lease of the North Point Garage to extend the term of the lease and to make certain modifications to other terms of the lease.

READ FIRST TIME on MAY 20, 2019
and referred to DIRECTORS of Public Works,
City Planning Commission, Finance, Law;
COMMITTEES on Municipal Services and Properties, Finance

REPORTS

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

Recorded Vol. 106 Page _____

Published in the City Record _____

PASSAGE RECOMMENDED BY
COMMITTEE ON
MUNICIPAL SERVICES
AND PROPERTIES

FILED WITH COMMITTEE

PASSAGE RECOMMENDED BY
COMMITTEE ON
FINANCE

FILED WITH COMMITTEE
