

Ordinance No. 1041-2021

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

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Vispiri Flats LLC, and/or its designee, to fund eligible project costs and project debt of the Cleveland Whiskey Project to be located at 601 Stones Levee Road; 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. 1041-2021-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 Vispiri Flats 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 Description

PPN 122-20-014

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio, and known as being a portion of Sublot Nos. 433 through 459 as shown in S.S. Stone’s Survey of Central Tract recorded in Volume 2 of Maps, Page 31 of the Cuyahoga County Map Records, together with a portion West 6th Street (formerly Toronto Street), 50 feet wide, vacated per City Ordinance No. 23912-A, all being part of Original Cleveland Township 100 Acre Lot No. 487 and Two Acres Lot Nos. 218,219 and 220, being more fully bounded and described as follows:

Beginning at a Stone found at the centerline intersection of West 3rd Street (formerly Central Way), 70 feet wide, and Stone Levee, 70 feet wide, thence South $46^{\circ}37'46''$ West along the centerline of said Stone Levee, a distance of 295.71 feet to an angle point, thence continuing along said centerline South $41^{\circ}18'58''$ West, a distance of 211.80 feet to a found stone in a monument box assembly, being river stone #116, at an angle point, thence South $54^{\circ}51'00''$ East, a distance of 35.20 feet to an angle point in the southerly right of way of said Stones Levee being referenced by a found $5/8''$ rebar with cap “Hoy 7119”, thence South $28^{\circ}58'55''$ West along said southerly right of way, a distance of 55.86 feet to a set $5/8''$ x 30” rebar with cap “Langan”, said point also being the Principal Place of Beginning for the parcel of land herein described;

Course No.1, thence South $34^{\circ}32'28''$ East along a southwesterly line of said vacated West 6th Street, a distance of 390.91 feet to a set $5/8''$ x 30” rebar with cap “Langan” set at an angle point thereon;

Course No.2 thence North $55^{\circ}25'56''$ East along a new division line, a distance of 31.15 feet to a set $5/8''$ x 30” rebar with cap “Langan” at a westerly corner of Cuyahoga County parcel 122-20012 now or formerly owned by Allied Corporation Inc. as recorded in AFN 201405080352 of the Cuyahoga county records;

Course No.3, thence South $34^{\circ}34'04''$ East along a Southwesterly line of said Allied land, a distance of 126.34 feet to a set $5/8''$ x 30” rebar with cap “Langan” at an angle point thereon;

Course No.4, thence South $55^{\circ}25'56''$ West along a Northwesterly line of said Allied land, a distance of 107.46 feet to a point of cusp along a Northeasterly line of Cuyahoga County parcel 122-20-011 now or formerly owned by Mid-Continent Coal and Coke Company as recorded in Volume 14802, Page 291 of the Cuyahoga County records, being referenced by a set $5/8''$ x 30” rebar with cap “Langan”;

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Course No.5 thence along a Northeasterly line of said Mid-Continent land and along the arc of a curve deflecting to the right, a distance of 9.09 feet to a set 5/8" x 30" rebar with cap "Langan", said curve having a radius of 3809.83 feet, a delta of 0°08'12", and a chord distance of 9.09 feet bearing North 34°36'43"West;

Course No.6 thence North 34°32'36"West along a Northeasterly line of said Mid-Continent land, a distance of 470.20 feet to the Southeasterly right of way of said Stones Levee, said point being referenced by a P.K. nail found 0.24 feet east and 0.08 feet South thereof;

Course No.7 thence North 28°58'55"East along the Southeasterly right of way of said Stones Levee, a distance of 85.22 feet to a point, said point also being the Principal Place of Beginning, said parcel containing 0.9629 acres, 41,944 square feet of land according to a survey by Anthony L. Maione, P.S., Registered surveyor No. 8544, of Langan Engineering and Environmental Services dated October 2016 and being the same more or less and being subject to all legal highways and easements.

The above described premises further known as Parcel "B" in Lot Split & Consolidation Plat made for Flats South Cleveland LLC as shown by the recorded plat filed August 27, 2020 in/as Instrument No. 202008270095 of Cuyahoga County Records.

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>	Cleveland Whiskey
<u>Project Address:</u>	601 Stones Levee, Cleveland. OH 44113
<u>Developer:</u>	Vispiri Flats LLC and/or designee
<u>Project Manager:</u>	Robin Brown
<u>Ward/Councilperson:</u>	3-Kerry McCormack
<u>City Assistance:</u>	Non-School TIF

Project Summary and Discussion

Vispiri Flats LLC and/or designee, ("Developer") is proposing to redevelop the Consolidated Fruit Auction Company Building at 601 Stones Levee Rd. in Flats South into their new headquarters. Their new building will include office space, a distillery, distribution space and a tasting room/restaurant. The Developer has requested the City impose a 5709.41, 30-Year, Non-School TIF. The TIF will support debt service related to the project and assist with the development of the distillery. The project will create and/or cause to create approximately 26 new W-2 jobs at the Project Site with an approximate payroll of \$1,220,000 and retain/cause to retain approximately 16 jobs.

Cleveland Whiskey has won more than 60 medals at competitions around the world including twenty-two gold and double gold awards. Since 2013, the company's growth has been synonymous with Cleveland's resurgence, helping spread the City's brand of grit and innovation to new markets. In 2013, Cleveland Whiskey launched its product for consumer sales and has expanded its production into seasonal and several variations and premium quality products. They have also introduced products including wood blocks for smoking on the grill, t-shirts and decorative barrel tops.

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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 Vispiri Flats LLC and/or its designee. 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.

Economic Impact

- Creation of approximately 26 new full time jobs in the City of Cleveland
- Retention of approximately 16 full time jobs in the City of Cleveland

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

11-15-2021

FOR: Interim Director Ebersole

