

## EMERGENCY

ZDS

- 2024

**AUTHORIZING** the City Manager to execute a Property Sale, Funding, and Development Agreement with 101 West Fifth LLC, an affiliate of Cincinnati Center City Development Corporation (commonly known as 3CDC), for the sale of City-owned real property located at 101 West Fifth Street in the Central Business District of Cincinnati, in connection with the redevelopment of that property into approximately 75,000 square feet of commercial and office space; **AUTHORIZING** the transfer and appropriation of \$2,000,000 from the unappropriated surplus of Downtown South/Riverfront Equivalent Fund 481 to the Department of Community and Economic Development non-personnel operating budget account no. 481x164x7200 to provide resources to assist with certain public infrastructure improvements in support of the redevelopment of 101 West Fifth Street; and **DECLARING** that expenditures from the Department of Community and Economic Development non-personnel operating budget account no. 481x164x7200 to assist with certain public infrastructure improvements in support of the redevelopment of 101 West Fifth Street are for a public purpose and constitute a “Public Infrastructure Improvement” as defined in Ohio Revised Code Section 5709.40(A)(8) that will benefit and/or serve the District 2-Downtown South/Riverfront District Incentive District, subject to compliance with Ohio Revised Code Sections 5709.40 through 5709.43.

WHEREAS, the City owns certain real property located at 101 West Fifth Street in the Central Business District, which was most recently occupied by Saks Fifth Avenue, which property is more particularly described and depicted in the Property Sale, Funding, and Development Agreement (the “Agreement”) attached as Attachment A hereto (the “Property”), and which is under the management of the City’s Department of Community and Economic Development (“DCED”); and

WHEREAS, 101 West Fifth LLC (“Developer”), an affiliate of Cincinnati Center City Development Corporation (“3CDC”), desires to purchase the Property from the City and redevelop the Property by (i) remodeling the existing vacant structure located thereon into approximately 62,000 square feet of office space and approximately 13,000 square feet of commercial space, at an estimated total project cost of approximately \$28,031,300 (collectively, the “Private Improvements”); and (ii) completing various public infrastructure improvements, including, without limitation, demolition of the skywalk connecting the Property to the Carew Tower, façade repair work around the removed skywalk, and streetscape improvements in support of the Private Improvements, at an estimated total project cost of approximately \$2,000,000 (the “Public Infrastructure Improvements,” and collectively with the Private Improvements, the “Project”), all as more particularly described in the Agreement; and

WHEREAS, the City desires that the Property be put to its highest and best use; and

WHEREAS, the City's Real Estate Services Division has determined, by appraisal, that the fair market value of the Property is approximately \$3,220,000; however, to facilitate the Project, the City desires to sell the Property to Developer for less than fair market value; namely, for \$1.00 because the City anticipates that it will receive economic and non-economic benefits that equal or exceed the fair market value of the Property because sale of the Property will eliminate the financial costs on the City to hold title to the Property and will allow Developer to focus the resources to bring the Property back into a productive use for the City; and

WHEREAS, Developer estimates that the Project will create approximately (i) 120 full-time temporary construction jobs during the construction period with an approximate total annual payroll of \$6,000,000; and (ii) 130 permanent full-time equivalent jobs following completion of construction of the Project with an approximate annual payroll of \$5,900,000; and

WHEREAS, in order to facilitate the redevelopment of the Property to a productive use, the City, upon the recommendation of DCED, desires to provide additional support for the Project by (i) providing a forgivable loan to Developer in an amount not to exceed \$2,000,000 for the Public Infrastructure Improvements; and (ii) pursuant to Ohio Revised Code ("R.C.") Section 5709.40(B), exempting 100 percent of the Improvement (as defined in R.C. Section 5709.40(A)(8)) to the Property from real property taxation for a period of thirty years, subject to the passage by Council of a separate ordinance, all on the terms and conditions set forth in the Agreement; and

WHEREAS, Section 13 of Article VIII of the Ohio Constitution provides that, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, it is a public interest and proper public purpose for the State or its political subdivisions to sell, lease, exchange, or otherwise dispose of property within the State of Ohio for industry, commerce, distribution and research, and to make loans and to provide moneys for the acquisition, construction, enlargement, improvement or equipment of such property, structures, equipment, and facilities; and

WHEREAS, the City has determined that (i) the Property is not needed for municipal purposes; (ii) the Project is in the vital and best interests of the City and the health, safety, and welfare of its residents; (iii) it is in the best interest of the City to eliminate competitive bidding in connection with the City's sale of the Property to Developer because the Property is located in the Convention Center District, and Developer, as an affiliate of 3CDC, is best positioned to complete the Project due to 3CDC's development activity in the District, its comparable experience, and its connections with local development and construction partners; and (iv) the City's sale of the Property to Developer to complete the Project will create jobs and stimulate economic growth in the Central Business District, thereby contributing to the social and economic viability and stability of the City; and

WHEREAS, the City Planning Commission, having the authority to approve the change in the use of City-owned property, approved the sale of the Property at its meeting on August 18, 2023; and

WHEREAS, the Project is in accordance with the “Compete” goal to “[f]oster a climate conducive to growth, investment, stability, and opportunity,” as described on pages 103-113 of Plan Cincinnati (2012) now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio:

Section 1. That the City Manager is hereby authorized to execute a Property Sale, Funding, and Development Agreement with 101 West Fifth LLC (“Developer”), in substantially the form attached as Attachment A hereto, pursuant to which the City will sell to Developer certain real property located at 101 West Fifth Street in the Central Business District of Cincinnati (the “Property”), for Developer to (a) redevelop the Property into approximately 75,000 square feet of commercial and office space (the “Private Improvements”), and (b) complete various public infrastructure improvements in support of the Private Improvements, including, without limitation, demolition of the skywalk connecting the Property to the Carew Tower, façade repair work around the removed skywalk, and streetscape improvements (the “Public Infrastructure Improvements,” and collectively with the Private Improvements, the “Project”).

Section 2. That the Property is not needed for municipal purposes.

Section 3. That the fair market value of the Property, as determined by appraisal by the City’s Real Estate Services Division, is approximately \$3,220,000; however, the City is justified in selling the Property to Developer for less than fair market value; namely, for \$1.00, because the City anticipates that it will receive economic and non-economic benefits from the Project that equal or exceed the fair market value of the Property because sale of the Property will eliminate the financial costs on the City to hold title to the Property and will allow Developer to focus the resources to bring the Property back into a productive use for the City.

Section 4. That eliminating competitive bidding in connection with the City’s sale of the Property to Developer is in the best interest of the City because the Property is located in the Convention Center District, which surrounds Duke Energy Convention Center and is generally

bounded by Race Street, Central Avenue, 4th Street, and 6th Street (collectively, the “District”), and Developer, as an affiliate of Cincinnati Center City Development Corporation (“3CDC”), is best positioned to complete the Project due to 3CDC’s development activity in the District, its comparable experience, and its connections with local development and construction partners.

Section 5. That the proceeds from the sale of the Property shall be deposited into Property Management Fund 209 to pay the fees for services provided by the City’s Real Estate Services Division in connection with the sale, and that the City’s Finance Director is hereby authorized to deposit amounts in excess amount thereof into Miscellaneous Permanent Improvement Fund 757.

Section 6. That the transfer and appropriation of \$2,000,000 from the unappropriated surplus of Downtown South/Riverfront Equivalent Fund 481 to the Department of Community and Economic Development non-personnel operating budget account no. 481x164x7200 is hereby authorized to provide resources for the Public Infrastructure Improvements.

Section 7. That Council hereby declares expenditures from the Department of Community and Economic Development non-personnel operating budget account no. 481x164x7200 for the Public Infrastructure Improvements constitute a “Public Infrastructure Improvement” (as defined in Section 5709.40(A)(8) of the Ohio Revised Code) that will benefit and/or serve the District 2 – Downtown South/Riverfront District Incentive District, subject to compliance with Ohio Revised Code Sections 5709.40 through 5709.43, and serve a public purpose because the Project will create jobs and enhance the revitalization of the District.

Section 8. That the City Manager and other City officials are hereby authorized to take all necessary and proper actions to carry out the provisions of this ordinance and the Agreement, including, without limitation, executing any and all ancillary agreements, deeds, plats, terminations, releases, and other documents.

Section 9. That this ordinance shall be an emergency measure necessary for the preservation of the public peace, health, safety, and general welfare and shall, subject to the terms of Article II, Section 6 of the Charter, be effective immediately. The reason for the emergency is to expedite the City's sale of the Property to Developer, so that Developer can move forward with the Project without delay, enabling the Property to be put to its highest and best use, for the economic benefit of the City, at the earliest possible time.

Passed: \_\_\_\_\_, 2024

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Aftab Pureval, Mayor

Attest: \_\_\_\_\_  
Clerk