

January 19, 2023

To: Mayor and Members of City Council

From: Sheryl M. M. Long, City Manager

202300354

Subject: Emergency Ordinance – DCED: Saks Acquisition – TIF

Attached is an Emergency Ordinance captioned:

AUTHORIZING the establishment of new capital improvement program project account no. 980x164x231637, “Saks Acquisition – TIF,” for the purpose of providing resources for the acquisition of the improvements located at 101 W. Fifth Street, commonly known as the Saks Fifth Avenue building; **AUTHORIZING** the transfer and appropriation of the sum of \$3,000,000 from the unappropriated surplus of Downtown South/Riverfront Equivalent Fund 481 to newly established capital improvement program project account no. 980x164x231637, “Saks Acquisition – TIF”; and **DECLARING** that expenditures from newly created capital improvement program project account no. 980x164x231637, “Saks Acquisition – TIF,” to be a public purpose and 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.

Approval of this Emergency Ordinance authorizes the transfer and appropriation of the sum of \$3,000,000 from the Downtown South/ Riverfront Equivalent Fund 481 to newly established capital improvement program project account no. 980x164x231637, “Saks Acquisition – TIF” to provide resources for the acquisition of improvements to the Saks Fifth Avenue Building at 101 W. Fifth Street.

On June 17, 2022, Saks Fifth Avenue (“Saks”) provided the City with a notice of its intent to discontinue operations at the 101 W. Fifth Street location in Cincinnati’s Central Business District. Under the terms of the lease, the notice from Saks of its intent to discontinue operations provides the City with the right to terminate the lease and purchase the improvements on the property.

The City's termination rights required that Saks and the City agree to the value of the improvements and provide for a binding arbitration process should the City and Saks not agree to a valuation. The City conducted an appraisal of the improvements owned by Saks under the lease and determined the fair market value of these improvements to be \$2,595,000. Pursuant to an arms-length negotiation, and in the interest of forgoing the arbitration process outlined in the ground lease, the City and Saks have agreed upon a purchase price of \$3,000,000.

Investing in the acquisition of the improvements to the property held by Saks 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).

The reason for the emergency is the need to enable the parties to close on the City’s purchase of the improvements and termination of the lease pursuant to the City’s notice of lease termination.

The Administration recommends passage of this Emergency Ordinance.

cc: Andrew M. Dudas, Budget Director
Karen Alder, Finance Director



Attachments