



James J. McGraw Jr.

Partner
D: 513.639.3968
jmcgraw@kmlaw.com

September 22, 2020

David S. Mann, Esq.
Mann & Mann, LLC
1900 Kroger Building
1014 Vine Street
Cincinnati, OH 45202

Re: Pending Motion by Council Members Young and Kearney to Approve an Extension of the Project Completion Date of a CRA for 2347 Reading Road LLC

Dear Council Member Mann,

I represent Chinedum Ndukwe and his company Kingsley + Co which is the managing partner of 2347 Reading Road LLC. On September 14, 2020 at the Budget & Finance Committee, a motion by Council Members Young and Kearney was offered to provide an extension of time to complete the construction of a 113 room Comfort Inn at this site in Mt. Auburn. This matter has been continued until September 28, 2020 pending a report by Markiea Carter to provide Council Members additional information relevant to this motion. In my effort to assist this process, please allow me to offer the following information.

The existing CRA was approved by Council on November 15, 2018 providing a 60% property tax abatement for 15 years in contemplation of the construction of a 113 room Comfort Inn Hotel at a cost of approximately \$8.4 Million.

The idea behind this project was to bring a valuable new redevelopment project to Mt. Auburn with both construction as well as permanent and part time jobs. Specifically, 120 construction jobs at a payroll of \$7.5 Million, 17 full time permanent jobs and 5 part time jobs collectively to operate the hotel at a combined payroll of \$690,000 annually. Within these new jobs for the hotel, Mr. Ndukwe also pledged that 10 of the 17 full time jobs would meet a minimum wage level of \$15 per hour. And in addition, Mr. Ndukwe agreed to support a Youth Wellness Program for Taft Elementary School. Under the terms of the CRA, the project was to be completed by December 31, 2019. The project ran into several unfortunate delays most notably with respect to zoning. The circumstances produced a letter of default from the City's Administration. As is common, the default notice provided a period of time for Mr. Ndukwe to bring his project into compliance. A good portion of this involved complying with proper record keeping requirements most of it dealing with MBEs on the project. With helpful staff assistance from the City, those issues are now in compliance.

The issue now is the completion date. We requested a completion date extension to December 31, 2024. Although this time window is quite lengthy, it is necessitated by Covid 19. This pandemic has destroyed the hospitality industry, especially for small developers like Mr. Ndukwe. The devastation in this industry starts with the Greater Cincinnati Convention and Visitors Bureau which furloughed 90% of its

Keating Muething & Klekamp PLL

Attorneys at Law

One East Fourth Street | Suite 1400 | Cincinnati, Ohio 45202
P: 513.579.6400 | F: 513.579.6457 | kmlaw.com

staff. The CVB is starting to slowly rebuild its staff and budget, which is based on hotel room revenues called transient occupancy tax. But even when rebuilt, the CVB's budget and staff will be about one half of what it was before the pandemic. And now the Regional Tourism Network which has been a mainstay of the hotel industry's marketing strategy is being dismantled due to lack of CVB resources on both sides of the river. But perhaps most relevant is a July 30, 2020 study by CBRE on the US hotel outlook. This study, which I am happy to share with you if you like, concludes that the hotel industry will not recover until sometime in 2024. While deep pocketed hotel owners are in a better position to weather this severe storm, small developers like Mr. Ndukwe cannot do so.

Granting the requested extension only helps assure the success of this project for Mt. Auburn. The objective is a successful hotel operating profitably and maintaining the related jobs, income for the employee's families and tax revenues for the City. Without the extension as requested, the project will not succeed. It must have a reliable operating pro forma to assure the flow of funds to complete the construction. Even if it could be constructed, it will not be able to operate. Plainly, this project will fail and the opportunities for Mt. Auburn will not be realized if the extension is not approved by Council. There is no financial cost to the City related to granting this extension. There is indeed a cost to this City by denying this extension request. Jobs, revenues and an improved Mt. Auburn depend on Council's support.

Regarding 2341 Burnett Avenue, there has been a misguided assumption that this property was intended to be part of the hotel project at 2347 Reading Road. It is correct that Chin Ndukwe is the managing member of Burnett Investments LLC. That investor has no financial interest in the hotel development.

2341 Burnett is a residential redevelopment project necessitated by its grossly substandard environment. For example there has been reference to no front door on the building. The front door actually was torn off more than once by either the tenants or their guests. This rather deplorable condition of the building is the condition in which Burnett Investments LLC purchased it. All tenants had 30 day leases. If there happened to be others in that building at that time or later, they were in there without any legal standing other than a guest of one of the tenants or a trespasser.

As we all know, a 30 day lease term means that a landlord has the right to not renew, to raise rent, to change other terms. And of course a tenant has no obligation to remain and can leave at their will without financial obligation once the 30 days expire. Regarding rent, 2341 Burnett Investments never received a penny of rent since it purchased the property. The tenants resided in that building rent free until they vacated.

In notifying the tenants that their 30 day leases would not be renewed, Chin Ndukwe tried to meet with them individually to assist each of them in finding alternative and acceptable housing. I believe that the final three remaining tenants were told to not deal directly with Mr. Ndukwe. I assume this was on the advice of Josh Spring, although I don't know that. Mr. Spring sent Mr. Ndukwe a letter on January 28, 2020 indicating he represented the tenant association which comprises these three people and I would assume is an informal group given that name as a matter of convenience so Mr. Spring could speak on their behalf. The letter included a thorough list of financial demands. Although I'm not familiar with these kinds of situations, the list of demands for these tenants who's leases expired with no renewal rights seem pretty extensive. I believe this is what contributed to Patrick Duhaney's outreach to Mr. Ndukwe to sit down and discuss all of this and I assume to work something out. Mr. Ndukwe was not available on the date Mr. Duhaney suggested as he was in Columbus on other business. Mr. Ndukwe responded to that effect and does not recall hearing from Mr. Duhaney again. However, he did send Mr. Duhaney a letter on February 28, 2020 indicating that the building was unsafe and unsuitable at the time Burnett

David S. Mann, Esq.
September 22, 2020
Page 3

Investments purchased it, that the original purchase objective was to rehabilitate the building and recommit it for use as workforce housing, that there were no public subsidies from the City regarding this building, that the Reading Road hotel project was a completely separate project and that his Company had already spent numerous hours attempting to help the tenants with relocation. Mr. Ndukwe does not recall any response from the City to this letter.

As far as I know, if there is any litigation involved in 2341 Burnett Avenue, it is being pursued by these three former tenants for some type of damages incurred. Burnett Investments LLC is not pursuing anything against the tenants at this time for the several months of free rent or anything else related to the property. So if there is such litigation, a judge will resolve any valid claims as the court determines appropriate.

So I believe what we have now are two opportunities to benefit Mt. Auburn. One is the new hotel and the other is a renovated workforce housing multi-family building. Council has an opportunity to help assure the hotel is completed, creates new jobs and brings additional economic life to Mt. Auburn. I don't believe Council is involved in the redevelopment of 2341 Burnett Avenue, but it appears that the redevelopment of this building into acceptable workforce housing would be a good thing.

Mr. Ndukwe is still interested in meeting with any interested members of Council as his good name has been severely tarnished, at best, by the accusations against him. So I respectfully request to any Council members so willing that we meet as soon as possible this week subject to schedules. As you consider this, Mr. Ndukwe asked me to share with you a summary of facts directly from him. They are attached.

We have a chance to improve 2347 Reading Road, the subject of the CRA extension for completion of the project, thereby adding value to the neighborhood and to the City. I hope that I can help Council members reach an agreement that this extension is in the best interest of Mt. Auburn, its residents and our City.

Sincerely,

KEATING MUETHING & KLEKAMP PLL

By: _____


James J. McGraw Jr.
Partner

JJM

September 22, 2020

To: Members of City Council Budget & Finance Committee:
From: Chinedum Ndukwe

My request to City Council is to correct misrepresentations about me and avoid harm to Mt. Auburn development. Please consider these facts relative to these two properties:

2341 Burnet Avenue

- No rent was ever collected from any tenants since purchasing the building.
- Building owners spent \$20,000 on maintenance, electric bills, clean up, repairs, moving expenses, and deposit returns from December 2019 to July 2020 for former tenants.
- Kingsley successfully connected with all but three former tenants. These tenants were advised not to engage with Kingsley. Kingsley made numerous attempts to contact tenants to offer assistance.
- Kingsley was left with no choice but to file for eviction after the Company was unable to reach these three remaining tenants to arrange an amicable path forward. The eviction action and claims for back rent were ultimately dropped by Kingsley. All remaining tenants vacated the building.
- Alice Engleman who spoke to Council against Kingsley on September 14th introduced by Josh Springs was never a tenant of 2341 Burnet Ave.
- No tenant was set out or kicked out of the building. All tenants either moved out on their own or signed settlement and waiver of all claims agreements.
- Josh Springs with several of his clients defaced Kingsley + Co.'s downtown office posting statements on the walls and came onto the property in an effort to intimidate me, my wife, my small son and babysitter who were all in my office at that time. The building owner had to invest in a security system to limit access.
- Josh Spring and his Homeless Coalition have not been truthful about me or my Company and have discouraged community leaders and community development partners from supporting the 2347 Reading Road hotel project.
- Mt. Auburn Community Council Board voted via email last week, I believe through Josh Springs' effort, to oppose the 2347 Reading Rd CRA extension. This vote was passed without any communication or discussion with Kingsley + Co., thus prohibiting the Board from considering the benefits of the CRA pending extension as well as the facts surrounding 2341 Burnet Avenue. As of Monday evening 9/21, they have rescinded their opposition to the CRA extension and a task force will now work with Kingsley on community engagement.

2347 Reading Road CRA

- This CRA contains a \$15 per hour wage commitment for ten of the 17 full time jobs
- This CRA contains a commitment to support the Taft Elementary School.
- The pending request to Council is for additional time to complete the project. With the hospitality industry not expected to recover from the pandemic until 2024 denial of the extension requested will negatively affect Cincinnatians in good paying jobs.
- Discouraging support of the CRA extension is a targeted attack against a black owned business when our nation is hungry for success stories about government support for minorities.
- This project will fail without the CRA extension

Respectfully submitted,

Chinedum Ndukwe
Kingsley + Co.

10275018.1