


County Council of Cuyahoga County, Ohio

Resolution No. R2011-0172

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| <p>Sponsored by: County Executive FitzGerald/ Department of Development and Councilmembers Gallagher, Conwell, Miller and Jones </p> | <p>A Resolution authorizing the County Executive, or the Director of Development as his designee, to execute all documents required in connection with various economic development loans for subordination with Flats East Development, LLC, for the Flats East Hotel Project, and declaring the necessity that this Resolution become immediately effective.</p> |
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WHEREAS, the Department of Development has requested authority to subordinate the existing County loans on the Flats East Bank project to an additional \$5 million of first mortgage bonds; and,

WHEREAS, the Department of Development received a request from Flats East Development that the County consent to the developer securing an additional \$5 million in first mortgage bonds from Cleveland Investment Fund; and,

WHEREAS, the Cleveland Investment Fund is comprised of the EB-5 foreign investors whose original commitment to the project was to purchase \$20 million in bonds for the office (Series A) and \$20 million in bonds for the Hotel and Retail component of the project (Series B & C bonds); and,

WHEREAS, the Cleveland Investment Fund has agreed to purchase an additional \$5 million in bonds for the Hotel and Retail component of the project which will increase the total first mortgage bond debt from \$111,900,000 to \$116,000,000 and all of the County's financing is currently subordinated to this debt; and,

WHEREAS, the County's loan to value (LTV) for all loans the developer will continue to fall squarely within programmatic requirements, including the HUD 108 loan (\$2 million) which becomes 13%, and the USEPA Revolving Loan Fund loan (\$1.5 million) and the Brownfield Redevelopment Fund (BRF) loan (currently valued at \$1.8 million) which become 55%; and,

WHEREAS, the County loans are being used to support the environmental cleanup and construction of a Hotel located in the Flats East Bank Neighborhood in the City of Cleveland, which will be adjacent to the new office building, and was a requirement of the office building anchor tenant; and,

WHEREAS, the project is expected to create up to forty (40) new jobs and to retain 1,000 jobs through the retention of Ernst and Young, a national accounting firm and Tucker, Ellis & West, a law firm; and,

WHEREAS, It is necessary that this Resolution become immediately effective in order that critical services provided by Cuyahoga County can continue, and to continue the usual and daily operation of the County.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF CUYAHOGA COUNTY, OHIO:

SECTION 1. The County Executive and/or the Director of the Department of Development, as the designee of the County Executive, are hereby authorized to enter into a subordination agreement and other instruments and agreements required for the subordination of various economic development loans for the Flats East Development, LLC, for the Flats East Hotel Project (HUD 108 loan, USEPA Revolving Loan Fund loan, and BRF loan) to another \$5 million of first mortgage bonds.

SECTION 2. It is necessary that this Resolution become immediately effective in order that critical services provided by Cuyahoga County can continue, and to continue the usual and daily operation of the County. Provided that this Resolution receives the affirmative vote of eight members of Council, this Resolution shall become immediately effective upon the signature of the County Executive.

SECTION 3. It is found and determined that all formal actions of this Council relating to the adoption of this Resolution were adopted in an open meeting of the Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

On a motion by Mr. Schron, seconded by Ms. Conwell, the foregoing Resolution was duly adopted.

Yeas: Greenspan, Miller, Brady, Germana, Gallagher, Schron, Conwell, Jones, Rogers, Simon and Connally

Nays: None


County Council President

5-11-11
Date


County Executive

5/11/11
Date


Clerk of Council

5/10/2011
Date

First Reading/Referred to Committee: April 26, 2011
Committee(s) Assigned: Economic Development & Planning

Additional Sponsorships Requested on the Floor: May 10, 2011

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