

ORDINANCE NO. 20-145

AN ORDINANCE AUTHORIZING AND DIRECTING THE CITY MANAGER TO ENTER INTO AN ENTERPRISE ZONE AGREEMENT WITH NAME ONE, YELLOWSTONE LLC, RELATING TO PROPERTY LOCATED AT 333 EAST WASHINGTON STREET, AND DECLARING THAT THIS ORDINANCE SHALL TAKE IMMEDIATE EFFECT IN ACCORDANCE WITH SECTION 14 OF THE CITY CHARTER.

WHEREAS, the State of Ohio has provided for the establishment of “Enterprise Zones” pursuant to Sections 5709.61 to 5709.914 of the Ohio Revised Code (the “Act”), and for the provision of tax incentives to private enterprise in order to promote and encourage expansion programs by private enterprise in such Enterprise Zones, and the creation and/or preservation of jobs and economic development in connection therewith; and

WHEREAS, the City Commission, by Resolution No. 05-183 adopted December 27, 2005, designated an area as an Enterprise Zone pursuant Section 5709.61(A)(1)(a) and (f) of the Act; and

WHEREAS, effective April 18, 2006, the Director of Ohio Development Services Agency of the State of Ohio determined that the geographic area designated in said Resolution No. 05-183 contains the characteristics set forth in Section 5709.61(A)(1)(a) and (f) of the Act and certified said area as an Enterprise Zone under the Act; and

WHEREAS, Name One, Yellowstone LLC is composed of three (3) related individuals of the Zimmerman family, led by its managing member, Brent Zimmerman who is an experienced entrepreneur, business owner and developer and most recently constructed townhomes in downtown Cleveland and a 30+ unit residential complex in Cleveland’s west side; and

WHEREAS, additionally, Mr. Zimmerman is the founder and Chief Executive Officer of Saucy Brew Works, a production craft beer facility and brewpub with locations in Cleveland and Columbus, and with roots in the Sandusky Bay area, is looking to expand his development footprint into Sandusky; and

WHEREAS, Name One, Yellowstone LLC recently purchased the commercially zoned property located at 333 E. Washington Street for \$190,000 and plans to invest minimally \$450,000 (not including acquisition costs) in physical build-out to adaptively reuse the historic property and convert it into approximately seven (7) AirBNB units to be utilized as short term / transient rental units and the property will also come equipped with additional indoor and outdoor amenities; and

WHEREAS, the City received a request for Enterprise Zone tax abatement from Name One, Yellowstone LLC for their redevelopment project; and

WHEREAS, it is recommended to approve a 10-year, 75% real estate tax abatement on the increase to the assessed valuation of the property, based on the investment and the importance of the project to transform a currently vacant

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property into a bustling hub of activity on the eastern edge of downtown, an area positioned and poised for future redevelopment and investment, and help meet a growing demand for vacation and extended stay lodging in Sandusky and more specifically downtown; and

WHEREAS, pursuant to Ohio Revised Code §5709.83, the Board of Education of the Sandusky City Schools was notified in writing of the request for tax exemption by letter dated September 28, 2020; and

WHEREAS, this project will have an ongoing positive impact the City's General Fund as 25% of the increase in assessed value will be subject to real estate taxes during the abatement period and the project will help sustain employment in the local economy by creating a minimum of three (3) new full-time employment positions at a minimum annual payroll of \$90,000.00; and

WHEREAS, this Ordinance should be passed as an emergency measure under suspension of the rules in accordance with Section 14 of the City Charter in order to immediately execute the agreement and allow construction to commence in the Fall of 2020 so the project can be completed by June of 2021 and in time for the 2021 vacation season; and

WHEREAS, in that it is deemed necessary in order to provide for the immediate preservation of the public peace, property, health, and safety of the City of Sandusky, Ohio, and its citizens, and to provide for the efficient daily operation of the Municipal Departments, including the Department of Community Development, of the City of Sandusky, Ohio, the City Commission of the City of Sandusky, Ohio finds that an emergency exists regarding the aforesaid, and that it is advisable that this **Ordinance** be declared an emergency measure which will take immediate effect in accordance with Section 14 of the City Charter upon its adoption; and NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SANDUSKY, OHIO, THAT:

Section 1. This Commission hereby approves the Enterprise Zone Agreement with Name One, Yellowstone LLC, pursuant to the terms and conditions contained therein, a copy of which is marked Exhibit "1" attached to this Ordinance and is specifically incorporated as if fully rewritten herein.

Section 2. The City Manager is hereby authorized and directed to execute the Enterprise Zone Agreement with Name One, Yellowstone LLC, on behalf of the City in accordance with the terms and conditions as contained in the form of the agreement marked Exhibit "1" attached to this Ordinance and specifically incorporated as if fully rewritten herein, together with any revisions or additions as

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are approved by the Law Director as not being substantially adverse to the City and consistent with carrying out the terms of this Ordinance.

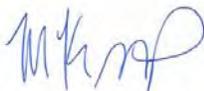
Section 3. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 4. This City Commission finds and determines that all formal actions of this City Commission concerning and relating to the passage of this Ordinance were taken in an open meeting of this City Commission and that all deliberations of this City Commission and of any of its committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

Section 5. That for the reasons set forth in the preamble hereto, this Ordinance is hereby declared to be an emergency measure which shall take immediate effect in accordance with Section 14 of the City Charter after its adoption and due authentication by the President and the Clerk of the City Commission of the City of Sandusky, Ohio.



RICHARD R. BRADY
PRESIDENT OF THE CITY COMMISSION



ATTEST:

MCKENZIE E. SPRIGGS
CLERK OF THE CITY COMMISSION

Passed: October 12, 2020

ENTERPRISE ZONE AGREEMENT

This ENTERPRISE ZONE AGREEMENT (the “Agreement”) is made and entered into by and between the City of Sandusky, Ohio, an Ohio municipal corporation with a Commission-Manager form of government with its main offices located at 240 Columbus Avenue, Sandusky, Ohio 44870 (the “City”), and NAME ONE, YELLOWSTONE, LLC, an Ohio limited liability company, with mailing address of 1481 Lindazzo Avenue, Cleveland, Ohio 44114 (the “Company”).

WITNESSETH:

WHEREAS, The City of Sandusky has encouraged the development of real property and the acquisition of personal property located in the area designated as an Enterprise Zone; and

WHEREAS, the owners of the Company are under contract to purchase the vacant, historically significant commercial building located at 333 E. Washington Street, Sandusky, Ohio 44870. The approximate 4,000 square foot building is further identified as Permanent Parcel No. 56-01157.000. The Company is now desirous of substantially redeveloping and adaptively reusing the building and converting it into overnight lodging through the creation of approximately seven (7) residential short-term rental units with on-site amenities. The Company will invest approximately \$640,000 into this building, including \$190,000 for building acquisition and approximately \$450,000 for physical build-out, improvements, and renovation (the “Project”), which Project will preserve or create employment opportunities within the boundaries of the aforementioned Enterprise Zone, provided that the appropriate development incentives are available to support the economic viability of said Project; and

WHEREAS, the Sandusky City Commission of the City of Sandusky, Ohio by Resolution No. 05-183 adopted April 18, 2006, designated the area as an "Enterprise Zone" pursuant Chapter 5709.61(A)(1)(a) and (f) of the Ohio Revised Code; and

WHEREAS, effective April 18, 2006, the Director of the Ohio Development Services Agency of the State of Ohio determined that the aforementioned area designated in said Resolution No. 05-183 contains the characteristics set forth in Section 5709.61(A)(1)(a) and (f) of the Ohio Revised Code and certified said area as an Enterprise Zone under said Chapter 5709; and

WHEREAS, the City having the appropriate authority for the stated type of project is desirous of providing the Company with incentives available for the development of the Project in said Enterprise Zone under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, the Company has submitted a proposed agreement application (herein attached as Exhibit A) to the City (the "Application"); and

WHEREAS, the Company has remitted the required state application fee of \$750.00 made payable to "Treasurer of the State of Ohio" with the application to be forwarded with the final agreement; and

WHEREAS, the Chief Development Officer of the City has investigated the application of the Company and has recommended the same to the Sandusky City Commission on the basis that the Company is qualified by financial responsibility and business experience to create and preserve employment opportunities in said Enterprise Zone and improve the economic climate of the City; and

WHEREAS, the project site as proposed by the Company is located in the Sandusky City School District and the Board of Education of the Sandusky City Schools have been notified in accordance with Section 5709.83 and been given a copy of the application; and

WHEREAS, pursuant to Section 5709.62(C) and in conformance with the format required under Section 5709.631 of the Ohio Revised Code, the parties hereto desire to set forth their agreement with respect to matters hereinafter contained;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained and the benefit to be derived by the parties from the execution hereof, the parties agree as follows:

1. The Company shall adaptively reuse and substantially renovate an approximate 4,000 square foot historic building to be utilized as a short-term residential overnight rental facility. The Company estimates an anticipated real estate investment for the Project of \$450,000, not including acquisition costs. The acquisition cost for the building is anticipated to be \$190,000. The Project represents a significant new investment on the site. The construction is expected to commence by November 1, 2020 and be completed by June 30, 2021.

2. The Company shall create or cause to be created the equivalent of three (3) full-time, zero (0) part-time and, zero (0) seasonal equivalent job opportunities.

This amount of new payroll related to the job creation associated with this Project will result in approximately \$90,000.00 (dollars) of new annual payroll for the Company or made possible by the Company. The following is an itemization by the type of created jobs and payroll: permanent full-time \$90,000.00 permanent part-time \$0.00 and temporary full-time \$0.00.

3. The Company shall provide to the proper Tax Incentive Review Council any information reasonably required by the council to evaluate the enterprise's compliance with the agreement, including returns filed pursuant to section 5711.02 of the Ohio Revised Code if requested by the council.

4. The Company will use its best efforts to hire employees from Erie County, with a preference to residents of the City. Furthermore, the Company shall use Erie County contractors for work related to the Project to the greatest extent possible.

5. The City hereby grants the Company a tax exemption for real property improvements made to the Project site pursuant to Section 5709.62 of the Ohio Revised Code for ten (10) years and shall be in the following amounts:

<u>Year of Tax Exemption</u>	<u>Tax Exemption Amount</u>
YR 1	75%
YR 2	75%
YR 3	75%
YR 4	75%
YR 5	75%

YR 6	75%
YR 7	75%
YR 8	75%
YR 9	75%
YR 10	75%

The exemption commences the first year for which the real property would first be taxable were that property not exempted from taxation. No exemption shall commence after 2022 nor extend beyond 2031.

The Company must file the appropriate tax forms with the County Auditor and with the State Department of Taxation (#913) to effect and maintain the exemptions covered in the agreement. The #913 Ohio tax form **must** be filed annually.

6. The Company shall pay an annual monitoring fee equal to two hundred dollars (\$200.00).

The fee shall be made payable to the City once per year, due no later than April 15th of each year. The fee is to be paid to the Director of Finance by check made out to the City of Sandusky. This fee shall be deposited in a special fund created for such purpose and shall be used exclusively for the purpose of complying with section 5709.68 of the Ohio Revised Code and by the Tax Incentive Review Council created under section 5709.85 of the Ohio Revised Code exclusively for the purposes of performing the duties prescribed under that section.

7. The Company shall pay such real and tangible personal property taxes as are not exempted under this agreement and are charged against such property and shall file all tax reports and returns as required by law. If the Company fails to pay such taxes or file such returns and reports, all incentives granted under this agreement are rescinded beginning with the year for which such taxes are charged or such reports or returns are required to be filed and thereafter.

8. The City shall perform such acts as are reasonably necessary or appropriate to effect, claim, reserve, and maintain exemptions from taxation granted under this agreement including, without limitation, joining in the execution of all documentation and providing any necessary certificates required in connection with such exemptions.

9. If for any reason the Enterprise Zone designation expires, the Director of the Ohio Development Services Agency revokes certification of the zone, or the City revokes the designation of the zone, entitlements granted under this agreement shall continue for the number of years specified under this agreement, unless the Company materially fails to fulfill its obligations under this agreement and the City terminates or modifies the exemptions from taxation granted under this agreement.

10. If the Company materially fails to fulfill its obligations under this agreement, other than with respect to the number of employee positions estimated to be created or retained under this agreement, or if the City determines that the certification as to delinquent taxes required by this agreement is fraudulent, the City may terminate or modify the exemptions from taxation granted under this agreement.

11. In any three-year period during which this agreement is in effect, if the actual number of employee positions created or retained by the Company is not equal to or greater than seventy-five per cent of the number of employee positions estimated to be created or retained under this agreement during that three-year period, the Company shall repay the amount of taxes on property that would have been payable had the property not been exempted from taxation under this agreement during that three-year period. In addition, the City may terminate or modify the exemptions from taxation granted under this agreement.

12. The Company hereby certifies that at the time this agreement is executed, the Company does not owe any delinquent real or tangible personal property taxes to any taxing authority of the State of Ohio and does not owe delinquent taxes for which the Company is liable under Chapter 5733, 5735, 5739, 5741, 5743, 5747, or 5753. of the Revised Code, or, if such delinquent taxes are owed, the Company currently is paying the delinquent taxes pursuant to an undertaking enforceable by the State of Ohio or an agent or instrumentality thereof, has filed a petition in bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has been filed against the Company. For the purposes of the certification, delinquent taxes are taxes that remain unpaid on the latest day prescribed for payment without penalty under the chapter of the Revised Code governing payment of those taxes.

13. The Company affirmatively covenants that it does not owe: (1) any delinquent taxes to the State of Ohio or a political subdivision of the State; (2) any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State; and (3) any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not.

14. The Company and the City acknowledge that this agreement must be approved by formal action of the legislative authority of the City as a condition for the agreement to take effect. This agreement shall take effect upon the later of the date of such legislative approval or the date all parties have signed this agreement.

15. The City has developed a policy to ensure recipients of Enterprise Zone tax benefits practice non-discriminating hiring in its operations. By executing this agreement, the Company is committing to following non-discriminating hiring practices acknowledging that no individual may be denied employment solely on the basis of race, religion, sex, sexual orientation, gender identity or expression, disability, color, national origin, or ancestry.

16. Exemptions from taxation granted under this agreement shall be revoked if it is determined that the Company, any successor enterprise, or any related member (as those terms are defined in Section 5709.61 of the Ohio Revised Code) has violated the prohibition against entering into this agreement under Division (E) of Section 3735.671 or Section 5709.62 of the Ohio Revised Code prior to the time prescribed by that division or either of those sections.

17. The Company affirmatively covenants that it has made no false statements to the State or local political subdivision in the process of obtaining approval for the Enterprise Zone incentives. If any representative of the Company has knowingly made a false statement to the State or local

political subdivision to obtain the Enterprise Zone incentives, the Company shall be required to immediately return all benefits received under the Enterprise Zone Agreement pursuant to ORC Section 9.66(C)(2) and shall be ineligible for any future economic development assistance from the State, any state agency or a political subdivision pursuant to ORC Section 9.66(C)(1). Any person who provides a false statement to secure economic development assistance may be guilty of falsification, a misdemeanor of the first degree, pursuant to ORC 2921.13(D)(1), which is punishable by a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

18. This agreement is not transferrable or assignable without the express, written approval of the City.

[Signature page follows.]

DRAFT

IN WITNESS WHEREOF, the City of Sandusky, Ohio, by Eric Wobser, its City Manager, and pursuant to Ordinance No. _____, has caused this instrument to be executed this ____ day of _____, 2020 and NAME ONE, YELLOWSTONE, LLC by _____, its Managing Member, has caused this instrument to be executed on this ____ day of _____, 2020.

CITY OF SANDUSKY, OHIO

By: _____
Eric Wobser, City Manager

NAME ONE, YELLOWSTONE, LLC
An Ohio limited liability company

By: _____
Brent Zimmerman, Managing Member

Approved as to form:

By: _____
Director of Law

Date: _____, 2020

EXHIBIT A

[Attach Application]

DRAFT

OHIO DEVELOPMENT SERVICES AGENCY
OHIO ENTERPRISE ZONE PROGRAM

PROPOSED AGREEMENT for Enterprise Zone Tax Incentives between the _____ (local legislative authorities) _____ located in the County of erie and _____ (enterprise) _____.

1a. Name of business, home or main office address, contact person, and telephone number (attach additional pages if multiple enterprise participants).

"Name One, Yellowstone, LLC" Brant Zimmerman
enterprise name contact person
617-823-0025 1481 Lindazzo Ave. Cleveland OH
telephone number address 44114

1b. Project site:

Brant Zimmerman 617-823-0025
contact person telephone number
333 East Washington Sandusky OH
address

2a. Nature of business (manufacturing, distribution, wholesale or other).

AIRBNB

2b. List primary 6 digit NAICS # _____.
Business may list other relevant SIC numbers.

2c. If a consolidation, what are the components of the consolidation? (must itemize the location, assets, and employment positions to be transferred)

~~_____~~

2d. Form of business of enterprise (corporation, partnership, proprietorship, or other).

LLC

3. Name of principal owner(s) or officers of the business (attach list if necessary).

Craig, Brent, Joshua Zimmerman

4. Is business seasonal in nature? Yes No

5a. State the enterprise's current employment level at the proposed project site:

0

5b. Will the project involve the relocation of employment positions or assets from one Ohio location to another? Note that relocation projects are restricted in non-distress based Ohio Enterprise Zones. A waiver from the Director of the Ohio Department of Development is available for special limited circumstances. The business and local jurisdiction should contact ODOD early in the discussions.

Yes No

5c. If yes, state the locations from which employment positions or assets will be relocated and the location to where the employment positions or assets will be located:

~~_____~~

5d. State the enterprise's current employment level in Ohio (itemized for full and part-time and permanent and temporary employees):

0

5e. State the enterprise's current employment level for each facility to be affected by the relocation of employment positions or assets:

0

5f. What is the projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated?

0

6a. Has the Enterprise previously entered into an Enterprise Zone Agreement with the local

legislative authorities at any site where the employment or assets will be relocated as a result of this proposal? Yes ___ No /

6b. If yes, list the local legislative authorities, date, and term of the incentives for each Enterprise Zone Agreement:

7. Does the Enterprise owe :

a. Any delinquent taxes to the State of Ohio or a political subdivision of the state? Yes ___ No /

b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State? Yes ___ No /

c. Any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not. Yes ___ No /

d. If yes to any of the above, please provide details of each instance including but not limited to the location, amounts and/or case identification numbers (add additional sheets if necessary).

/
 /
 /
 /

8. Project Description (attach additional pages if necessary):

Converting 1890's House into 5 AirBNB
Units with onsite coffee / Tap room as
Amenity

9. Project will begin Sept, 2022 and be completed March, 2023 provided a tax exemption is provided.

10a. Estimate the number of new employees the business intends to hire at the facility that is the project site (job creation projection must be itemized by full and part-time and permanent and temporary): 3 FTE's

10b. State the time frame of this projected hiring: 12 Mths. years

10c. State proposed schedule for hiring (itemize by full and part-time and permanent and temporary

employees):

11a. Estimate the amount of annual payroll such new employees will add \$ 90,000 (new annual payroll must be itemized by full and part-time and permanent and temporary new employees).

11b. Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project: \$ 0

12. Market value of the existing facility as determined for local property taxation.

\$ 73,430

13a. Business's total current investment in the facility as of the proposal's submission.

\$ 640,000

13b. State the businesses' value of on-site inventory required to be listed in the personal property tax return of the enterprise in the return for the tax year (stated in average \$ value per most recent 12 month period) in which the agreement is entered into (baseline inventory):

\$ 0

14. An estimate of the amount to be invested by the enterprise to establish, expand, renovate or occupy a facility:

	<u>Minimum</u>	<u>Maximum</u>
A.Acquisition of Buildings:	\$ <u>190,000</u>	\$ <u>190,000</u>
B.Additions/New Construction:	\$ <u>300,000</u>	\$ <u>400,000</u>
C.Improvements to existing buildings:	\$	\$
D.Machinery & Equipment:	\$ <u>10,000</u>	\$ <u>25,000</u>
E.Furniture & Fixtures:	\$	\$
F.Inventory:	\$ <u>20,000</u>	\$ <u>30,000</u>
Total New Project Investment:	\$ <u>520,000</u>	\$ <u>645,000</u>

15. a. Business requests the following tax exemption incentives: 75 % for 10 years covering real _____ and/or personal property including inventory _____ as described above. Be specific as to type of assets, rate, and term.

b. Business's reasons for requesting tax incentives (be quantitatively specific as possible)

To insure the success of the Business
even in the winter months due to
Seasonality in Sandusky.

Submission of this application expressly authorizes (name of the local jurisdiction) and/of (name of county) to contact the Ohio Environmental Protection Agency to confirm statements contained within this application including item #7 and to review applicable confidential records. As part of this application, the business may also be required to directly request from the Ohio Department of Taxation or complete a waiver form allowing the Ohio Department of Taxation to release specific tax records to the local jurisdictions considering the incentive request.

Applicant agrees to supply additional information upon request.

The applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct and is aware of the ORC Sections 9.66(C)(1) and 2921.13(D)(1) penalties for falsification which could result in the forfeiture of all current and future economic development assistance benefit as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

"Name One, Yellowstone, LLC" 6/19/2020
Name of Enterprise Date
 money member
Signature Typed Name and Title

* A copy of this proposal must be forwarded by the local governments to the affected Board of Education along with notice of the meeting date on which the local government will review the proposal. Notice must be given a minimum of fourteen (14) days prior to the scheduled meeting to permit the Board of Education to appear and/or comment before the legislative authorities considering the request.

** Attach to Final Enterprise Zone Agreement as Exhibit A

Please note that copies of this proposal must be included in the finalized Enterprise Zone Agreement and be forwarded to the Ohio Department of Taxation and the Ohio Development Services Agency within fifteen (15) days of final approval.