

April 18, 2018

FOR YOUR INFORMATION

To: Members of Council
From: Harry Black, City Manager **H13**
Copy: John Cranley, Mayor
Subject: Economic Development Concerns

The City Charter provides the authority to the City Administration to negotiate and execute economic development projects and agreements. As City Manager, I do not take this responsibility lightly as our process must assure a strict shield from political influence.

During my tenure as City Manager, I have grown increasingly concerned with the Mayor's intrusive role in the economic development process from an operational as well as ethical perspective. I believe the recent loss of Department of Community and Economic Development (DCED) leadership staff, including the director and both assistant directors, within the last five months represents a troubling signal. I have expressed these concerns to the Mayor and his response has been retaliation towards me and the Administration.

The attached includes information about some specific examples where documentation exists that illuminate these ethical concerns. In this regard, I recently cancelled a standing weekly economic development meeting including the Mayor's staff, DCED staff and myself.

As the Mayor has stated his concerns about the cancelation of these meetings in the news media I wanted to explain why the action was taken and make this body aware.

I am available to discuss the matter with you further within the requisite whistleblower protection framework. Because I have pushed back on the Mayor on these matters my office is under siege by him along with select union leadership who have and continue to collude in a manner that has created a hostile and retaliatory work environment for my office and City Administration in general.

Attachments

Project Reshore

MEMORANDUM

To: File
From: Harry Black
Date: October 27, 2016
Subj: Economic Development Concerns

Today, as part of a routine conversation with Department of Community and Economic Development (DCED) Director Oscar Bedolla, he shared information with me regarding DCED "Project Reshore". His feedback was concerning. He shared with me that he had a general meeting with representatives of the Government Strategies Group (GSG), a government affairs firm based in Cincinnati (Doug Moorman and Jim Benedict) on a matter involving a client of the firm and "Project Reshore". The GSG client is Axxess Financial, a subsidiary of CNG Holdings, Inc. Axxess Financial was seeking an economic development incentives package to assist with possibly relocating a South America operation to Cincinnati. All of the above is not unusual nor irregular in that most developers hire local firms to assist with coordination of potential projects in terms of process and understanding who they should be engaging with as it might relate to process.

However, what was unusual and concerning was what took place after the meeting. According to Mr. Bedolla, when his meeting with GSG had ended, Mr. Benedict confided in him what was really going on. Apparently the owner of the company held a fundraiser for the Mayor at his home here in the Cincinnati area. As part of this fundraiser allegedly the Mayor made promises to this business owner that he would receive development air rights to build on top of the CET garage.

435 Elm Street

Bedolla, Oscar

From: Jay Kincaid <jay.kincaid@gmail.com>
Sent: Friday, July 07, 2017 9:53 AM
To: Bedolla, Oscar
Subject: Kingsley & Company request for MOU
Attachments: 435 Elm St MOU Letter.pdf

Oscar,

I'm following up on our conversation about 435 Elm Street. The attached letter from Kingsley and Company is their formal request for the City to enter into an agreement with Kingsley regarding the redevelopment of the site. Please let me know if you need anything else from us.

Thanks,

Jay

Hg Bed
7/13/17

This was brought to my attention on July 13th by DCEO. Thought it was strong and advised DCEO to discuss with Lou to determine ethics implication on the part of Mr. Kincaid if there were any. In addition, I ~~wanted to~~ mentioned to the City Solicitor that this concerned me in terms of both the technical ethics implications, as well as the optics in that Mr. Kincaid is the former Chief of Staff to the Mayor, and key person ~~is~~ working on the Mayor's Campaign, to have also included serving as Campaign manager.

KINGSLEY + CO.

July 7, 2017

To Whom It May Concern,

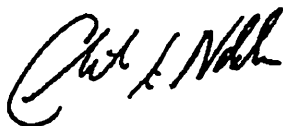
I am writing to request that the City of Cincinnati (the City) enter into a Memorandum of Understanding (MOU) with Kingsley and Company (Kingsley) related to the redevelopment of property located at 435 Elm Street. We believe that an MOU would be appropriate in this case because: 1) Kingsley controls the leasehold mortgage on the building located at 435 Elm Street, and 2) Kingsley has a successful history of completing similarly sized and situated development projects.

Kingsley is currently under contract with US Bank for the purchase of the leasehold mortgage on property located at 435 Elm Street and will close on the purchase soon. Because the City owns the land and has some interest in the building located at 435 Elm Street, this purchase of the leasehold mortgage by Kingsley creates a unique relationship between the City and Kingsley relative to other real estate developers. Additionally, the purchase of the leasehold mortgage gives Kingsley an ability, which no other developer has, to influence and control what happens at the site. Because no other developer could possibly move forward on a project at 435 Elm Street without the consent of Kingsley, we believe that it is appropriate for the City to enter into an MOU with Kingsley at this time.

Furthermore, Kingsley has a solid history of completing similarly sized and situated projects. In recent years, Kingsley has forged successful public-private partnerships with many of Cincinnati's largest institutions for the redevelopment of underutilized properties. Examples of this include partnering with the City to redevelop Tower Place Mall and working with the University of Cincinnati to redevelop 2500 South Market Street into a Marriot Hotel. Given this track record of success, it is reasonable for the City to enter into an MOU with Kingsley.

We look forward to continued success in this space and working with the City towards an effective and prosperous redevelopment of the 435 Elm Street site.

Thank you,



Chinedum Ndukwe
Principal, Kingsley + Co.