

MINUTES

CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY BOARD OF DIRECTORS SPECIAL MEETING Wednesday, May 22, 2019

The Special Meeting of the Cleveland-Cuyahoga County Port Authority Board of Directors was held at the Port of Cleveland Conference Center, 1100 W. 9th Street – Suite 100, Cleveland, Ohio on Wednesday, May 22, 2019. The meeting was called to order by Chair Roller at 8:38 a.m. Director McNair joined the meeting from a remote location by teleconference pursuant to Article III, Section 11 of the Port Authority's Rules and Regulations, Director McNair having given proper notice of his remote attendance and having been provided relevant Board materials prior to the meeting. Director McNair provided the correct password given prior to the meeting, verified he was more than ¼ mile from the primary meeting location and was clearly heard and was able to hear other Board members. Attendance by roll call showed the following:

PRESENT

Jan Roller, Chair
Pat Ramsey, Vice, Chair
Harriett Applegate, Secretary
J. Stefan Holmes
Chris Ronayne
David Wondolowski

VIA TELEPHONE

Darrell McNair

ABSENT & EXCUSED

Bob Smith
Paul Hoogenboom

ALSO PRESENT

W. Friedman, President & CEO
D. Gutheil, Chief Commercial Officer
C. Naso, Chief Financial Officer
M. Rivalsky, Controller
L. Bohinc, Finance Coordinator
M. Freilino, Manager, Executive & Administrative Operations
G. Woodson, Director, Development Finance & Inclusion
L. Sternheimer, Director, Urban Planning & Engagement
J. Davis, VP, External Affairs
D. Wilcox, Climaco, Wilcox, Peca, & Garofoli Co., L.P.A
P. Ritzert, Climaco, Wilcox, Peca, & Garofoli Co., L.P.A
A. Brancatelli, Councilman, City of Cleveland
J. Miller, Crain's Cleveland Business

PUBLIC COMMENT PERIOD

Chairwoman Roller then opened the floor for public comment related to agenda items. There being no public comment, she proceeded with the agenda.

CHAIR'S COMMENTS

Chairwoman Roller addressed the Board of Directors and stated that staff received a request from the NuCLEus Project asking that the project be withdrawn from discussion during today's meeting.

PRESIDENT'S COMMENTS

Mr. Friedman addressed the Board and asked the Board for guidance surrounding the prevailing wage policy. Mr. Friedman has received inquiries from developers, various businesses, and consultants asking what the new policy means for projects coming to the Port. There have been concerns about the capital stacks in certain projects because they weren't contemplating the 100% prevailing wage policy.

REAL ESTATE & DEVELOPMENT FINANCE COMMITTEE

Agenda Item 4(C)(1)(a) – Inclusion, Wages & Access to Jobs Policy “the Policy”

Mr. Friedman then referred to a presentation attached hereto as “**Exhibit A** (slides 1-9)”. Director McNair stated that the dialogue outside of the Port and the Board has resulting in issues that were not at all intended. The Policy is not intended to create a union vs. non-union battle, and not one that the Port intends to engage in. The spirit of the Policy was to take a leadership role in being stewards of economic development in our region and to contribute where we can. Chairwoman Roller thanked Director McNair for his comments and agreed with his remarks. Director Applegate stated that the Port has long prided itself on being a model for how a public agency ought to conduct itself, which is key to the discussion.

Mr. Friedman stated that things to consider regarding policy modification are to: 1) develop exemption criteria; 2) eliminate all exemptions; and 3) consideration of certain types of issuances outside the scope of the policy. Director Wondolowski stated that if the issuance doesn't involve construction, it's a moot point. If the issuance creates construction jobs, then it would fall under the policy. Director McNair noted the examples provided were good and clear. In every issuance that the Port engages in, there is some form of construction in the project. Director Ramsey stated she agrees with the categorizations provided but thinks each project can be handled on a case-by-case basis without turning it into an exemption policy. Chairwoman Roller stated that it seems all are in agreement of the importance of prevailing wage. Director McNair added that by having the policy we are achieving our goals, though there are some projects that fall outside the four key areas. The Port will need the support of entities that are providing part of the capital stack. The City, County and others have a responsibility to publicly state their position. Chairwoman Roller invited Councilman Brancatelli to add to the conversation. Councilman Brancatelli stated that the NuCLEus project was presented at the Cleveland Citywide Development Corporation and prevailing wage was recommended for the project and prevailing wage was unanimously approved. He reiterated that the issue is about skilled labor building legacy projects, not union vs. non-union. For this project, there is not a requirement for prevailing wage, however it is being recommended. Chairwoman Roller indicated that the County Administration feels very strongly that prevailing wage should be included in the NuCLEus project.

Magyar replied it's loaded into containers. Unfortunately there is no way to repurpose the soaked wood so it's taken to landfills where it will eventually break-down.

REAL ESTATE & DEVELOPMENT FINANCE COMMITTEE

Agenda Item 4(C)(2)(a) – NuCLEus Project – Developer request pursuant to Workforce, Inclusion, Equity & Wages Policy

Mr. Carl Naso addressed the Board of Directors and referred to a presentation attached hereto as "**Exhibit B**". Referring to slide 3, Director McNair noted that modification of the policy was a well thought process that over a year. Cleveland has been identified as a city of poverty. The Port wants to play a progressive role in improving poverty in the city, and to ensure diversity, inclusion and wages on projects in which the Port is involved. Director Smith stated any exemptions that are made must be implemented in an equitable and consistent manner. Without having clear criteria puts the Board in a difficult place. Director Smith then stated he was recusing himself from discussion and vote.

Mr. Friedman agreed and requested input from the Board regarding possible exemption criteria. Director Hoogenboom stated that the discussion the policy and whether there should be exemptions at all, as opposed to making that assumption, and then discussing the nature of the exemption. Mr. Friedman agreed and stated that input is requested as to whether there should be exemptions offered at all – that should be the first order of discussion. Director Applegate stated that the Port could be inundated with requests for exemptions. There is no end to the potential criteria that could be applied in making exemptions. Mr. Friedman has a concern that if the policy states no exemptions, only prevailing wage, it is possible that projects will no longer come to the port. Director Wondolowski added that there are developers in Cleveland that would come before the Board and not ask for any exemptions. Mr. Wilcox stated that if it's decided not to offer exemptions, that the policy would need to be modified and voted on in order to be clear. Director McNair stated that at the time the policy was created, there wasn't enough information to determine what should be exempt. Referring to slide 5, Director Wondolowski asked for clarity regarding the statement on slide 5 that states "National and other State issuers can issue in lieu of the port..." . Mr. Naso replied that the City, State or other port authorities have the ability to issue the bonds. Director Wondolowski disagreed with the concern that another city, county, state or port authority would issue bonds and directly undermine the Port of Cleveland's policy to ensure economic stabilization for people in our region. Chairwoman Roller then suggested learning the policies of other entities. Director Ramsey noted that she's not aware of any exemptions granted by the City or the County. Mr. Wilcox noted that most port authorities have not adopted prevailing wage for bond financing. Director Wondolowski noted that there are other port authorities entertaining the same type of resolutions to pass. Mr. Friedman stated that additional fact finding should occur. Mr. Hoogenboom asked Mr. Friedman to elaborate. Mr. Friedman replied that there are projects in the pipeline in which developers are responding with a solid "no" to prevailing wage. Director Wondolowski asked the Board to consider continuing the discussion and not making any decisions today.

Mr. Naso introduced and welcomed Ms. Rebecca Hedges, VP of Development, and Mr. Brian Midlik, CIO, both of Stark Enterprises. Ms. Hedges and Mr. Midlik referred to a presentation attached hereto as "**Exhibit C**". Mr. Midlik stated that Starck is asking for an exemption or

The Resolution before the Board was modified to reflect the discussion consensus. On motion by Director McNair, seconded by Director Applegate, and unanimously carried by roll call vote (7-0),

RESOLUTION NO. 2019-07

A RESOLUTION REGARDING IMPLEMENTATION OF RESOLUTION NO. 2018-28
ADOPTED BY THE BOARD OF DIRECTORS AND MODIFYING THE POLICY
APPROVED BY SUCH RESOLUTION

PUBLIC COMMENT

There being no public comment, on motion by Director Holmes, seconded by Director McNair, and unanimously carried, the meeting was adjourned at 9:38 a.m.



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