

MINUTES

**CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY
BOARD OF DIRECTORS MEETING**

Thursday, June 13, 2024

The Meeting of the Cleveland-Cuyahoga County Port Authority Board of Directors was held at the Port Offices (1100 W. 9th Street) on Thursday, June 13, 2024, with notice of the meeting information provided to the public in advance. The meeting was called to order by Chairman Holmes at 9:03 a.m. Having given notice at least two days prior to the meeting and not having previously attended remotely more than 3 times during the past 12 months, Director McNair attended the meeting remotely via Zoom and gave the proper password. Prior to the meeting, Director McNair was provided with all meeting-related materials. Director McNair confirmed he was more than 1/4 mile from the primary meeting location at 1100 West Ninth Street, Cleveland, OH and had internet access to receive any material distributed at the meeting. It was then verified that all Board members could hear and be heard by all other members in attendance. Attendance by roll call showed the following:

PRESENT

J. Stefan Holmes
Andrew Jackson – 9:06 a.m. arrival
Darrell McNair – Via Zoom
Daniel O’Malley
Teleange Thomas – 9:07 a.m. arrival
Dave Wondolowski
Peggy Zone Fisher

ABSENT & EXCUSED

Luis Cartagena
Margot Copeland

ALSO PRESENT

C. Beck, Senior Manager of Planning, Environment, and Information Systems
M. Bocanegra, Chief Legal Officer
J. Dugan, Senior Accountant
M. Freilino, Manager, Exec. & Admin Operations
W. Friedman, President & CEO
D. Gutheil, Chief Commercial Officer
C. Naso, Chief Financial Officer
M. Rivalsky, Vice President & Controller
R. Snipes, Senior Accountant
L. Sternheimer, Vice President, Urban Planning & Engagement
R. Winslow, Vice President, Development Finance
G. Woodson, Director, Development Finance & Inclusion
D. Wilcox, Mansour Gavin
S. Simpkins, Mansour Gavin
B. O’Connell, Lesic & Camper
K. Palmer, Crain’s Cleveland
J. Baker, Jr., ILA
R. Kaplan, DiPerna Advisors

APPROVAL OF MINUTES

The minutes of the Board of Directors meeting of May 9, 2024 were presented for approval by the Board, copies having been delivered in advance to all Directors. On motion by Director Zone Fisher, seconded by Director Wondolowski, the Minutes of May 9, 2024 were unanimously approved (7-0) by roll call vote.

PUBLIC COMMENT PERIOD

There being no public comment, Chairman Holmes proceeded with the agenda.

CHAIR'S COMMENTS

Chairman Holmes welcomed Kierra Cotton to the Port staff and Mr. Gutheil gave a brief introduction. Kierra will serve as the Marketing Manager for the Port.

PRESIDENT'S COMMENTS

Mr. Friedman addressed the Board and stated that staff were in Washington D.C. for a full day of Capital Hill visits and agency meetings. The following items were addressed with the delegation(s): Appropriations requests for CHEERS and Irishtown Bend; all active grants; and legislative language for the Water Resources Development Act. The meetings were productive, and the Port's information was well received.

REAL ESTATE & DEVELOPMENT FINANCE COMMITTEE

Agenda Item 4(C)(1)(a) – Gordon Crossing Project Lease Revenue Bonds

Ms. Rhonda Winslow addressed the Board and referred to a presentation attached hereto as "**Exhibit A**" (slides 1-7). Director Jackson asked who will have ownership. Ms. Winslow replied that Woda Cooper Development and Frontline Development are co-owners. Director O'Malley asked whether there would be a mix of market rate and low income. Ms. Winslow replied yes, there are 8 market rate, and the remainder are affordable housing. Ten will be 30% AMI, six will be 60% AMI and the remainder being 70% AMI. Director Wondolowski asked who the contractor will be. Ms. Winslow replied that Woda Cooper does their own general contracting work. Director Thomas noted that this is a very well-thought-out project, and very innovative concerning AMI. Chairman Holmes asked the term of the capital lease and bond financing. Ms. Winslow replied that the capital lease will mimic the ground lease which is approximately 40 years, and the bonds mimic the construction loan so once the bonds are taken out with permanent financing the loans will be collapsed. Director Wondolowski noted that he believes there will be a large number of out-of-town contractors on the job. This is not a job that's going to put Clevelanders to work and plans to report back to the Board who is working there. Director Thomas asked Director Wondolowski to elaborate on his thoughts and agreed that the project should be monitored. Director Wondolowski replied that Woda will probably bring up many Columbus contractors.

On motion by Director Thomas, seconded by Director Zone Fisher, and unanimously approved by roll call vote,

RESOLUTION NO. 2024-14

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000 OF THE CLEVELAND-CUYAHOGA COUNTY PORT

AUTHORITY TAXABLE DEVELOPMENT LEASE REVENUE BONDS, SERIES 2024 (GORDON CROSSING PROJECT) FOR THE PURPOSE OF FINANCING COSTS OF “PORT AUTHORITY FACILITIES” WITHIN THE MEANING OF SECTION 4582.01, OHIO REVISED CODE, BY PAYING OR REIMBURSING THE COSTS OF ACQUIRING, CONSTRUCTING, EQUIPPING, RENOVATING, REMODELING, INSTALLING AND IMPROVING SAID PORT AUTHORITY FACILITIES LOCATED IN THE CITY OF CLEVELAND, OHIO; AUTHORIZING THE ACQUISITION OF LEASEHOLD INTERESTS IN ONE OR MORE REAL ESTATE PARCELS BY GROUND LEASE; AUTHORIZING A LEASE TO PROVIDE FOR THE LEASING OF THOSE FACILITIES BY THE PORT AUTHORITY; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ASSIGNMENT OF A CONSTRUCTION MANAGER AGREEMENT, A BOND PURCHASE AGREEMENT, A MORTGAGE AND OTHER INSTRUMENTS, STATEMENTS AND DOCUMENTS IN CONNECTION WITH THE ISSUANCE AND SECURING OF THE BONDS; AND AUTHORIZING AND APPROVING RELATED MATTERS

was adopted. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

REAL ESTATE & DEVELOPMENT FINANCE COMMITTEE

Agenda Item 4(C)(1)(b) – Gates Mills Villa Project Tax-Exempt, Multifamily Bonds

Ms. Rhonda Winslow addressed the Board and referred to a presentation attached hereto as “**Exhibit A**” (slides 8-13). Director Wondolowski asked who the general contractor will be. Ms. Winslow replied Hernandez Development Services, a minority certified contractor. Director Jackson asked if Director Wondolowski was familiar with the contractor, and he replied yes. Director McNair asked who is used when the bonds are issued to the market. Ms. Winslow stated that in this case Key Bank is the underwriter and they referred the developer to the Port. Director Wondolowski asked where Hernandez Development Services is located. Ms. Winslow replied they’re located in the Akron area.

On motion by Director Zone Fisher, seconded by Director McNair, and unanimously carried by roll call vote,

RESOLUTION NO. 2024-15

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$30,000,000 AGGREGATE PRINCIPAL AMOUNT OF CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY MULTIFAMILY TAX-EXEMPT BONDS (FANNIE MAE MBS SECURED) SERIES 2024 (GATES MILLS VILLA PROJECT) (SOCIAL BONDS), IN ONE OR MORE SERIES TO FINANCE COSTS OF ACQUIRING, CONSTRUCTING, DESIGNING, DEVELOPING, FURNISHING, IMPROVING, INTALLING, REHABILITATING AND RENOVATING “PORT AUTHORITY FACILITIES” WITHIN THE MEANING OF SECTION 4582.21, OHIO REVISED CODE ON PROPERTY TO BE LEASED BY THE PORT AUTHORITY TO GATES MILLS VILLA PRESERVATION L.P. OR ITS AFFILIATE AND REHABILITATED BY GATES MILLS VILLA PRESERVATION L.P. AS CONSTRUCTION MANAGER FOR THE PORT AUTHORITY; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND INDENTURE, FINANCING AGREEMENT, LEASE, GROUND LEASE, CONSTRUCTION MANAGER AGREEMENT AND OTHER AGREEMENTS, INSTRUMENTS AND DOCUMENTS TO PROVIDE FOR THE ISSUANCE, SALE AND DELIVERY OF, AND TERMS OF AND SECURITY FOR, THOSE REVENUE BONDS OR OTHERWISE APPROPRIATE TO THE FINANCING OF THOSE PORT AUTHORITY

FACILITIES; AUTHORIZING THE PREPARATION AND USE OF A DISCLOSURE STATEMENT IN CONNECTION WITH THE SALE OF THOSE REVENUE BONDS; AND AUTHORIZING AND APPROVING RELATED MATTERS

was adopted. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

REAL ESTATE & DEVELOPMENT FINANCE COMMITTEE

Agenda Item 4(C)(1)(c) – Jets FBO – Hangar Expansion & Cargo Building Project Taxable Bond Fund Bonds & Capital Lease

Ms. Rhonda Winslow addressed the Board, introduced Ryan Kaplan (DiPerna Advisors), and referred to a presentation attached hereto as “**Exhibit A**” (slides 14-21). Chairman Holmes asked if it was a fixed interest rate. Mr. Kaplan replied yes, it’s fixed for the life of the bonds.

On motion by Director Thomas, seconded by Director Zone Fisher, and unanimously carried by roll call vote,

RESOLUTION NO. 2024-16

A RESOLUTION AUTHORIZING THE ISSUANCE OF PORT AUTHORITY REVENUE OBLIGATIONS IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$9,000,000, TO FINANCE COSTS OF “PORT AUTHORITY FACILITIES,” WITHIN THE MEANING OF OHIO REVISED CODE SECTION 4582.01, CONSISTING OF AIRPORT IMPROVEMENTS; AUTHORIZING THE EXECUTION OF A SUPPLEMENTAL TRUST INDENTURE, A BOND PLACEMENT AGREEMENT, A LOAN AGREEMENT, A MORTGAGE, A PAYMENT GUARANTY, AN ASSIGNMENT AGREEMENT, AND CERTAIN OTHER AGREEMENTS AND DOCUMENTS IN CONNECTION WITH THE FOREGOING; AUTHORIZING THE USE AND DISTRIBUTION OF A DISCLOSURE STATEMENT IN CONNECTION WITH THE SALE OF THOSE REVENUE OBLIGATIONS; AND AUTHORIZING AND APPROVING RELATED MATTERS

was adopted. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

On motion by Director Thomas, seconded by Director Zone Fisher, and unanimously carried by roll call vote,

RESOLUTION NO. 2024-17

A RESOLUTION AUTHORIZING AND APPROVING A TRANSACTION CONCERNING THE ACQUISITION, CONSTRUCTION, EQUIPPING, INSTALLATION, AND IMPROVEMENT OF A CARGO AND AIRCRAFT STORAGE HANGAR, CARGO TERMINAL, PASS-THROUGH PASSENGER TERMINAL, VEHICLE PARKING SPACE, AND RELATED IMPROVEMENTS CONSTITUTING A “PORT AUTHORITY FACILITIES” TO BE LOCATED ON CERTAIN REAL PROPERTY TO BE ACQUIRED BY THE AUTHORITY; AUTHORIZING THE ACCEPTANCE OF THE CONVEYANCE OF LEASEHOLD INTEREST IN REAL PROPERTY BY A GROUND SUBLEASE; AUTHORIZING A PROJECT SUBLEASE; AUTHORIZING A CONSTRUCTION SERVICES AGREEMENT; AUTHORIZING AN INDEMNIFICATION AGREEMENT;

AUTHORIZING OTHER COLLATERAL DOCUMENTS; AND AUTHORIZING AND APPROVING RELATED MATTERS

was adopted. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

MARITIME COMMITTEE

Agenda Item 4(C)(2)(a) – Irishtown Bend NEORS D Contribution

Ms. Linda Sternheimer addressed the Board and noted that there is much progress being made to close the financial gap for Irishtown Bend. Chairman Holmes noted that the cost of Irishtown Bend had increased by \$15 million, and Ms. Sternheimer has been aggressively pursuing solutions to close that gap. Ms. Sternheimer stated the NEORS D contribution has already been approved by its Board. Construction is going very well and 90K cubic yards of material has already been removed. Chairman Holmes asked about the estimated completion date for construction and finances. Ms. Sternheimer replied that construction should be completed in the 1st quarter of 2026. There is currently a \$6 million gap, which is the request the Port has submitted to Congress.

On motion by Director Wondolowski, seconded by Director Thomas, and unanimously approved by roll call vote,

RESOLUTION NO. 2024-18

A RESOLUTION RATIFYING AND ACCEPTING \$1.8 MILLION IN NEORS D ADDITIONAL CONTRIBUTION FUNDS AND AUTHORIZING AND APPROVING THE EXECUTION OF AN AMENDMENT TO THE COOPERATIVE PROJECT AGREEMENT BETWEEN NEORS D AND THE CLEVELAND CUYAHOGA COUNTY PORT AUTHORITY FOR THE IRISHTOWN BEND HILLSIDE STABILIZATION PROJECT

was adopted. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

MARITIME COMMITTEE

Agenda Item 4(C)(2)(b) – Sediment Processing & Management Facility Access Road & General Site Improvements

Ms. Carly Beck addressed the Board and referred to a presentation attached hereto as “**Exhibit B**” (slides 1-6).

On motion by Director Wondolowski, seconded by Director McNair, and unanimously approved by roll call vote,

RESOLUTION NO. 2024-19

A RESOLUTION AUTHORIZING AND APPROVING THE EXECUTION OF AN AGREEMENT WITH ANTHONY ALLEGA CEMENT CONTRACTOR, INC. FOR THE PURPOSE OF UNDERTAKING THE SCOPE OF WORK FOR SPMF ACCESS ROAD AND GENERAL SITE

IMPROVEMENTS IN AN AMOUNT OF \$1,485,046.04 AND AUTHORIZING THE EXPENDITURE OF FUNDS FROM THE FY 2024 CAPITAL BUDGET

was adopted. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

MARITIME COMMITTEE

Agenda Item 4(C)(2)(c) – CBT Ore Tunnel Conveyor Modernization

Mr. Dave Gutheil addressed the Board and referred to a presentation attached hereto as “**Exhibit B**” (slides 7-14). Chairman Holmes asked what the total cost would be. Mr. Gutheil said it’s difficult to determine because the work will be scheduled in five week increments over multiple years. We estimate between \$5 - \$7 million, but it could change depending on what is found once the work gets started.

On motion by Director Wondolowski, seconded by Director Zone Fisher, and unanimously approved by roll call vote,

RESOLUTION NO. 2024-20

A RESOLUTION AUTHORIZING AND APPROVING THE EXECUTION OF AN AGREEMENT WITH RE WARNER & ASSOCIATES, INC. FOR THE PURPOSE OF UNDERTAKING THE SCOPE OF SERVICES FOR CBT ORE CONVEYANCE TUNNEL MODERNIZATION IN AN AMOUNT OF \$925,000 AND AUTHORIZING THE EXPENDITURE OF FUNDS FROM THE FY 2024 CAPITAL BUDGET

was adopted. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

BUDGET & ADMINISTRATION COMMITTEE

Agenda Item 4(C)(3)(a) – 2025 Alternative Tax Budget

Mr. Carl Naso addressed the Board and referred to pages 65-68 of the Agenda.

On motion by Director Wondolowski, seconded by Director O’Malley, and unanimously carried by roll call vote,

RESOLUTION 2024-21

A RESOLUTION ADOPTING THE 2025 ALTERNATIVE TAX BUDGET OF THE CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

was adopted. The resolution in its full text is incorporated into the Resolution Journal of the Port Authority.

Director McNair asked how the pipeline of development projects is looking. Mr. Naso replied the pipeline is extremely robust and growing.

PUBLIC COMMENT PERIOD – Non-Agenda Items

No public comment regarding non-agenda items.

Director Wondolowski noted there was an Executive Session on the Agenda and it was removed. Chairman Holmes replied that is correct, the items were not ready for discussion. Director Wondolowski said there is still outstanding business with goals and measurables. Chairman Holmes apologized and said he's been in conversation with Mr. Friedman, who has been open to recommendations and continues to work on the KPI's and goals. The process has been ongoing, and several recommendations were made by Directors. The recommendations haven't yet been presented to the Board as a whole. Director Wondolowski asked when the next contract Committee Meeting will be held. Chairman Holmes said it will be determined after today's meeting.

On motion by Director Thomas, seconded by Director Jackson, and unanimously carried by roll call vote, the meeting was adjourned at 10:24 a.m.

1 abstention: Cartagena



CHAIR


SECRETARY



Gordon Crossing Project Lease Revenue Bonds

June 13, 2024

Gordon Crossing // *Community Support & LITC Background*

- Newly created parcel, combining Land Bank parcels
- One project but with two components and separate capital stacks
- Located in Cleveland, OH (Hough Neighborhood)
 - 46 affordable housing two and three-bedroom units
 - 8 two-bedroom market rate units
- Low Income Housing Tax Credit Background
 - Governed by the IRS
 - Administered by State of Ohio agency – OHFA (Ohio Housing Finance Authority)
- Project received competitive 9% LITC award
- Working through City of Cleveland for support from Housing Trust Fund
- Support letter obtained from local Councilman Howse as part of the LITC package



JUNE 13, 2024

Gordon Crossing // *Developer Background and Partnership*

Woda Cooper Development, Inc. and Frontline Development Group, LLC – Developers

- Woda Cooper Companies, Inc.
 - Real Estate Development Company
 - Specialty – Vertically integrated affordable housing
 - Founded 1990
 - Principals
 - Jeffrey Woda, David Cooper, Jr.
 - Headquarters – Columbus, OH
 - Over 730 employees
 - Own/operate – 350 properties & 16k housing units
 - In 16 States – Midwest, Mid-Atlantic & Southeast
 - Development portfolio – \$1.5 billion
- Frontline Development Group, LLC
 - Real Estate Development Company
 - Founded 2018
 - Principals
 - Sheila Wright, Kevin Alin, Angela Thi Bennett
 - Female/minority owned business
 - Headquarters – Cleveland, OH



Gordon Crossing // *Development & Request*

- Pursuing Port capital lease to provide sales tax relief to the project during construction
- Construction to begin 2nd qt. 2024
- Total Project Cost – \$17.1M



- To issue up to \$15M
 - Lease revenue bonds
 - Construction lender - bond purchaser

Gordon Crossing Project

Sources

Port Authority Lease Revenue Bonds	\$10,750,000
Equity and Deferred Fees	2,390,018
Bridge Loan – OHFA	1,250,000
City of Cleveland HTF Program	600,000

Total Sources **\$14,990,018**

Uses

Land	\$ 1,400
Construction	11,141,059
Soft Costs	3,811,956
Reserves	302,988
Port Sales Tax Savings	(445,642)
Port Authority Closing Fee	178,257

Total Uses **\$14,990,018**

Gordon Crossing Market Rate Project

Sources

Port Authority Lease Revenue Bonds	\$ 830,000
Soft Debt – Cuyahoga County	600,000
Owner Equity	683,074

Total Sources **\$ 2,113,074**

Uses

Land	\$ 400
Construction	1,568,391
Soft Costs	549,536
Reserves	32,389
Less Sales Tax Savings	(62,736)
Port Authority Closing Fee	25,094

Total Uses **\$ 2,113,074**



Gordon Crossing // *Lease Terms, Security and Fee*

- Gordon Land Co., LLC – Owner/Lessee Project Site
 - To create two condo parcels improvements owner
 - Gordon Crossing Limited Partnership
 - Gordon Crossing Market Rate Units, LLC
- Port to acquire Project Site via Ground Lease
- Ground and Capital Lease Terms – 40 years
 - Via one or more leases for \$1 per year
 - Refinanced or redeemed after 5 years
 - Lessee pays all costs and expenses
 - Lessee will retain all ownership benefits
- Lease payments to mirror debt service on the bonds/construction loan
- Project constructed via:
 - Construction Manager Agreement with Developer
 - Bonds issued as draw-down bonds
- Developer purchase at lease-end \$100
- Bond security
 - First Mortgage security interest
 - Assignment - Cap lease payments
- Bonds will be non-recourse to Port

Gordon Grossing// *DEI and Fee Impact*

- Developer agrees to:
 - Port Inclusion Policy – 30% inclusion goal
 - Port Financing Sign with City of Cleveland
 - Modified Prevailing Wage Policy:
 - 60%/40% developer/Port fee split
 - Port closing fee estimated at \$133,000 after payment of legal/FA
 - \$13,300 of which goes into Community Investment Fund (10% of closing fee)
 - \$2,000 a month fee to the Port during construction (est. total \$24,000)
- Strategic Plan passed in 2023: This hits on 3 of the KPIs we established over the next 5 years for DF
 - Providing 15% of total Port revenue through DF fees
 - Exceeding \$750M in issuances or 15 deals
 - Allocating to CIF

Gordon Crossing // *Recommendation*

The Board of Directors are requested to approve Resolution No. 2024-14 authorizing the issuance and sale of Lease Revenue Bonds, Series 2024, totaling an amount up to \$15 million for the purpose of paying a portion of the costs in connection with the financing of the Gordon Crossing Project and authorizing and approving the execution of all other associated financing documents necessary in relation thereto.



Gates Mills Villa Project Tax-Exempt Multifamily Bonds

June 13, 2024

Gates Mills Villa // *Development & Request*

- Located in Mayfield Heights, OH
 - Renovation Project
 - Project Based Section 8 property
 - L Shaped 8-story building on 4.28-acres
 - 191 apartment one and two-bedroom units
 - Serves elderly tenants aged 62 and older
 - 167 currently benefit from a Section 8
 - The building is currently 100% occupied
 - No permanent tenant displacement
 - Highly coordinated in-place renovation for tenants (HUD requirement)
 - Significant upgrade & modernization:
 - Mechanical repairs/replacements, new free WIFI, new windows, new roofs, upgraded landscaping and site improvements
 - Construction begin Q3 2024, complete Q3 2025

- To issue up to \$30M
 - Tax-Exempt revenue Bonds
 - Bonds are expected to be rated by Moody's

Sources

Port Authority Bonds	\$27,900,000
LIHTC Equity	16,456,757
Deferred Fee & Income from Operations	<u>3,139,420</u>

Total Sources **\$47,496,177**

Uses

Acquisition	\$18,000,000
Construction Hard Costs	14,788,109
Soft Costs & Contingency	13,791,388
Reserves and Escrow	1,236,431
Capital Lease Sales Tax Savings	(616,171)
Capital Lease Closing Fee	242,520
Port Authority Bond Closing Fee	<u>53,900</u>

Total Uses **\$47,496,177**

Gates Mills Villa // *Developer & Parent Background*

- Gates Mills Villa Developer, LLC - Developer
 - Parent Company – Related Companies, L.P.
 - Real Estate Development Company
 - Luxury residential, affordable and workforce apartments, commercial, retail, mixed-use
 - Offices in New York, Chicago, Dallas, Miami, Los Angeles, San Francisco, Abu Dhabi, São Paulo, Shanghai
 - Founded 1972
 - Assets value - Over \$30 billion
 - Headquarters – New York, NY
- Wholly Owned Subsidiaries
 - Related Apartment Preservation, LLC
 - Created in 2002
 - Expansion Company – Related Affordable, LLC
 - Created 2013
 - Affordable Housing Development Company
 - Low & Moderate-Income acquisition, recapitalization, rehabilitation, preservation

 **RELATED**

Gates Mills Villa // *Lease Terms, Security*

- Gates Mills Villa Preservation, L.P. – Owner/Lessee
- Port to acquire Project Site via Ground Lease
- Ground and Capital Lease Terms – 40 years
 - Lease can be terminated after ~5 years
 - Lessee pays all costs and expenses
 - Lessee will retain all ownership benefits (depreciation, etc.)
 - Intent to collapse the lease structure and developer to purchase for \$100.
- Project constructed via:
 - Construction Manager Agreement with Developer
- Bond Security/Repayment
 - Financing/Loan Agreement
 - Trust Indenture, captures funds/flow to trustee:
 - Loan payments, collateral fund, all other money received/invested, etc.
- Bonds will be non-recourse to Port
- Expected rating Moody's Aaa
 - Collateral provided by Federal National Mortgage Association
 - Fannie Mae

Gates Mills Villa // *Inclusion, Prevailing Wage and Fee*

- Developer agrees to:
 - Port Authority Inclusion Policy – Port’s goal brings DEI to the capital stack
 - Falls under the Modified Non-Prevailing Wage Policy
 - 40% fee of the estimated capital lease savings – est. \$188,269 after payment of closing costs
 - Port Financing Sign
- Port estimated capital lease structure issuance fee – \$188,269
 - 10% to go to the CIF ~\$18,827
- Port estimated tax-exempt bond closing fee – \$18,900
 - \$10,000 ongoing fee annually for bonds outstanding

Gates Mills Villa //

Recommendation

The Board of Directors is being requested to approve Resolution No. 2024-15 authorizing 1) the issuance and sale of Cleveland-Cuyahoga County Port Authority Multifamily Tax-Exempt Bonds in one or more series, Series 2024, Gates Mills Villa Project, totaling an amount up to \$30 million and 2) documents necessary for the purpose of providing a capital lease for the rehabilitation and renovation of the Project and authorizing the execution of all other associated financing documents necessary in relation thereto.



Jets FBO Project
Taxable Bond Fund Bonds and Capital Lease

June 13, 2024

Jets FBO // *Business Background*

- Marichaels LTD (DBA Jets FBO)
- Michael L. Hillman and Douglas N. McConnell
 - Sole Owners since 2019
 - 70 combined years in aviation industry
 - Begin business at Hopkins in 2021
 - 92,000 ground premises and an FBO hangar
 - Desire to expand services and have a Ground Lease in place with the City/Hopkins for the expansion



- Fixed Base Operator Aircraft Services (“FBO”)
 - Storage, fuel sales, deicing, related aircraft services typical of an FBO
 - Corporate and Commercial clients

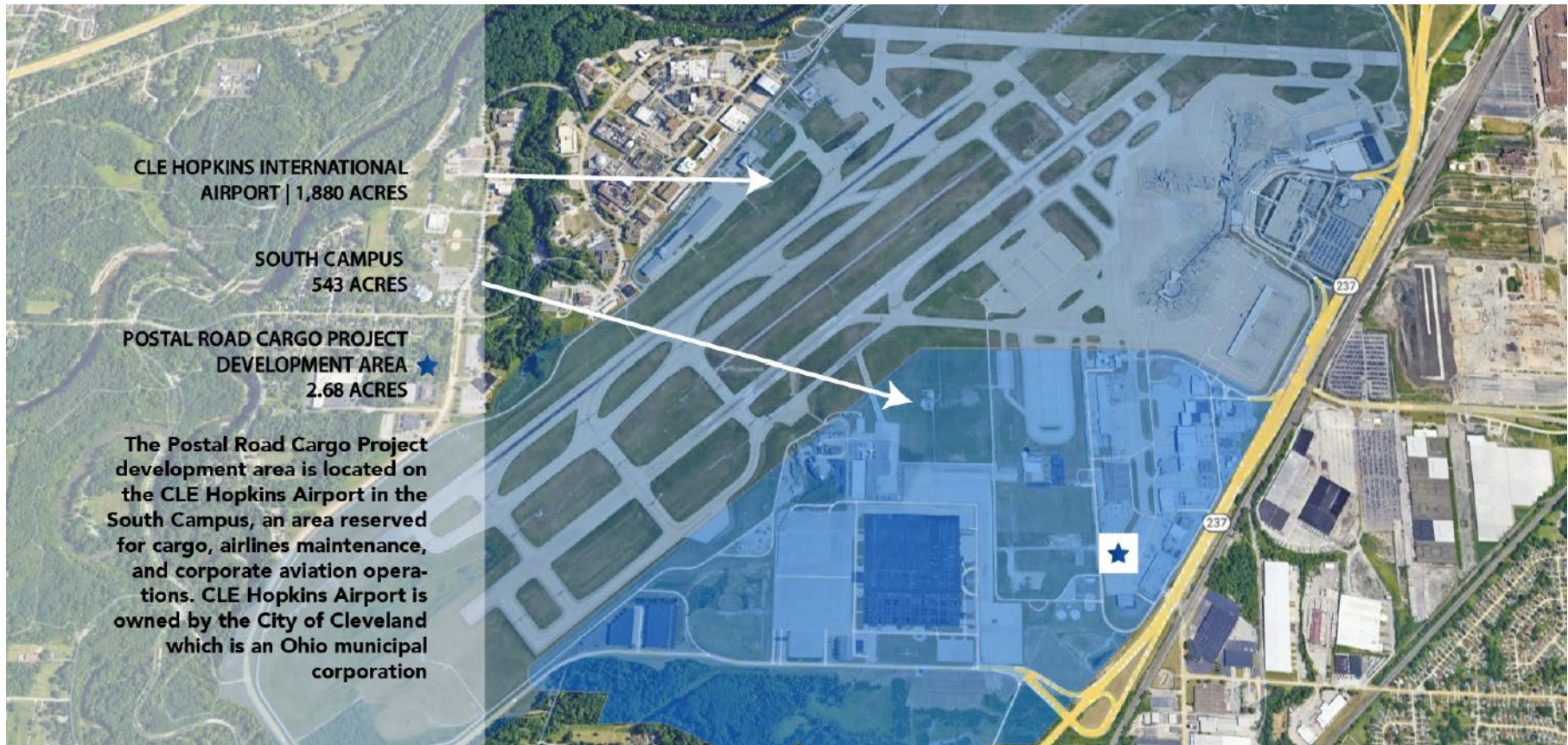


Jets FBO // *Project Description*

- Located in Cleveland Hopkins International Airport
 - New Construction Project
 - Cargo and aircraft storage hangar
 - Cargo terminal
 - Pass-through passenger terminal
 - 41,610 sf building
 - 21 parking spaces
 - 2.57 acre Project Site
 - Total Project Cost – \$12.6M



Jets FBO // Project Map



Jets FBO // Request and Port Involvement

- To issue up to \$8.2M
 - Taxable Bond Fund Bonds
 - Anticipated S&P Global rating – A-
- To provide a capital lease for sales tax savings to the project
 - Port to own, finance, construct

S&P Global

Sources

Port Authority Bond Fund Bonds	\$ 8,200,000
Equity/Govt./Other Sources	<u>4,464,850</u>
Total Sources	<u>\$12,664,850</u>

Uses

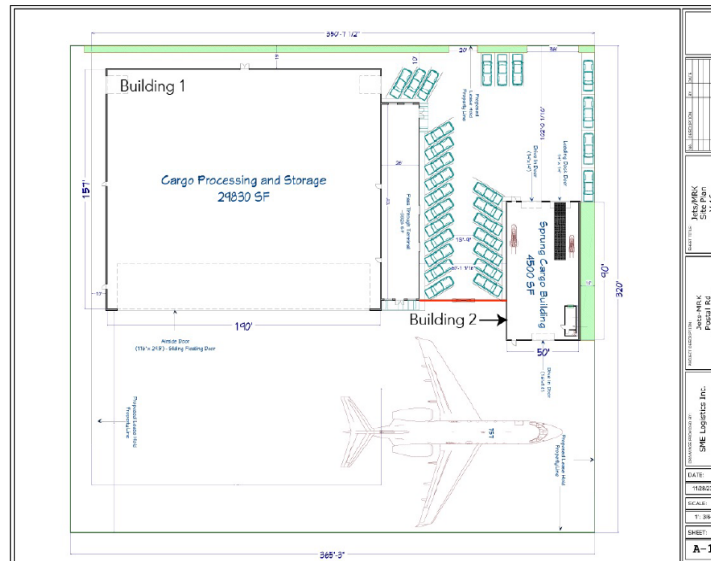
Hangar, Cargo & FBO Construction Account	\$10,617,226
Bond Fund Reserve at 10%	820,000
Capitalized Interest (16 Months)	746,692
Costs of Issuance	338,000
Capital Lease Fee	<u>142,932</u>
Total Uses	<u>\$12,664,850</u>

Jets FBO // *Lease Terms, Security*

- City of Cleveland consent
 - City as Owner of Ground sublease Project Site to Port Authority
 - Port lease Project to Company via Capital Lease
 - To provide sales tax exemption
- Project constructed via Construction Srvcs. Agreement
- Bond Security:
 - Sole First Mortgage security interest on Project and Existing Hangar and assignment of Postal Road Ground Lease
 - Corporate Guarantees
 - Personal Guarantees
 - Key Man life insurance policies with priority assignment of sale proceeds
 - 10% primary reserve fund – held at trustee
- Term of the bonds estimated at 18.8 years
- Estimated interest rate of 6.40%
- Bonds will be non-recourse to Port

Jets FBO // Inclusion, Port Involvement & Fee

- Company agrees to:
 - Port Authority Inclusion Policy
 - Falls under the 40% fee category of the modified wage policy
 - Port estimated \$99,000 fee after closing costs of capital lease
 - 10% of that to go to CIF ~\$9,900
- Port Financing Sign
- Port issuance fee – 1% of par \$82,000 (Bond Fund Bonds)
 - 50 bps ongoing while bonds outstanding (\$492k life of bonds)



SITE

Located inside of the AOA at CLE Hopkins Airport | 2.69 acres

BUILDING 1

Hangar & cargo processing | 29,830 sf
Office space | 3,640 sf

BUILDING 2

Cargo Terminal | 4,500 sf

Jets FBO // *Recommendation*

The Board of Directors is requested to approve Resolution No. 2024-16 authorizing the issuance and sale of Taxable Bond Fund Bonds, Series 2024, totaling an amount up to \$9 million for the purpose of funding a portion of the costs associated with the renovation of the Jets FBO – Hangar Expansion & Cargo Building Project and authorizing the execution of all other associated financing documents necessary in relation thereto and Resolution No. 2024-17 for the purpose of providing a capital lease for the construction of the Project and authorizing the execution of all other associated financing documents necessary in relation thereto.



Cleveland Bulk Terminal Ore Tunnel Conveyor Modernization

June 13, 2024

Summary of Today's Action Item

Cleveland Bulk Terminal Ore Tunnel Conveyor Modernization

- 8 million tons a year of iron ore
- Conveyor is used for loading river class vessels to deliver to Cliffs
- Critical piece of infrastructure for steel making
- Extended in 2021, original portion relocated from Lorain in 2003
- Original section is being maintained but at end of useful life from heavy use



Project Scope

What are next steps

- Design
 - Investigation
 - Evaluation
 - Project definition and cost estimate
 - Detailed design
- Public bidding
- Construction
 - likely over several years because of limited shutdown of the ore deliveries
- Asset management and maintenance support



Example conveyor system hopper

Progress to date

What has been done?

- Site visits by staff with Logistec
- RFQ for professional services following state law for Qualifications Based Selection
- Selection made based on qualifications, approach, MBE/FBE, and interview
- Negotiation with highest rated firm, RE Warner & Associates, Inc. of Westlake



Contract Details

- Includes design, bidding support, construction administration, observation, special inspections, and asset management and maintenance planning
- Contract Amount
 - Not-to-exceed \$925,000
- Supplier Diversity Goals
 - MBE: 36.6%
 - FBE: 8.3%
 - Total MBE/FBE: 45%
 - Goal: 30%
- Schedule
 - Start June 14, 2024
 - Finish design in November
 - Construction start in early 2025, could last a few years



Component 1B (Detailed Design) Contract

Recommendation:

The Board of Directors is being requested to approve Resolution 2024-20 authorizing and approving the Port Authority for the execution of a professional services agreement with the RE Warner & Associates, Inc. for design, bidding services, construction administration, observation, special inspections, asset management and maintenance planning related to the Ore Tunnel Conveyor Modernization at Cleveland Bulk Terminal, in an amount of \$925,000, and authorizing the expenditure of funds from monies that have been appropriated in the FY 2024 Capital Budget.



PORT
CLEVELAND