

## MINUTES

### CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY BOARD OF DIRECTORS MEETING Thursday, December 13, 2018

The regular Meeting of the Cleveland-Cuyahoga County Port Authority Board of Directors was held at the Port of Cleveland Conference Center, 1100 W. 9<sup>th</sup> Street – Suite 100, Cleveland, Ohio on Thursday, November 8, 2018. The meeting was called to order by Vice-Chair Roller at 8:37 a.m. Attendance by roll call showed the following:

#### PRESENT

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

#### VIA TELEPHONE

#### ABSENT & EXCUSED

Darrell L. McNair, Chair  
Robert Smith

#### ALSO PRESENT

W. Friedman, President & CEO  
D. Gutheil, Chief Commercial Officer  
C. Naso, Chief Financial Officer  
M. Rivalsky, Controller  
R. Snipes, Senior Accountant  
L. Bohinc, Finance Coordinator  
N. LaPointe, Director, Planning & Capital Development  
M. Freilino, Manager, Executive & Administrative Operations  
R. Bever, Director of Finance  
G. Woodson, Director, Development Finance & Inclusion  
L. Sternheimer, Director, Urban Planning & Engagement  
J. Davis, VP, External Affairs  
J. Magyar, Director, Operations & Facilities  
D. Wilcox, Climaco, Wilcox, Peca, & Garofoli Co., L.P.A  
P. Ritzert, Climaco, Wilcox, Peca, & Garofoli Co., L.P.A  
T. Bailor, Logistec  
R. Corrigan, Logistec  
J. Baker, Jr., ILA  
H. Homatt, KS Associates, Inc.  
K. Kalynchuck, PMC  
M. Armagno, PNC  
R. Kozak, Huntington  
E. Adamecz, Arcadis  
S. Wolstein, Flats East  
A. OKeefe, Porter Wright  
I. MacDougall, Walter Haverfield  
S. Strnisha, Cleveland International Fund  
M. Jarboe, The Plain Dealer  
E. Kogelshatz, Shark & Minnow

### **APPROVAL OF MINUTES**

The minutes of the Board of Directors meeting of November 8, 2018 were presented for approval by the Board, copies having been delivered in advance to all Directors. On motion by Director Hoogenboom, seconded by Director Ramsey and unanimously carried, the Board minutes of November 8, 2018 were approved.

### **PUBLIC COMMENT PERIOD**

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

### **PRESIDENT'S COMMENTS**

Mr. Friedman addressed the Board and stated it's been a good year and thanked staff and stakeholders for their hard work and support. Director Ronayne also thanked staff and Mr. Friedman.

### **REAL ESTATE & DEVELOPMENT FINANCE COMMITTEE**

#### ***Agenda Item 4(B)(1)(a) – Flats Phase III Taxable Lease Revenue Bonds***

Ms. Rhonda Bever addressed the Board of Directors and welcomed and introduced Mr. Scott Wolstein and Ms. Allyson O'Keefe. Mr. Wolstein referred to a presentation attached hereto as "**Exhibit A**". Director Roller asked whether the structure would be three separate buildings. Mr. Wolstein replied yes, it will include several restaurants and a live music venue. Vice-Chair Roller asked whether any retail will be incorporated into the Flats. Mr. Wolstein replied that very few cities have vibrant retail downtown. Currently Cleveland doesn't have the population to support large retail downtown. However, there may be boutique and service retail downtown in the future. Ms. Bever addressed the Board and referred to a presentation attached hereto as "**Exhibit B**". Director Ronayne noted that he's pleased that Mr. Wolstein has stuck to the original plan and continues to honor the public by providing free waterfront access. Mr. Wolstein noted that Phase I and II bonds for the project have been refinanced.

On motion by Director Ronayne, seconded by Director Ramsey, and unanimously carried,

#### **RESOLUTION NO. 2018-31**

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$15,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY ("ISSUER") TAXABLE LEASE REVENUE BONDS, SERIES 2019 (FLATS EAST PHASE III PROJECT) FOR THE PURPOSE OF PAYING OR REIMBURSING THE COSTS OF ACQUIRING, CONSTRUCTING, INSTALLING, EQUIPPING AND IMPROVING CERTAIN PORT AUTHORITY FACILITIES CONSISTING OF APPROXIMATELY 33,000 SQUARE FEET OF RESTAURANT SPACE AND APPROXIMATELY 11,000 SQUARE FEET OF PATIO SPACE FOR RESTAURANT AND ENTERTAINMENT USE, ALL LOCATED IN THE CITY OF CLEVELAND, OHIO FOR PHASE III OF THE FLATS EAST DEVELOPMENT PROJECT OWNED BY ISSUER; AUTHORIZING A LEASE BY ISSUER TO FLATS EAST PHASE 2 LLC OR ITS ASSIGNEE ("LESSEE") AND SUBLEASE BY LESSEE TO CLEVELAND RIVERFRONT RETAIL LLC ("DEVELOPER"); AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE TO PROVIDE FOR THE PAYMENT OF BOND SERVICE CHARGES ON THE BONDS, MORTGAGE, ASSIGNMENT OF LEASES AND CONSTRUCTION MANAGER AGREEMENT, BOND PLACEMENT AGREEMENT AND OTHER INSTRUMENTS, STATEMENTS AND DOCUMENTS IN CONNECTION WITH



THE ISSUANCE AND SECURING OF THE BONDS; AND AUTHORIZING AND APPROVING RELATED MATTERS.

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

### **MARITIME COMMITTEE**

#### ***Agenda Item 4(B)(2)(a) – Operating Agreement for Logistec USA Inc.***

Mr. Gutheil addressed the Board and introduced Mr. Rodney Corrigan and Mr. Tripp Bailey from Logistec. He then referred to a presentation attached hereto as “**Exhibit C**”. Mr. Gutheil thanked FMT and FedNav for their service to the Port. FMT has been the sole terminal operator to the Port since 1997 and the relationship has been good. When looking forward to where we’d like to see the Port in the future, this change is important for the future success of the Port and for the diversification of cargo. The Port of Cleveland would like to continue to serve the FedNav vessels in the future.

Mr. Friedman invited Mr. Rodney Corrigan to address the Board. Mr. Corrigan stated that Logistec has been working with the port for 2 years and operates in 37 ports and has 61 terminals in the U.S. and Canada. He noted that there is much synergy with Logistec’s skill set and the Port’s needs. It matches up quite nicely and they are excited about the opportunity. Mr. Friedman noted that Logistec is an independent terminal operator and their bread and butter is marketing and finding cargo and generating more cargo. This is different from FMT being a small part of a vessel operating company and the goals aren’t always aligned with the Port. The Port is focused on diversifying cargo while keeping our existing customers. Mr. Gutheil stated that there is a specific notification process that will be implemented with the Port’s current customers. Face-to-face meetings will be scheduled with each customer. Director Ronayne asked whether there would be timely access to information from the Logistec staff. Mr. Gutheil replied yes. Director Applegate stated that FMT is the employer of the International Longshoreman on the Port’s docks and asked whether Logistec would now become the employer. Mr. Gutheil stated yes, that Logistec will become a signatory to the current contract. Mr. Friedman stated that many discussions have taken place and Logistec is committed to the workforce at the Port. Director Applegate asked if Logistec works with the ILA at other ports. Mr. Corrigan replied yes, and that he looks forward to a seamless transition. Mr. Gutheil stated that the workforce on the docks has been injury free for almost two years which is a testament to the ILA and how safely they operate. We expect that this will continue with Logistec as the operator. Director Roller asked whether there is any concern of FedNav ships avoiding Cleveland. Mr. Gutheil stated that it’s always a risk when making a change. The Port and Logistec will do everything possible to maintain the relationships with FedNav and FMT. It’s important to note that Logistec has a very good relationship with FedNav as well and operates their ships in various ports. The Port will tell FedNav that the decision to change operators was based on a terminal operating standpoint, not based upon who is moving the cargo. This is an extremely important distinction and it is our hope that they will see it that way also. Director Roller asked whether the customer or the shipper decides what Port’s they call. Mr. Gutheil said it’s based upon contracts. Director Applegate asked whether there is a record of relationships with Logistec and FedNav in other ports. Mr. Corrigan replied that Logistec took over FMT’s business in a Montreal port, and the transition occurred seamlessly. Logistec works with FedNav in four ports in Ontario and also the three Rivers Port as well as other ports.

On motion by Director Hoogenboom, seconded by Director Roller, and unanimously carried,

RESOLUTION NO. 2018-32

A RESOLUTION APPROVING LOGISTEC USA INC. AS A TERMINAL OPERATOR, AND AUTHORIZING AND APPROVING AN OPERATING AGREEMENT FOR STEVEDORE SERVICES FOR DOCKS 22-28 AND WAREHOUSE A, WAREHOUSE 22, WAREHOUSE 24, WAREHOUSE 26, AND THE MAINTENANCE SHOP

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

**BUDGET & ADMINISTRATION COMMITTEE**

***Agenda Item 4(B)(3)(a-e) –Financials***

Mr. Carl Naso addressed the Board of Directors and referred to pages 21-22 of the Agenda. Director Hoogenboom asked whether this is the first time running positive on the operating budget. Mr. Friedman replied that there have been other years where the margin has been smaller. Director Hoogenboom stated that is a good trend. Referring to page 22 of the Agenda, Mr. Friedman noted that the Port has accounted more adequately for the true organizational cost of the sediment management system. Mr. Naso added that the Port can only recover 25% of capital costs related to the CDF. Director Applegate asked about the purpose of the \$200,000 grant. Mr. Naso replied it's budgeted for use in community and workforce development. Vice-Chair Roller asked what is included in professional services. Mr. Friedman replied it goes to legal, engineering, IT, government relations and professional resources.

On motion by Director Hoogenboom, seconded by Director Ronayne, and unanimously carried,

RESOLUTION NO. 2018-33

A RESOLUTION ADOPTING THE 2019 OPERATING BUDGET OF THE CLEVELAND-CUYAHOGA-COUNTY PORT AUTHORITY FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2019

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

Mr. Naso addressed the Board and referred to pages 38-39 of the Agenda. Director Roller inquired about accommodations for Seaman's Service since they were being displaced from their office. Mr. Gutheil replied that Seaman's Service will be provided with a trailer to continue their services. Director Holmes asked whether there has been discussion regarding when revenue will begin to generate. Mr. Gutheil stated there will be a change to the tariff charge that will be approximately \$10-\$15 per passenger. Director Ronayne asked whether City Port Control was ever considered as a financial partner. Mr. Friedman replied no, the area is Port of Cleveland property. Director



Ronayne noted that the CBT numbers were predominantly for bulkheading. Mr Friedman replied yes.

On motion by Director Ronayne, seconded by Director Ramsey, and unanimously carried,

RESOLUTION NO. 2018-34

A RESOLUTION ADOPTING THE 2019 CAPITAL BUDGET OF THE CLEVELAND-CUYAHOGA-COUNTY PORT AUTHORITY FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2019

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

On motion by Director Holmes, seconded by Director Ramsey, and unanimously carried,

RESOLUTION NO. 2018-35

A RESOLUTION TO MAKE APPROPRIATIONS FOR THE CURRENT EXPENSES AND OTHER EXPENDITURES OF THE CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY DURING THE PERIOD FROM JANUARY 1, 2019 THROUGH DECEMBER 31, 2019

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

**PUBLIC COMMENT/EXECUTIVE SESSION**

There being no public comment, at 9:55 a.m. Director Ramsey made a motion to enter into Executive Session to discuss certain matters in Revised Code 121.22(G)(1) specifically consider the compensation of a public employee. Seconded by Director Wondolowski and unanimously approved by roll call vote the Board entered into Executive Session. At 10:30 a.m the Board adjourned from Executive Session to vote on Resolution 2018-36.


On motion by Director Hoogenboom, seconded by Director Ramsey and carried unanimously by roll call vote,

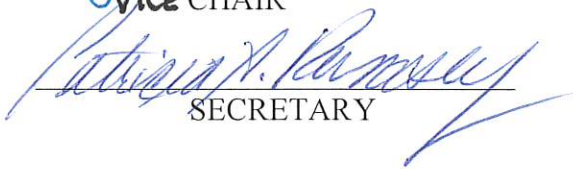
RESOLUTION NO. 2018-36

A RESOLUTION AUTHORIZING AND APPROVING A COMPENSATION ADJUSTMENT AND BONUS FOR WILLIAM D. FRIEDMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY AND PROVIDING FOR ESTABLISHMENT OF PERFORMANCE BENCHMARKS FOR 2019

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

On motion by Director Wondowlowski, seconded by Director Ramsey, and unanimously carried, the meeting adjourned at 10:35 a.m.

  
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VICE CHAIR

  
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SECRETARY