

MINUTES

CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY BOARD OF DIRECTORS MEETING Thursday, April 11, 2023

The Meeting of the Cleveland-Cuyahoga County Port Authority Board of Directors was held at the Port Offices (1100 W. 9th Street) on Thursday, April 11, 2023 with notice of the meeting information provided to the public in advance. 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 David Wondolowski attended the meeting remotely via Zoom and gave the proper password. Prior to the meeting, Director Wondolowski was provided with all meeting-related materials. Director Wondolowski 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. The meeting was called to order by Chairman Holmes at 9:09 a.m. Attendance by roll call showed the following:

PRESENT

Margot Copeland
J. Stefan Holmes
Andrew Jackson

Darrell McNair
Teleangé Thomas
Dave Wondolowski (via Zoom)

ABSENT & EXCUSED

Peggy Zone Fisher
Daniel O'Malley

ALSO PRESENT

C. Beck, GIS/Environmental Specialist
M. Bocanegra, Chief Legal Officer
J. Dugan, Senior Accountant
M. Freilino, Manager, Exec. & Admin Operations
W. Friedman, President & Chief Executive Officer
D. Gutheil, Chief Commercial Officer
C. Naso, Chief Financial Officer
L. Sternheimer, Director, Urban Planning & Engagement
R. Winslow, Vice President, Development Finance
G. Woodson, Director, Development Finance & Inclusion
K. Palmer, Crain's Cleveland Business
M. Jarboe, Crain's Cleveland Business
R. Kaplan, DiPerna Advisors
J. Maus, DiPerna Advisors
M. Panzica, M. Panzica Development
G. Veysey, Grammar Properties
K. Kalynchuk, PMC
M. Cobham, Cosmos Technologies
J. Ice, Squires, Patton & Boggs
R. Holloman, The Bridges Group International
J. Bridges, The Bridges Group International
D. Wilcox, Climaco, Wilcox, Peca, & Garofoli Co., L.P.A
S. Simpkins, Climaco, Wilcox, Peca, & Garofoli Co., L.P.A

APPROVAL OF MINUTES

The minutes of the Board of Directors meeting of March 9, 2023 were presented for approval by the Board, copies having been delivered in advance to all Directors. On motion by Director Copeland, seconded by Director Thomas, and unanimously carried by roll call vote, the Minutes of March 9, 2023 were approved.

The minutes of the Special Board of Directors meeting of March 28, 2023 were presented for approval by the Board, copies having been delivered in advance to all Directors. On motion by Director McNair, seconded by Director Thomas, with Director Wondolowski abstaining from the vote, and unanimously carried by roll call vote, the Minutes of March 28, 2023 were approved (5-0).

PUBLIC COMMENT PERIOD/CHAIR COMMENTS

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

CHAIR'S COMMENTS

Chairman Holmes noted that the Strategic Planning Session will be held immediately following the Board of Directors Meeting. The Session is open to the public and no action will be taken. He stated Board Members will be polled regarding a possible change in start time for the remainder of the 2023 Board Meetings.

PRESIDENT'S COMMENTS

Mr. Friedman addressed the Board and stated that the shipping season is underway and the port is bustling. The steel mill is catching up due to a furnace that was down last year. Recreational water activity will be resuming soon and hopefully all will proceed with caution and awareness.

The litigation surrounding Irishtown Bend has been settled. All have signed off and the ancillary agreements are complete. The bid packet is scheduled to be published next week. There will be 45 days for bidders to submit their proposals. The Port plans to award the bid in July. It's possible that there will be a gap in the funding stack due to inflation over the past 10 years the project has been in the works. The litigation with the ODOT maintenance building has also been settled.

REAL ESTATE & DEVELOPMENT FINANCE COMMITTEE

Agenda Item 4(C)(1)(a) – Bridgeworks Mixed-Use Development TIF Project Bond Fund Tax Increment Financing Bonds

Ms. Rhonda Winslow addressed the Board and introduced Mr. Michael Panzica and Mr. Graham Veysey. Mr. Panzica and Mr. Veysey referred to a presentation attached hereto as "**Exhibit A**" that provided background information on the project and each of their respective companies. Director Thomas asked about the construction timeline. Mr. Panzica replied that it's scheduled to open in early 2025. Ms. Winslow thanked Mr. Panzica for his presentation and stated that Panzica Construction has proven to be a wonderful partner to the Port. Ms. Winslow then referred to a presentation attached hereto as "**Exhibit B**" (slides 1-7).

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

RESOLUTION 2023-13

A RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE AND SALE OF A MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$5,000,000 OF TAXABLE DEVELOPMENT REVENUE BONDS OF THE CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY UNDER THE PORT OF CLEVELAND BOND FUND FOR THE PURPOSE OF (A) FINANCING THE COSTS OF ACQUIRING, CONSTRUCTING, RENOVATING, REMODELING, INSTALLING, EQUIPPING AND IMPROVING CERTAIN "PORT AUTHORITY FACILITIES" WITHIN THE MEANING OF SECTION 4582.01, OHIO REVISED CODE AND (B) PAYING CERTAIN COSTS OF ISSUANCE OF THE SERIES BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL TRUST INDENTURE TO SECURE THE SERIES BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A COOPERATIVE AGREEMENT AND A CONSTRUCTION MANAGER AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER INSTRUMENTS, STATEMENTS AND DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF THE SERIES BONDS; AUTHORIZING THE EXECUTION AND DISTRIBUTION OF A DISCLOSURE STATEMENT IN CONNECTION WITH THE SERIES 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) – Bridgeworks Mixed-Use Development Project Taxable Lease Revenue Bonds

Ms. Rhonda Winslow addressed the Board and referred to a presentation attached hereto as "**Exhibit B**" (slides 8-13). Director Thomas asked whether the site was privately held or city owned. Ms. Winslow stated property was owned by the County and an RFP was put out in 2018. The property was then transferred to the Developer in 2019.

Chairman Holmes thanked Mr. Panzica and Mr. Veysey for their vision and stated he's very pleased with the way they're engaging the community in the process.

On motion by Director Copeland, seconded by Director Jackson, and unanimously carried by roll call vote,

RESOLUTION NO. 2023-14

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$80,000,000 OF THE CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY TAXABLE DEVELOPMENT LEASE REVENUE BONDS, SERIES 2023 (BRIDGEWORKS MIXED-USE 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

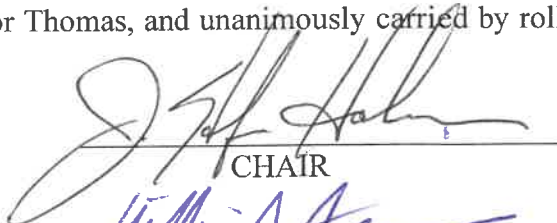
AN ASSIGNMENT OF A CONSTRUCTION MANAGER AGREEMENT, A BOND PURCHASE AGREEMENT, A MORTGAGE AND OTHER INSTRUMENTS, STATEMENTS AND DOCUMENTS IN CONNECTION WITH THE ISSUANCE AND SECURING OF THE BONDS; AND AUTHORIZING AND APPROVING RELATED MATTERS


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

PUBLIC COMMENT PERIOD – Non-Agenda Items

No public comment regarding non-agenda items.

On motion by Director Jackson, seconded by Director Thomas, and unanimously carried by roll call vote, the meeting was adjourned at 9:55 a.m.


CHAIR


ASST. SECRETARY

M. Panzica + GRAMMAR

Bridgeworks



PORT
CLEVELAND



Development Summary

Site Area 88,306 SF
Open Space 28,786 SF
Parking 200 spaces [structured]

Commercial
23,252 Total SF
2,139 West Retail SF
2,540 Tower SF
14,147 Office SF
2,040 Spa SF
2,386 Micro Retail SF

Public Cafe
2,193 SF

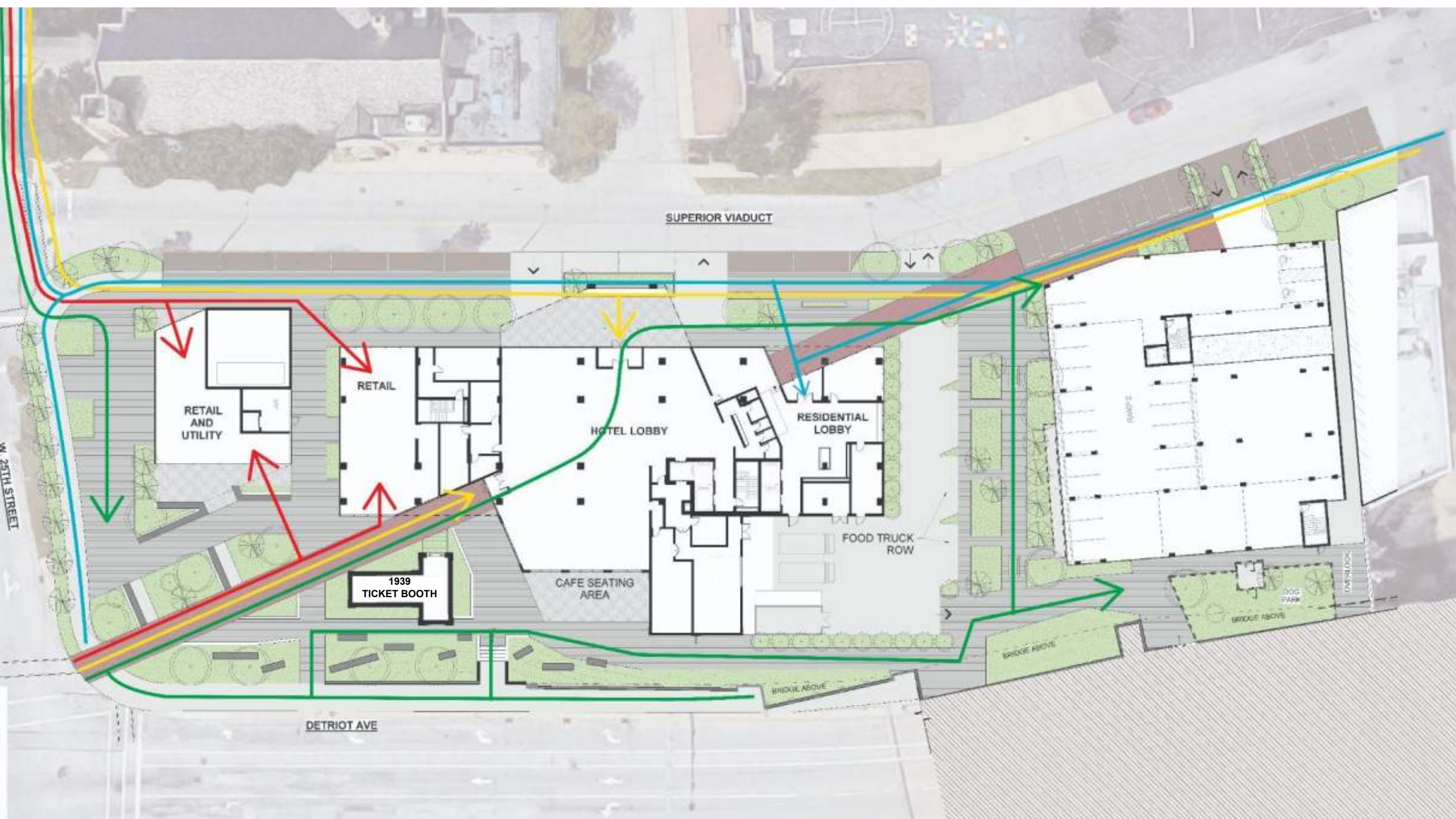
Hotel
51,337 GSF
130 Guest Rooms

Restaurant
9,880 GSF
120 Seats + 3-season outdoor deck

Residential
134,375 Total GSF
105,687 Leasable GSF
140 Residential Units







SUPERIOR VIADUCT

RETAIL
AND
UTILITY

RETAIL

HOTEL LOBBY

RESIDENTIAL
LOBBY

FOOD TRUCK
ROW

1939
TICKET BOOTH

CAFE SEATING
AREA

DOG PARK

DETROIT AVE

W 25TH STREET

BRIDGE ABOVE


BRIDGE ABOVE

BRIDGE ABOVE



£5.95
or
Tea or coffee)
£1.25
£2.25
£2.95
£3.75
£3.50

1941

MASS. 

Bridgeworks | M.Panzica Development + GRAMMAR



HIGH LEVEL BRIDGE, LOOKING EAST, CLEVELAND, OHIO

PORTFOLIO

At First Hospitality, we've cultivated a national portfolio of properties that meet the needs of the evolving travel sector. Alongside our celebrated hotels, First Hospitality also manages properties on behalf of our partners.



51

HOTEL PROPERTIES



7104

TOTAL KEYS



19

BRANDS REPRESENTED

2079 East 9th Street, 8th Floor • Cleveland, Ohio 44115 • Office (216) 698-2017
Ohio Relay Service 711 • Email: yconwell@cuyahogacounty.us • Council W







Bridgeworks Mixed-Use Development TIF Project Bond Fund Tax Increment Financing Bonds

April 13, 2023

Bridgeworks // *Developer & Development*

- Bridgeworks, LLC and its affiliates – Developer
 - **Michael Panzica – M. Panzica Development**
 - Full-service commercial development company
 - **Graham Veysey – Grammar Properties**
 - Full-service commercial development company
- Headquartered in Cleveland, Ohio
- Developers have previously partnered with the Port



- Development Location – W. 25th and Detroit Avenue in Cleveland
 - Approximately 873,000 sq. ft. hotel
 - 130 room hotel
 - 120-seat restaurant and bar
 - Ground floor retail
 - Approximately 12,000 sq. ft. office space
 - 140 residential units (70 workforce/affordable units)
 - Approximately 210 space parking garage
 - Total Project Cost – \$108.1M

Bridgeworks // *Request & TIF Project Sources/Uses*

- City of Cleveland passed a 30-year Tax Increment Financing ordinance (schools made whole)
- Port Authority to issue approximately \$4.130M
 - Taxable TIF Bonds
 - Port of Cleveland Bond Fund
 - Rated A- by S&P Global

SOURCES AND USES OF FUNDS – TIF PROJECT

Sources

| | |
|-------------------------------|----------------------------|
| CCCPA TIF Bond Fund Bonds | \$ 4,130,000 |
| Total Sources of Funds | <u>\$ 4,130,000</u> |

Uses

| | |
|----------------------------|----------------------------|
| .41 TIF Project Account | \$ 3,004,622 |
| Capitalized Interest | 529,303 |
| Costs of Issuance | 183,075 |
| 10% Debt Service Reserve | 413,000 |
| Total Uses of Funds | <u>\$ 4,130,000</u> |

Bridgeworks // *Bond Terms & Security*

- Bonds secured by:
 - Property Owner will agree to record MSPs through a Declaration of Covenants on the TIF parcel
 - First lien position required
 - Filed prior to construction lender mortgage
 - MSPs will equal debt service on the bonds
 - 10% Primary Debt Service Reserve and other Bond Fund reserves pursuant to trust indenture
- Anticipated rating – A- by S&P Global
- Subject to approval from Port's LOC Bank (Huntington)
- Bonds Term – Approximately 32.3 years
- Estimated interest rate 6.010% subject to market conditions when pricing



Bridgeworks // *Global Sources/Uses*

SOURCES AND USES OF FUNDS – PRIVATE DEVELOPMENT PROJECT

Sources

| | |
|--|-----------------------------|
| First Loan – Apartments / Garage | \$ 36,000,000 |
| First Loan – Hotel | 22,000,000 |
| EB-5 | 29,000,000 |
| CDA / Village Capital Loan | 7,000,000 |
| PCBF TIF Bonds | 4,130,000 |
| Cuyahoga County Loan | 2,000,000 |
| City of Cleveland VPI / Brownfield Grant | 445,965 |
| Owner's Equity Investment | <u>8,246,334</u> |
| Total Sources of Funds | <u>\$108,822,299</u> |

Uses

| | |
|--|-----------------------------|
| Acquisition (Land / Building) | \$ 4,150,000 |
| Construction Hard Costs (New / Rehabilitation) | 80,731,858 |
| Finance Fees, Interest, FF&E TIA | 21,699,041 |
| .41 TIF Project Account | 3,004,622 |
| CCCPA TIF Bonds Capitalized Interest | 529,303 |
| CCCPA TIF Bonds Costs of Issuance | 183,075 |
| 10% CCCPA TIF Bonds Debt Service Reserve | 413,000 |
| Capital Lease Sales Tax Savings (estimated) | (2,360,600) |
| Capital Lease Closing Fee | <u>472,000</u> |
| Total Uses of Funds | <u>\$108,822,299</u> |

Bridgeworks // *Inclusion & Fees*



PROJECT FINANCING BY



CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

- Developer agrees to:
 - Port Inclusion Policy
 - Prevailing Wage Policy
 - Port Financing Sign
- CCCPA estimated closing fee - \$41,300

Bridgeworks // *Recommendation*

The Board of Directors is requested to approve Resolution No. 2023-13 authorizing the issuance and sale of Taxable, Bond Fund Tax Increment Financing Bonds, Series 2023, totaling an amount up to \$5 million for the purpose of funding a portion of the costs associated with the renovation of the Bridgeworks Mixed-Use Development TIF Project and authorizing the execution of all other associated financing documents necessary in relation thereto.



Bridgeworks Mixed-Use Development Project Taxable Lease Revenue Bonds

April 13, 2023

Bridgeworks // *Developer & Development*

- Bridgeworks, LLC and its affiliates – Developer
 - **Michael Panzica – M. Panzica Development**
 - Full-service commercial development company
 - **Graham Veysey – Grammar Properties**
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- Development Location – W. 25th and Detroit Avenue in Cleveland
 - Approximately 873,000 sq. ft. hotel
 - 130 room hotel
 - 120-seat restaurant and bar
 - Ground floor retail
 - Approximately 12,000 sq. ft. office space
 - 140 residential units (70 workforce/affordable units)
 - Approximately 210 space parking garage
 - Total Project Cost – \$108.1M

Bridgeworks // *Lease Revenue Bonds Request*

SOURCES AND USES OF FUNDS – PRIVATE DEVELOPMENT PROJECT

Sources

| | |
|--|------------------|
| First Loan – Apartments / Garage | \$ 36,000,000 |
| First Loan – Hotel | 22,000,000 |
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| Cuyahoga County Loan | 2,000,000 |
| City of Cleveland VPI / Brownfield Grant | 445,965 |
| Owner's Equity Investment | <u>8,246,334</u> |

Total Sources of Funds **\$108,822,299**

Uses

| | |
|--|----------------|
| Acquisition (Land / Building) | \$ 4,150,000 |
| Construction Hard Costs (New / Rehabilitation) | 80,731,858 |
| Finance Fees, Interest, FF&E TIA | 21,699,041 |
| .41 TIF Project Account | 3,004,622 |
| CCCPA TIF Bonds Capitalized Interest | 529,303 |
| CCCPA TIF Bonds Costs of Issuance | 183,075 |
| 10% CCCPA TIF Bonds Debt Service Reserve | 413,000 |
| Capital Lease Sales Tax Savings (estimated) | (2,360,600) |
| Capital Lease Closing Fee | <u>472,000</u> |

Total Uses of Funds **\$108,822,299**

- CCCPA to issue approximately \$4.230M
 - Taxable Bond Fund TIF Bonds
- CCCPA this issue approx. \$80M
 - Taxable Lease Revenue Bonds
- Bond Purchaser
 - Commercial lender arranged by the Lessee (Eriebank)

Bridgeworks // *Terms & Security*

- Port to acquire Project Site via Ground Lease
 - Lease Project Site & Project to Developer
 - Bondable Capital Lease
 - Lessee responsible for maintaining, insuring & operating project
- Lease Term – 45 years
 - Refinanced or redeemed after 5 years
- Lessee pays all costs and expenses
- Project constructed via:
 - Construction Agency Agreement between Port and Developer
- Developer purchase for \$100 at lease-end
- Private Placement bonds repayment source
 - Lease rental payments which will mirror the debt service on the bonds
 - Bondholder to have first leasehold mortgage & security interest
- Bonds will be non-recourse to Port

Bridgeworks // *Inclusion, Prevailing Wages & Fees*



- Developer agrees to:
 - Port Inclusion Policy
 - Prevailing Wage Policy
 - Port Financing Sign
- CCCPA estimated closing fee - \$372,000

PROJECT FINANCING BY



CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

Bridgeworks // *Recommendation*

The Board of Directors is being requested to approve Resolution No. 2023-14 authorizing the issuance and sale of Taxable Lease Revenue Bonds, Series 2023, totaling an amount up to \$80 million for the purpose of funding a portion of the costs associated with the renovation of the Bridgeworks Mixed-Use Development Project and authorizing the execution of all other associated financing documents necessary in relation thereto.