

**Lorain Port and Finance Authority
Board of Directors
Regular Meeting
Port Office
Tuesday, September 13, 2022, at 7:00 p.m.**

Board of Directors: Ms. Bonilla and Kiraly; Messrs. Mullins, Nielsen, Sommers,
Veard, and Zgonc (7)

Staff: Tom Brown, Executive Director
Tiffany McClelland, Assistant Director
Yvonne Smith, Accountant
Kelsey Leyva-Smith, Office Manager
Michael Brosky, Attorney

Guests: Todd Poole, 4Ward Planning (virtually via Zoom)

I. Roll Call

A. The meeting was called to order at 7:00 p.m. by Chairman Brad Mullins with roll call indicating a quorum present.

II. Pledge of Allegiance

III. Disposition of Meeting Minutes

A. August 9, 2022, Regular Board Meeting: Mrs. Leyva-Smith said she changed Monday to Tuesday on page one. With changes, Mr. Sommers moved to approve the meeting minutes. Second by Ms. Bonilla. Motion carried.

IV. Report of Officers

A. Chairman

1. Presentation by 4Ward Planning: Ms. McClelland introduced Mr. Todd Poole. He said he is the manager of 4Ward Planning. They've been working on a strategic study for the Port for the past 5 months. They looked at 3 specific sites: the former Pellet Terminal location, the south Black River Landing parcel and the boat launch site. Mr. Poole was in Lorain about a month ago and gave a presentation on the market study findings. He's here to give a quick overview and a little bit more information on the financial feasibility of the market study. The study entails a comprehensive market analysis, real estate trends, market outreach with interviews and roundtables. Most recently

completed was the financial feasibility analysis. He said the uses, with the exception of mixed industrial, aren't financially feasible, so they didn't do more in depth there. They looked at the three properties and surrounding areas. Key findings: flat population growth. He said that's consistent among industrialized areas. Growth among seniors and prime-age working adults. Young people are moving to places with better employment opportunities. Healthcare is a top industry sector. Manufacturing sector is shrinking. It's not specific to our area. There is a growing demand for multi-family housing. More people looking for studio apartments, or family members are living together. Lorain lacks Class A multi-family housing. The cost of developing that and cost of rents won't allow it. He said there is unmet demand and what can be captured in the City of Lorain are between 320 and 660 multi-family residential units. Little new office demand. There's remote and hybrid work now, and that was happening well before the pandemic. Mr. Poole said there is a tight yet affordable local industrial market. The issue, in terms of developing new space, is does it pencil out with what it would cost to develop. Pellet Terminal recommendations: They see this as seasonal concessions or a restaurant or food kiosk with water-based activities, potentially coordinated with Black River Landing. It's a 36.3-acre site on the western bank at the mouth of the Black River. Recommendations for south Black River Landing: 400 units of multi-family housing (including studios and two-bedroom units) targeted to young professionals and empty nesters with views of the river. It's a 14.5-acre site just south of the Black River Landing festival grounds. They also see potential for ground-floor service retail and public access along the riverfront. Mr. Poole said 15-year tax abatements are required for development. Boat Launch recommendations: Short-term recommendations are boat storage and secure funding to rebuild seawall bulkhead. Mr. Poole said it could be part of a long-term plan to eventually have up to 500,000 square feet of marine-related light industrial and/or cargo transfer. The Financial Feasibility Analysis: Mr. Poole said they modeled three different scenarios. Two are related to Black River Park South site. One is a mixed use

200-unit multi-family rental apartments with a restaurant and bar, and one is a mixed use 80-unit multi-family. The third is at boat launch site, which could be 200,000 sq. ft. of light industrial. Initial average monthly rates for the 200-unit multi-family rental apartments would be \$1,100/month studios, \$1,536/month 1BR, \$2,002/month 2BR. He said these are modest process for waterfront housing. The initial average annual net lease rate for the restaurant/bar space would be \$25/square foot. It would be a waterfront destination. Total project cost: \$60.5 million. Negative Internal Rate of Return (IRR) of .004, it would never move forward. Looking at the 80-unit recommendation, same lease rate on restaurant/bar. Positive IRR of 3.89 percent, which is still too low to be feasible. You're looking for 12 percent to be able to move forward. Total project would be \$28.5 million. Total residential construction costs are approximately \$250/sq foot. Total restaurant/bar costs are approximately \$300/sq foot. Development costs are approximately 30 percent greater than what they would have been in early 2020. Rents, while higher than 2020, have risen at a far slower rate. Construction inflation. The Boat Launch model: \$5.5/sq foot. Total project cost would be \$23.4 million modeled out. Positive IRR of .33 percent. It doesn't pencil out. Mr. Poole said when it doesn't pencil out for private investment, the port authority could choose to develop the space, or a third party could develop the building and operate. Recommended next steps: Continue the seasonal programming. Mr. Poole said we're hoping to see rental rates increase more in the next three to five years. They also recommend starting activities at the former Pellet Terminal site. He thinks that will promote greater interest. On the industrial site, develop an incentive package (pilot, tax abatement, etc.). Move forward with securing the capital improvement funds for the seawall. Mr. Mullins asked if there was good news? Ms. McClelland said unfortunately, no. Mr. Poole said this is not just Lorain. It's happening in a lot of places trying to redevelop themselves. Eventually things will work themselves out. He hopes this is short-term and not long-term. Ms. McClelland said this study is depressing, but it explains why our previous RFPs have failed. Our market doesn't

support the image of what we think can happen here unfortunately. JobsOhio has millions of dollars ready for organizations who go through this process. We looked at it from all angles, and it was dismal news. We learned and we're going to move forward on the industrial aspect as that's what we can do right now. Mr. Brown said we can try to get that site shipping-ready, so there is still opportunity. Team NEO wants to get something going in Lorain. Mr. Zgonc asked how the Opportunity Zones played into the properties we have? Mr. Brown said that was basically a creative funding mechanism for projects already going to happen. They still want to see a positive IRR. Mr. Brown said we can focus on the \$500,000 Brownfield Grant secured by Ms. McClelland to try to rehab existing sites. Ms. McClelland said this study has brought hard realities to the table. But we can still make the boat launch site more attractive by trying to secure grants. Mr. Brown said we're going to focus our energy on that seawall. Our goal is to get revenue for the next 100 years. We're not giving up. Ms. Kiraly asked about the cost to develop the seawall? Ms. McClelland and Mr. Brown said \$10-15 million. It could end up costing as much as \$20 million.

2. Correspondence received:

- a. Mr. Brown said he received none but encouraged board members to attend the last Rockin' on the River concert. Labor Day Festival happened two weekends ago and they gave us a full-page ad. They experienced growing pains, but they put together a nice committee. It rained but there was a decent crowd and a good attitude about it. Looking forward to next year.

C. Executive Director

1. **Bob Early Chamber of Commerce Bright Star Recognition:** Mr. Brown said each chamber nominates a bright star. Lorain County nominated Mr. Bob Earley and it was accepted. The recognition event will be at La Center in Westlake. We reserved 10 spots for the dinner on October 20 at 5 p.m. Dinner options are beef, chicken, or vegetarian. Mr. Brown will send another

email. We need answers by Friday. We had our social media guy make an advertisement, too.

2. Caboose Status Update: Mr. Brown said the committee has been working quite a bit. They want to have it painted before their event September 24. Slow progress, not as much as we'd like, but they're working on it. Mr. Nielsen said they didn't do anything in July. He said it sounds like they're waiting for bad weather.
3. LCCC Issue 10 Renewal Levy: Mr. Brown said he attended a meeting last week. He thinks the Lorain County Community College is a huge asset in the county and we should support it. It's a renewal levy and would be a \$14 million dollar hit if it doesn't pass. Mr. Brown thinks it's important with us being their partner for us to support them in this realm.

Mr. Mullins presented:

**A RESOLUTION SUPPORTING THE LORAIN COUNTY COMMUNITY COLLEGE
ISSUE 10 RENEWAL LEVY.**

Mr. Zgonc moved to approve Resolution No. 2022-18. Second by Mr. Sommers. Roll call vote as follows:

Ayes: 7 Nays: 0 Abstain: 0 Resolution Passed

4. City of Lorain Property Transfer: Mr. Brown said this is the former city garage on the corner of 35th Street off Broadway Avenue. We've written grants with that site in mind. The Veard Group is planning to demo a good portion and have obtained the church up front. They plan to fence the site and refurbish a building for Lorain City Schools bussing. They will be demoing some portions and salvaging some of the savable buildings. The city wants to get working immediately. They have six months to finish. If not, it goes back to the city. Mr. Veard and Ms. Kiraly abstained due to the appearance of a conflict of interest.

Mr. Mullins presented:

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LORAIN PORT
AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO**

ENTER INTO AN AGREEMENT WITH THE CITY OF LORAIN, OHIO TO ACCEPT PROPERTY SUBJECT TO LEGAL COUNSEL REVIEW.

Mr. Nielsen moved to approve Resolution No. 2022-19. Second by Ms. Bonilla. Roll call vote as follows:

Ayes: 5 Nays: 0 Abstain: 2 Resolution Passed

5. Melrose Park Development LCC Purchase Agreement: Mr. Brown said this is Mr. Veard's company. We will receive a fee through the deal. Mr. Veard and Ms. Kiraly abstained due to the appearance of a conflict of interest.

Mr. Mullins presented:

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LORAIN PORT AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO ENTER INTO A REAL ESTATE PURCHASE AGREEMENT WITH MELROSE PARK DEVELOPMENT LLC, SUBJECT TO LEGAL COUNSEL REVIEW.

Mr. Nielsen moved to approve Resolution No. 2022-20. Second by Mr. Sommers. Roll call vote as follows:

Ayes: 5 Nays: 0 Abstain: 0 Resolution Passed

6. Sale of 3807 West Erie Avenue: Mr. Brown said we accepted \$217,500. Title company asked for this. Will probably go to closing this week.

Mr. Mullins presented:

A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO EXECUTE THE CLOSING DOCUMENTS FOR THE PROPERTY LOCATED AT 3807 WEST ERIE AVE. LORAIN OHIO.

Mr. Nielsen moved to approve Resolution No. 2022-21. Second by Mr. Sommers. Roll call vote as follows:

Ayes: 7 Nays: 0 Abstain: 0 Resolution Passed

V. Report of Committees

A. Contract Management Committee

1. Chris Haynes Creative Content Contract: Mr. Brown said he'd like the committee to have a quick meeting with our content creator Mr. Chris Haynes. The page is up 500%. Chris was the owner of Erie Shores Rentals, but we realized how talented he was with drone footage and marketing that we hired

him under a limited contract. We figure out what we want to market, and then he'll take a deeper dive. He's asking for \$2,000 month, but with that he'd make a presentation about what he would be doing additionally. Mr. Mullins asked if it would be a set term or month-to-month. Mr. Brown said it could be either, we have to decide what we want. Mr. Mullins said marketing is hard to measure. Mr. Nielsen asked about his ability to help us advertise the stage project.

2. Brownfield Grant Notice of Award: Ms. McClelland said we'll receive the funds October 1. We got approval to hire a firm. If anyone has a strong desire to be involved in this process, you're more than welcome. We're limiting this to two board members, and Jeff has already expressed interest. It will be on the agenda next month.
3. Riverside Building Lease: Mr. Brown said he intended to include an attachment in the board packet about a tentative design. Ms. McClelland presented the design on the TV. Mr. Brown didn't see anything too remarkable that we'd be against. We cautioned them about the easement with ODOT to access the bridge. Mr. Nielsen said he wants the lease to be nontransferable and to include a hard date on the occupancy permit. If they don't obtain it, the lease is void and we get the property back. The lessee needs to set a date to open and achieve it. Mr. Mullins asked how many people would fit? Mr. Brown said not many. It will be a seasonal location for a quick drink and bite to eat. We're going to set up a construction lease of no less than \$250 a month. It will then go to a square footage rate with escalation over the years. Ms. Bonilla confirmed they're planning to open in 2023. Mr. Brown said if not by Memorial Day, they're looking at July 1.

B. Strategic Development Plan Committee

1. Mr. Zgonc said there is no report.

C. Marketing and Public Affairs Committee

1. Mr. Nielsen said there will be a joint committee meeting to talk about our content creator and possibly the lease.

D. Financial Planning and Audit Committee

1. August 2022 Financial Statement: Mr. Sommers said the August financials look good, and he moved to approve them. Second by Mr. Veard. Motion carried.

E. Bylaws and Personnel Committee

1. Mr. Sommers said he had no report.

VI. Other Business

A. Mr. Veard said he has a subcontractor that's expanding his business and is doing drone work called Busy Bees if we need anything done.

B. Mr. Zgonc said some feedback he got on the stage was to maintain the riverfront views and greenspace. Mr. Brown addressed his concerns and said it would remain. Mr. Zgonc said the ladies also want more restrooms. People have asked, why the "v"? Mr. Brown said it's just a design. The top will be steel, and the bottom will be a cedar wood. The internal skeleton would be steel. There was a structural analysis to figure all of that out.

C. Mr. Brown said we were invited to the Lorain County Commissioners meeting. We told them the stage would cost \$12 million and we wanted \$4 million. The commissioners want to see matches. There was a little sticker shock, but we're working all angles. We may work with a firm recommended by Bialosky. If you have any ideas of possible funding sources or investors, please send over their contact information. There's money out there, we just have to find it. Mr. Zgonc asked about the budget? Mr. Brown said phase one is \$5-6 million. Extending the dock and connecting to Broadway, that would be \$10-12 million.

VII. Public Comment

A. None.

VIII. Executive Session: Purpose of property disposition

A. Mr. Sommers moved to enter executive session. Second by Mr. Zgonc. Roll call vote as follows:

Ayes: 7 Nays: 0 Abstain: 0 Motion carried

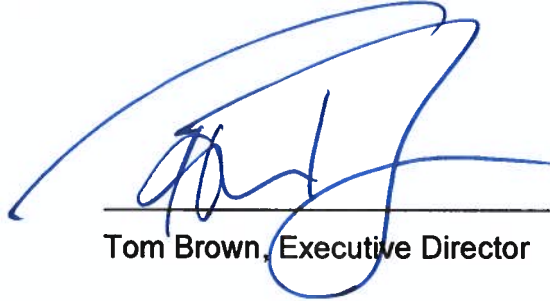
Mr. Sommers moved to exit executive session. Second by Mr. Nielsen. Motion carried.

IX. Adjournment

A. There being no further business to come before the board, Mr. Veard moved to adjourn. Ms. Kiraly seconded. Meeting adjourned at 8:45 p.m.



Brad Mullins, Chairman



Tom Brown, Executive Director