

**Lorain Port and Finance Authority
Board of Directors
Contract Management Committee Meeting
Port Office
Tuesday, June 13, 2023, at 6:00 p.m.**

Committee Members: Messrs. Nielsen, Veard, Zellers and Zgonc (4)

Board of Directors: None

Staff: Tom Brown, Executive Director
Tiffany McClelland, Assistant Director
Kelsey Leyva-Smith, Office Manager
Michael Brosky, Esq., Port Attorney (6:52 p.m.)

Guests: Stacy Caddey (6:03 p)

I. Roll Call

A. The meeting was called to order at 6:00 p.m. by Contract Management Committee Chairman Jeff Zellers with roll call indicating a quorum present.

II. Report of Chairman

1. Presentation by Stacy Caddey: Mr. Zellers said last we met with Inbloom consulting group. Wanted to reach out to different people. One was Lisa Brown. She's the director of the LCCC foundation board. She thought Sarah Stilgenbauer would be a good choice, although she can't work on it full time. Sarah recommended Stacy Caddey and Scott Pember. She is a consultant all by herself and familiar with Lorain County. Mr. Zellers, Mr. Brown and Ms. McClelland were impressed with Sarah after speaking with her via Zoom. Scott is with Mercy Health organization. Lisa wasn't sure he would be the right fit. There is a sense of urgency here. Even just to do the stage portion, we have to raise a lot of money quickly. Ms. Stacy Caddey said typically a fundraising consultant is used when a nonprofit is seeking to raise funds outside of their capacity. This project is something that is leading us to want to raise philanthropic funds, which we haven't done before. Her experience with capital campaigns goes back 32 years in NE Ohio and nationally. The feasibility study portion happens in the planning phase of capital campaigns.

Four phases of capital campaign: Planning, cultivation, solicitation, stewardship. Planning phase asks, "What should be the goal based on expenses?" doing prospective research and recruiting leadership for a steering committee to widen the pool of perspective donors. Feasibility tests the project's ability to raise money in the... market. In this case, a feasibility study would be something we would partner on. Create a prospectus. Identify 25-35 donors. Could be foundations, corporations, individual donors known to organization and other people suggest. We then send out prospectus and schedule meetings. Then she uses a questionnaire agreed upon by staff and board to get a sense of people's favorability about the organization, the project, if they think it's worthy, if they want to volunteer or help in any way and to identify their gift range. Gift range is how we assess how many potential donors we have at every gift level to see what the study predicts we're able to raise, and then we'll know the remaining balance. This project can be broken into phases. Sometimes people give multiple times to different phases. Feasibility will tell us whether or not people support the project, which is what we need to know to decide if we should go full scale or partial. Mr. Mullins asks if she has a network of donors or if she's starting from scratch? Ms. Caddey said she would talk with Tom and Tiffany about the potential donors in Lorain. There are foundations and individuals who give to other projects in the county. Cultivate from there. She worked with Barb Piscopo (Lorain Historical Society) and their board. Positive comments about this project. She previously helped to raise funds for the Oberlin Center for the Arts. She knows who the players are. She doesn't see it being difficult to persuade people to get involved. Mr. Zellers asked about Ms. Caddey's capacity? Ms. Caddey said she just wrapped two other projects, so she has plenty of time. She is independent for a reason. Her niche is acting like an additional staff person. A lot of firms tell you what to do but don't help beyond that. She does the legwork for us. She enjoys doing the direct work. She's worked with organizations anywhere from 6 months to 5 years. She's in a sweet spot time wise. Mr. Zellers asked how long the feasibility phase would

take, and elaborated that we're undertaking the project either way, but we'd like to know how much we could expect from donations. She said feasibility usually takes 3-4 months. What drags it out is the availability of people to be interviewed. If they're free, it could move faster. She thinks we're starting at a good time. She could start as soon as July 1. Start the list, then start scheduling. Interviews in August-Sept. Then compile the report. Mr. Zellers asks, "who does the interview?" Ms. Caddey said she does. She is the independent third party to keep anonymity. Mr. Zellers asked if we need a committee? Ms. Caddey said it doesn't require a committee, but we should be internally thinking of a steering committee and who would have a seat on that. Usually, board members with a wide network and community members with a wide reach, too. Then the board decides if the project should move forward and prepares to launch the campaign. That usually starts with a quiet phase to raise about 50%. Normally you don't go public until you reach that point. If you don't have the ability to raise \$12 million now, then you can start on phase one for \$5 million and build support that way. Mr. Zellers asked if board members and Ms. Caddey talk to people? She said yes. Mr. Zellers asked how long fundraising will take? She said fundraising campaigns for \$5 million and above can take years. It all depends on the response and what is available to us as far as grants and other funding sources. Mr. Zellers asked if she would help with that? She said yes. She thinks feasibility will help us what the philanthropic goal of this larger project should be. It could be a \$12 million project, but maybe with tax credits and other sources we find \$6 million and only need 50% philanthropic. Mr. Brown asked if there was a typical ratio to shoot for? She said no, every organization is different. Schools have built in donors with alumni. We don't have that. We have a public focused campaign. We need to find people who find Lorain very special to them. Mr. Zellers asked if she thought our donors would be from city of Lorain, Lorain County, or surrounding area? Ms. Caddey said the center of it will be people who care about the city of Lorain. Then Lorain County would be next. Then, wider and more difficult donors would be those with NE Ohio interest. Or corporations

with a big employee base. Mr. Zellers said the feasibility part is \$25,000, half at the time of signing and half once complete. Then the capital campaign it's \$90 per hour. Ms. Caddey said those are monthly fees she's billing for. In general, she works over hours, but they usually purchase one two or two and a half days a week. She doesn't take on more clients than she has time for. There are other types... Most of her campaigns are 1-2 days a week. Mr. Zgonc asked about national and state sources to tap into. Ms. Caddey said no, she's not aware of them today. She said we want to get information from local politicians and constituents to learn about sources. Mr. Zgonc asked who writes the grant if we find something like that? Ms. Caddey said she isn't a grant writer, but there are firms who can provide that support. There's a firm called Grants Plus that does grants contracting. Lots of options for grant writing. Mr. Zgonc confirmed these fees would be in addition to Ms. Caddey's. She said yes. He asked for a price range. Ms. Caddey said the hourly rate is probably anywhere from \$40-80 per hour. It costs money to raise money. All allocated to the capital budget. You can raise money to offset that cost. Grant writing is minimal compared to the return on the investment. Mr. Zgonc asked about capacity building grants, would we be in a position to write one of those? She said absolutely. She's very curious to find out about how the foundations will view the project based on us not being a 501c3. Mr. Zgonc asked her to document success in the county or city of Lorain. Ms. Caddey said through her advice and strategy, they raise more and created a legacy society where people left money in their wills. She has raised many of millions. Most recently, \$8.1 million in Cleveland. Mr. Veard asked if she saw an inability for people to donate with the current market? Are people donating? She said yes, they are donating. We have to identify top prospects and then work our way down the pyramid. We need to focus on who we can get in on the ground level and who will give \$100,000. That will build the momentum and make it easier. During the pandemic they may have changed what they're giving to but they're still giving. Economic development is a driver right now and what people get excited about. Feasibility informs,

educates and prevents embarrassment. We don't know until we ask them how they feel about the project. We think it's great, but if it isn't a priority for major donors then we need to know that and take time to build more relationships. Mr. Brown said some people think we already have all the money we need due to past successes (BRL and pier). Then there's other people who think we put on the concerts. It will give us a better idea of what we can afford. If someone other than us is asking, the public will be honest. She says we should inform potential donors that our tax levy covers operational costs but not additional projects. Everyone thanked Ms. Caddey for her time and information. Mr. Zellers said to put things in place: the two companies we're looking at are Inbloom and Ms. Caddey. Inbloom's feasibility study was a fixed rate of \$42,000 for four months. Stacy is \$25,000 for four months. The next phase would cost \$5500 per month for about 8 months with Inbloom. With Stacy, it's between \$3-6000 depending on the number of days a week she works. Committee needs to make a recommendation tonight. Mr. Nielsen said Stacy gave a way better presentation than the other people. She seems dialed in on what to do. He's not sure it's something we need to do, and we don't have years to fundraise \$10,000,000. We have to spend the money from the county and city by the end of 2026. Given that, we have a very short leash to get where we need to be. Mr. Mullins said we need to go back to the county for more. Mr. Brown said he pitched a concept to the commissioners; we should go back with and do it again with the right team. Upset we only got \$995,000 and the racetrack gets \$2 million from county and city. Mr. Browns said we could do a one penny sales tax. It would bring in about \$10 million per year. All they have to do is say "We'll get you \$4 million for two years" and we'll be done. Mr. Nielsen said Middleburg Heights did it. Work together with other organizations (sheriffs, judges, etc.) and make a pitch for a levy. Mr. Brown said if we're going philanthropic, we need a consultant. We don't have the time or expertise. Mr. Veard said they're not going to do that for us. Mr. Zellers said she's going to train us and get us started. Mr. Nielsen said if we go consultant, he likes Stacy. Mr. Brown

mentioned that we may be able to raise some funds through philanthropy, but we'll likely need other sources. Mr. Mullins said he votes for Stacy too. He thinks we need a consultant. (Mr. Brosky 6:52p) Mr. Zgonc said he would have liked to hear from a 3rd or 4th, but he liked Stacy most. Mr. Veard said he thinks they'll point us in the right direction. Ms. McClelland said we need a consultant. She's happy with either. Mr. Brown said he's also happy with either. Stacy has better rates and Lorain County experience. We just have to be ready to hear whatever they come back with. Mr. Zgonc moved to hire Stacy Caddey CFRE Independent. Second by Mr. Nielsen. Motion carried. We'll present this to the full board for approval. Mr. Brown will prepare a resolution for next meeting. The numbers are high. \$8-9 million for phase one. Mr. Zellers asked if we need a committee? Mr. Brown said he has no objection to that. Mr. Zgonc said Stacy wants that. Mr. Brown said that's in the campaign phase. If the board approves Stacy, when do we do the committee? We can make committee later. Mr. Brown said we don't know about commissioners until we ask.

III. Other Business

A. None.

IV. Adjournment

A. There being no further business to come before the committee, Mr. Zgonc moved to adjourn. Mr. Nielsen seconded. Meeting adjourned at 7:01 p.m.



Jeff Zellers, Chairman



Tom Brown, Executive Director