

**Lorain Port Authority
Board of Directors
Regular Meeting
Tuesday, December 9, 2019, at 7:00 p.m.**

Board of Directors: Mrs. Cook; Messrs. Bansek, Kuszniir, Mullins, Nielsen, Sommers, Zellers and Zgonc

Staff: Tom Brown, Executive Director
Yvonne Smith, Accountant
Tiffany McClelland, Economic Development Director
Mike Brosky, Attorney
Lil, Goose Dog

Guests: None.

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. **April 29, 2019, Special Board Meeting:** Without question, Mr. Zellers moved to approve. Mr. Bansek seconded. Motion carried.

B. **May 24, 2019, Special Board Meeting:** Without question, Mr. Zellers moved to approve. Mrs. Cook seconded. Motion carried.

C. **November 12, 2019, Regular Board Meeting:** Without question, Mr. Zellers moved to approve the minutes. Second by Mr. Zgonc. Motion carried.

IV. Report of Officers

A. Chairman

1. Correspondence: Mr. Brown said he had one last minute piece of correspondence from the Lorain Growth Corporation. They're requesting we continue our business membership at \$500. Historically we have been members, but in the last 18 months Mr. Brown was the member of a volunteer board to figure out how to help downtown businesses. The conclusion of that was Mr. Ben Norton sponsoring a \$5,000 strategic

planning session with Ohio Heritage in conjunction with Lorain Growth to discuss how to become a full fledged Main Street and fundraise for a director and monthly programs. After the study and four training sessions, Lorain Growth decided they didn't want to be a part of the Main Street. Mr. Brown is now a board member for Main Street Lorain and Ms. McClelland is on the Economic Vitality Committee. He used his discretionary fund to cover the Main Street membership. Mr. Brown said we sponsor the Trees & Trains for three months at no cost, we've been involved with the Caboose Project and we waive the fees for BrewFest in August. Our in-kind donations to Lorain Growth each year far exceed the membership fee. Mr. Brown wanted to avoid the appearance of a conflict of interest with him being on the Main Street board, so he is leaving the decision to the board. Mr. Zgonc asked why Lorain Growth didn't want to join Main Street. Mr. Brown said he thought it was due to the amount of change. They would have to establish committees, make a business plan and meet certain criteria. Lorain Growth has done well as a volunteer group, but the idea is to up that, get a director, apply for full funding and have monthly programming. Main Street is already planning events like "Home for the Holidays" with two movies at the Palace. The four committees, economic vitality, design, organizations and promotions, make a lot of sense. Mr. Nielsen said he's a business owner and has been a member of Lorain Growth and they've done nothing for him. Mr. Zgonc clarified the advantage of going with Main Street is greater funding opportunities. Mr. Brown said yes. A few foundations have already expressed support and their donations may be larger in the future. They plan to petition the city for funds, too. Main Street Lorain was able to raise \$6,000 in memberships in just one day. Mr. Nielsen said the new entity has a great grasp of social media, unlike the old entity. Mr. Mullins asked if a motion was needed. Mr. Brown said no, he is just reporting. Mr. Mullins said the board supports Mr. Brown moving forward.

B. Executive Director

1. Mr. Brown said thank you for a prosperous 2019 and he looks forward to 2020. He said everything is on track and it's been a good year. We're diving into a few projects now and 2020 is looking bright.

C. Economic Development Director

1. Preview: National Brownfields Conference Presentation: Ms. McClelland said she won't be giving her entire presentation tonight. She and Mr. Brown leave for LA tomorrow and her full presentation will take place Wednesday. Our topic is "Redefining an Old Steel Town through Key Investments" and the presentation focuses on Ariel on Broadway and the financial package we created for them. The beginning of the presentation will give an overview of the history of Lorain, the industrial nature of the city and how it's transitioned over time. Ms. McClelland said in the 1980s and 90s when the Port was focusing on acquiring property and transitioning from steel-town properties to spaces like Black River Landing with a recreational nature. Since 2000, the Port has invested nearly \$10 million into Black River Landing, which was once a very dirty Brownfield site. Around the time Black River Landing was transitioning is when the housing on the waterfront started transitioning, too. This helped lay the foundation for the perception change in Lorain and what the city has become. Thousands of people down here for Rockin' on the River, Roverfest, our boat tours, the Cabela's tournament, the Mile-Long Pier. Now we have a beautiful downtown with the focus being on the waterfront for the last several years. We focused on private and public land ready for development. The expression of interest we completed is an example of this. Laying the foundation for Ariel on Broadway. She will go over every step and layer, such as the donation of the building, the EPA Brownfield funds to do the assessment on the building, the asbestos survey, the PACE financing, establishing an ESID for the City of Lorain and are looking to grow that in the area. Equity and market-rate financing were also factors. This kind of project happens when you find the right

developer. They're willing to take on the extra fees along the way. A perfect example of that was the parking deck. Ms. Radhika Reddy was expecting to replace about 60 percent and ended up replacing the entire parking deck. Ms. McClelland said she'll also cover the historic tax credits and the elements Ms. Reddy must maintain in order to receive the credits. Construction financing provided the sales tax exemption for the project and Ms. McClelland will go over the dollars that translates into and what construction financing is. The plan is to end the discussion with tax abatement and TIF and how we received great support from the City of Lorain. We were one of the first organizations in Ohio and the country to stack tax abatement with TIF for 30 years and make it so that the proceeds from year 13 through 30 go to the developer, making us cutting edge in our financing mechanisms. She explained that her presentation in LA will be much more in depth. Ms. McClelland realizes the board is familiar with our financing programs and the project. Ms. Reddy will say the project was \$8.8 million, but Ms. McClelland said she believes that number has changed as the project continued. The amount of savings achieved with the financing mechanisms was significant. The building would have sold for around \$1 million but instead it was donated to the Port. Another savings was having no general contractor or developer fee. Ms. Reddy estimates that as a savings of about \$1 million. She is also saving about \$120,000 in tax abatement each year for the first 12 years and about \$90,000 per year from year 13 through 30 with TIF. Ms. McClelland said planning is huge. This project wouldn't have happened if the Port hadn't started acquiring properties in the 1980s and 90s. In general, she believes changing the perception in the 1990s laid the foundation for Broadway's redevelopment. Prioritizing is huge, too. Mr. Brown said in 2017 when he became executive director that he wanted the Broadway Building to be our project. Without that direction and vision, Ms. McClelland doesn't believe the project would have happened. Timing is also key. A project like this likely wouldn't have happened five years

ago. And without brilliant, creative financing, it wouldn't have been possible. That is her presentation in a quick snap shot. Mr. Brown said he has pictures of carpets and TVs being installed. He will work to schedule an event for the board to see the building before the grand opening. Ms. McClelland will be one of the very first presenters at the conference in LA. The board wished her good luck. Mr. Zgonc asked for additional detail on the hotel plans. Mr. Brown said Ariel will open in phases with the hotel likely booking rooms in February. Staff will need to be trained. The elevators are being finished up now.

V. Report of Committees

A. Contract Management Committee

1. Mr. Zellers said he had no report.

B. Strategic Development Plan Committee

1. Mr. Kuszniir said he had no report.

C. Marketing and Public Affairs Committee

1. Mr. Bansek said he had no report.

D. Grounds Maintenance and Capital Improvements Committee

1. Mr. Nielsen said he had no report other than updating the board on the recent maintenance at Black River Landing. The landscape company took care of an area of overgrowth near the river along the walking path. It's cleared out and looks great. Mr. Brown said two beds converged onto the walking path and it was becoming a safety concern. We took out the two beds and left the pine tree and elm tree. It is a remarkable difference. Very open. Brush hogging has been completed, too.

E. Financial Planning and Audit Committee

1. November 2019 Financial Statement: Mrs. Smith said she was unable to meet with Mr. Davila or Mr. Kuszniir to review the financials prior to tonight's meeting. It will be held until January 2020.
2. 2019 Lorain Marine Patrol Year-End Activity Report: Mrs. Smith said this was included in the board packet. The main point is the number of search and rescue cases. In 2019, the Marine Patrol handled 15 cases and saved

27 lives. She said our officers aren't heavy handed, which is reflected in the zero citations they issued. Instead, the patrol gave out 145 warnings. Those were for not having a life jacket, not following navigational rules. The Patrol did a great job this year. Mr. Mullins asked if there were classes for boating licenses. Mrs. Smith said the Patrol doesn't do that, but there is a water component in safety town. Our officers participate in that to help teach kids safety on the water. Mr. Nielsen asked if OH numbers were tracked. Mrs. Smith said yes, if there is a serious infraction or citation written. They do watch for repeat offenders. The Marine Patrol works with the sea cadets and they sometimes train in our rental facility. Mr. Mullins asked why more citations weren't written. Mrs. Smith said one would be written if the situation called for it. Mr. Mullins said he lives on the river and sees boaters driving drunk and disobeying "no wake" zones. Mrs. Smith said if drinking is suspected they'll give the breathalyzer. Mr. Mullins said his concern about higher boat traffic during events like Rockin' on the River. Mrs. Smith said Vermillion assists when we need additional manpower. It could also be that our officers are part-time workers.

3. Budget Amendment: Mrs. Smith said the staff is working to tighten up the revenues and expenditures that we know we're not going to be needing. A lot of those were in the special revenue. The general fund revenues will be reduced by \$9,700. Special revenues will be reduced by \$1,775. In the appropriations, the general fund will be reduced by \$35,180 and the special revenue fund will be reduced by \$1,775.15. It'll look better once the year closes, as far as our carryover, but right now it's \$406,000. It'll be more than that once we actually close. Mr. Mullins clarified the Port needed those funds to get through the first part of the year and Mrs. Smith said yes.

Mr. Mullins presented:

A RESOLUTION RATIFYING EXPENDITURES AND AUTHORIZING THE EXECUTIVE DIRECTOR TO REVISE THE 2019 OPERATING BUDGET, TRANSFER

AND APPROPRIATE FUNDS AND REQUEST AN AMENDED CERTIFICATE OF ESTIMATED RESOURCES FROM THE COUNTY AUDITOR.

Mr. Sommers moved to approve Resolution No. 2019-37. Second by Mr. Nielsen. Roll call vote as follows:

Ayes: 8 Nays: 0 Abstain: 0 Resolution Passed

4. Then and Now Certificate: Mrs. Smith said there were no then and now certificates requiring board approval.
5. Budget Review Meeting: Mrs. Smith said she and Mr. Davila want to have the 2020 budget meeting at 6 p.m. on Tuesday, February 4, 2020.

F. Bylaws and Personnel Committee

1. Employee Compensation 2020: Mrs. Cook turned the floor over to Mr. Brown. He said he spoke with Mr. Mullins and Mrs. Cook and he left it up to the board's discretion. Mr. Mullins recommended a 3 percent cost of living increase. Mrs. Cook said she wanted to create a policy where the cost of living increase was given automatically each year. Mr. Nielsen said the percentage may change. Mr. Mullins said he believed it needed to be reviewed each year. Mr. Brown said he appreciated the suggestion and dialogue, but he didn't want the Port to be locked into that commitment if finances change in the future. He believes 3 percent is a fair raise for everyone and prefers reviewing it every year. Mr. Nielsen moved to approve a 3 percent raise for all Port employees starting January 1, 2020. Second by Mr. Zgonc. Motion carried.

VI. Other Business

- A. Mr. Zgonc asked if Jim Andrews was staying after Jackalope closes? Mr. Brown said its under negotiations. When we signed with Oasis, the deal was either Jackalope would stay and make several improvements or Oasis would come in, make the improvements and work out a new lease. No matter what, the name Jackalope is going away. Mr. Andrews was not kicked out. There will be some type of improvement out there. Oasis has met with several contractors at both buildings and along the pier. Their new Regional Manager

Nate Moyer started October 1 and has been in town to talk with boaters, fishermen and bait suppliers. Oasis will get the keys January 1, 2020.

VII. Public Comment

A. None.

VIII. Adjournment

A. There being no further business to come before the board, Mr. Bansek moved to adjourn. Mr. Kuszniir seconded. Meeting adjourned at 7:44 p.m.



Brad Mullins, Chairman



Tom Brown, Executive Director