

CLEVELAND PUBLIC LIBRARY  
Minutes of the Special Board Meeting  
July 28, 2016  
Trustees Room                      Louis Stokes Wing  
1:00 P.M.

Present: Ms. Butts, Mr. Seifullah, Mr. Corrigan,  
Ms. Rodriguez, Ms. Washington, Mr. Parker

Absent: Mr. Hairston

Ms. Rodriguez called the meeting to order at 1:10 p.m.

OATH OF OFFICE FOR REAPPOINTMENT OF ANTHONY T. PARKER

Mr. Corrigan administered the Oath of Office to Anthony T. Parker. Mr. Parker was reappointed by the Cleveland Board of Education on June 28, 2016 to a second full term on the Library Board, commencing on July 2, 2016 expiring on July 2, 2023.

Mr. Parker expressed his gratitude to the Board of Trustees and Library Administration for the opportunity to serve for another term.

Resolution to Consider Development Agreement for Martin Luther King, Jr. Branch

Joyce Dodrill, Chief Legal Officer, stated that this Special Board Meeting was requested several weeks ago with the expectation that we would have a development agreement for the Martin Luther King, Jr. Branch for the Board to consider.

Ms. Dodrill stated that a resolution to consider the development agreement has not been prepared and offered an explanation.

On July 6, 2016, the City of Cleveland gave the Library a deadline of July 31, 2016 to have negotiated and signed a development agreement or the City would proceed to submit the project to City Council without the relocation of the Library and plan.

Ms. Dodrill introduced the Library's team consisting of Attorney Lee Chilcothe, Managing Partner, Chilcote Law

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Firm; Christina Trizzano, Associate, Chilcote Law Firm; Brian Szalewski, Assistant Legal Officer; and Eric Herman, Construction Project Manager, who have worked on this project by negotiating, drafting and meeting with the developers .

Ms. Dodrill stated that for almost all of the key issues that are important to this Board, a tentative agreement has been drafted. The agreement is tentative because no documents have been signed yet.

On the key issue, being the amount of money the developers will pay towards the construction on the branch, the developers have not provided the offer that we hoped for. The developers originally offered \$3.5 million to construct the new branch. This amount was based on the cost of the Rice Branch that was completed in 2010.

Because we were concerned that this number was too low based on today's construction costs, we engaged the services of Robert Madison, Architects and Higley Construction Co. to draw up some basic designs and estimate costs of construction. The estimates revealed that to build a new building of 15,800 square feet, it would cost approximately \$6.2 million.

In public meetings that the Library has held, the community wants a building at least the size or larger than the existing branch which is about 18,600 square feet.

According to the Higley estimates, a 20,500 square foot building would cost approximately \$7.8 million.

Because the original RFP stated that we wanted a 15,800 square foot building, we asked the developers to pay all of the costs of the smaller building that was designed by Madison minus the costs of FF&E and AV/Data expenditures which the Library would pick up. That number was \$5.6 million. If we were to construct a 15,000 square foot building, that number would be about \$5.2 million.

Ms. Dodrill stated that we learned this week that the developers have increased their offer to \$4 million. They claim that despite a budget of \$122 million for

Phase I, this is all that they could afford. They encouraged the Library to talk with the Cleveland Foundation and encouraged Director Thomas to meet directly with Ellie Weiss who is a partner in UC3, the Developers, to discuss how to raise additional monies to fill the gap.

With regards to the City's deadline, Steve Rubin who is also a partner with UC3, indicates that the City has agreed to give the Library an extension of an additional 30 days to work out a final executed agreement. However, we have not been able to independently verify this as we have not received returned calls.

Ms. Dodrill stated that other terms of the agreement have been provided to the Board in a memo and offered to review them if needed.

Ms. Dodrill stated that there are four options to consider:

- (1) Instruct the team to go back and negotiate with the Developers for more money;
- (2) Direct the team to try to find other funding sources to fill the gap;
- (3) Accept the \$4 million, pay the excess costs from Library funds and formally sign the development agreement;
- (4) Reject the offer and keep the building that we currently own.

In response to Ms. Butts' inquiry, Ms. Dodrill stated that if the Library rejected the offer, the project would be built around the branch causing the development project to be much smaller than originally planned.

In response to Ms. Butts' inquiry, Director Thomas stated that the existing branch needs upgrades as the current building is outdated, not easily identifiable, and has \$1.2 million worth of work to be done for Safe, Warm and Dry.

Director Thomas explained that before the Library was approached with this opportunity for a new branch, \$3.3 million has been set aside for each of the opportunity libraries that include South, Martin Luther King, Jr., and Sterling. During public meetings, the community insisted that a new building the size of Rice would be

unacceptable. At that point, it was clear that the Library would have to provide additional funds for a new branch. Director Thomas stated that the commitment of the developers is clearly not what it should be.

Director Thomas stated that seeking additional grant funds for construction cost is not appropriate. Discussing funding opportunities with potential funders should be used for upgrades or in other areas such as programming.

Ms. Butts asked for clarification on the City's deadline.

Ms. Dodrill stated that the City must go back to Council in September to have a second Ordinance adopted in regard to the Tax Increment Financing (TIF) for this project. As a part of the presentation to Council, they are going to be presenting the current plan for Phase I and they would like to know whether or not the Library will be included in that plan.

Mr. Chilcote stated that he believes that the driving force that the City of Cleveland wants to complete the sale of the Louis Stokes parcel and the parcels on the west side of Stokes Blvd. so that they can receive the \$5.25 million. There is a deadline of November 30, 2016 so they would like to hold a Council Meeting in September to consider the TIF.

Ms. Butts asked if the City owns two parcels.

Mr. Chilcote stated that the green parcel to the east of Stokes Blvd. and the Police Station parcel are being sold collectively in the aggregate.

Ms. Dodrill stated that the City wanted the Library to accept the \$3.5 million, and we indicated that we need to get some estimates to see what kind of building we would get for that price. The City now views that as a delay on our part.

Ms. Butts asked if it would have been different if we got estimates from someone other than Madison and Higley.

Ms. Dodrill stated that there would have been no difference as Higley is an outstanding construction estimator.

Mr. Chilcote stated that they also obtained an estimate and the actual cost of Cuyahoga County Public Library's Orange Branch constructed in 2015 and was within \$5.00 of the actual cost.

Ms. Washington asked Mr. Chilcote to explain any negotiation leverage that he may have, given his experience.

Mr. Chilcote stated that he believed that we are not done with the negotiations. They have pushed very hard to shift the construction risks to the Library which means dollar savings. Fortunately, the Library is very strong in its construction management so you can operate around that issue. They have also sought to limit any reinvestment in us in an event that they decide not to move forward. I expect that they will negotiate very hard to stay at \$4 million. To understand that the first phase is \$122 million and the developers are putting in \$22 million worth of equity, this is a large phase one.

Mr. Seifullah asked if the City has attempted to identify separate funding sources.

Ms. Dodrill stated that the City has put in a lot of money in the project and has made it clear that there is no extra money to put in to assist with the cost of our library.

Ms. Butts asked if another police station would be built as a part of this development project.

Ms. Dodrill stated that the new police station has already been built on Chester Avenue.

Mr. Corrigan stated that every time we build a branch, we set a new bar. However, he advised that our portion of building a new branch should not be out of proportion to a branch built in other neighborhoods. The developers should show that they are providing 55% of the cost and our 45% is the amount that we would be able to spend on a new branch elsewhere. If it is more than that, the

Library is setting a bar that we would be unable to meet in any other neighborhood.

Mr. Corrigan stated that although Safe, Warm and Dry is a wonderful initiative, we have buildings which are not in that program that are worn and highly used and in need of renovation branches. Mr. Corrigan noted that this would be the third new branch on the east side and no new branches on the west side. Standards we set should be standards we can meet anywhere in the city.

Ms. Rodriguez stated that the proposal for a new Martin Luther King, Jr. branch was an opportunity that came to the Library and not a project that we initiated.

After discussion about Safe, Warm and Dry priorities, parking garage and temporary parking spaces. Mr. Corrigan stated that it would not be wise to overplay our needs with the Cleveland Foundation for a single branch.

Director Thomas stated that the Cleveland Foundation requested a meeting to discuss their University Circle Design Competition. However, the result may be a design that we cannot afford to build. If the Cleveland Foundation is interested in providing funds, those funds could be better used in other areas and working with the Friends.

Mr. Parker asked if negotiations are not going in a favorable direction for the Library are we able to back out.

Mr. Corrigan stated that we do want to be part of the development project but we are not willing to replace a branch from out of our pocket for more than we are willing to fix the branch.

Discussion continued about the size of the new branch.

Director Thomas stated that it is important that the new Martin Luther King, Jr. branch be iconic and should be at least 20,000 square feet.

Ms. Washington stated that if we go for the larger size the budget must be larger. Making sure that we are consistent in our cost is important for the reasons previously stated. It seems as if we have to go back to

negotiate to see how much more we can get. Also we need to discuss the other parameters the Board is comfortable with as you negotiate.

Director Thomas stated that UCI sent a letter to UC3 stating that they will not sell their land, which is a big part of this development, unless the Library decides that it is not going into the project with a new library. UCI will not sell their land as long as we continue to negotiate. This is leverage for the Library.

Ms. Washington asked what guidance the team needs to go back to negotiate.

Ms. Dodrill stated the dollar amount is important.

Mr. Corrigan stated that we should not spend more to improve an existing branch, even though we are getting help doing it, but our contribution to improve the branch should not be more than we would be willing spend to improve any existing branch in the city.

In response to Ms. Butts' inquiry, Director Thomas stated that Rice Branch is 14,000 square feet.

Director Thomas stated that he did not believe that a new building that is iconic could be built in University Circle for under 18,000 square feet.

Ms. Rodriguez stated that if we announced to the community that we would build a library similar to Rice Branch, then we should be true to our word.

Ms. Dodrill stated that the Library has been true to the RFP's description of 15,000 square feet and has made a concession in negotiations by taking out the FF&E and the AV/Data. The RFP states "deliverable without expense to the Cleveland Public Library 15,000 square feet".

Director Thomas stated that if they gave us a 15,000 square foot building at the current price it would be \$5.2 million. That is exactly what we asked for and exactly what they should pay. They are trying to squeeze us because the Mayor's Office wants to move quickly on this project.

Ms. Dodrill stated that they are putting the burden on us to find the rest of the money. We put that in the RFP that we wanted a completed new building. They put in their proposal that they would build us a new building at a cost to be negotiated. Then they provided a number of \$3.5 million.

Mr. Corrigan stated that since they moved from \$3.5 million to \$4 million this may suggest that there is room for a little more. If we do not get it we should remain firm on the risk for termination, parking and other things.

Mr. Chilcote stated that a limit was proposed on the reimbursement of \$400,000. By the time there was a termination and at the latest point in time, you would have spent \$400,000 on the architect alone. They also shifted construction project management costs whether you use your own people or actually hire someone.

Mr. Chilcote stated that with respect to the parking, they are giving us an easement for parking but we would be under a validation system. If for any reason the building is not used for a library parking it becomes at market rate situation for the next owner. We have compromised in several respects.

Ms. Butts asked for clarification on the parking.

Mr. Chilcote stated that it is free parking as long as the library operates the building as a library.

In response to Ms. Rodriguez' inquiry, Ms. Dodrill confirmed that we did not independently know if the Library was granted an extension to the City's 30 day deadline. In the worst case, the City could submit a plan to City Council without us in it. However, this does not mean that the Library could not continue to negotiate with the developer.

Ms. Rodriguez recommended that we continue to negotiate to see if the Library would be offered more funds.

Mr. Corrigan stated that we are not changing the footprint of the space, but rather from one or two stories.



Director Thomas stated that if we decided to reject the offer and used funds to renovate the existing branch the community would not be disappointed. The community would not want the Library to give in to an unfair offer and be used. The community would understand that argument.

Ms. Washington asked if a direct conversation would need to be held with the Mayor or his Chief of Staff.

Mr. Seifullah stated that it may be time to have a conversation with the Mayor.

Ms. Dodrill stated that Steve Rubin indicated that he requested the additional 30 days because the developers were not ready to finalize the negotiations. He also said that he did not say anything about pricing. Therefore the City does not know about their offer to us or the reality of our cost estimates.

Ms. Washington stated that an appropriate conversation with the Mayor needs to be held so that he understands where the project is and the Library's challenges.

Director Thomas stated that although he believes that the Mayor is aware, the first communication needs to be with Tracey Nichols in the Development Department to verify what Steve Rubin has reported is true.

Mr. Corrigan stated that he pointed out to Mr. Rubin that since he has been on the Board of Trustees, this marks the sixth or seventh attempt to sell, relocate, close the Martin Luther King, Jr. branch. The reality is that the Library is entitled to be skeptical.

Mr. Corrigan stated that it is important to contact Ms. Nichols and get an understanding on these key issues whether we can get more than \$4 million. If we get everything else that we want, the \$4 million is probably adequate.

Ms. Rodriguez asked at what monetary figure is the Library comfortable with to move forward.

Mr. Corrigan stated that he was comfortable with the Library getting \$4.2 million as it keeps us in the 60/40% bracket that he referred to earlier.

Ms. Rodriguez asked what other issues were of concern.

Ms. Dodrill stated that they want to put a cap on reimbursement at \$400,000. The Library initially asked for a cap at \$500,000.

Mr. Corrigan stated that we are pretty close in the cap at \$400,000 and does not see it as an issue.

Discussion continued about the \$400,000 cap and the 18 month termination period.

Ms. Dodrill stated that she cautions the Board at setting the bar too low. Construction will be for two or three years. By then, even our current numbers will be too low.

Mr. Parker asked what the team recommended for the bottom line number.

Mr. Chilcote stated that he would like to try for \$5.2 million as it is fair and close to the proposal what the Library has requested.

Mr. Chilcote stated that Mr. Rubin asked whether or not the Library would be willing to transfer air rights above the two story building or a portion of it as an inducement to increase the amount.

Ms. Butts asked if that meant that they could build above the second story.

Mr. Chilcote explained that if the building were horizontally divided the Library could transfer the air rights. To build above the building there would be a column through the building to support the above apartments. Those details would be worked out during construction.

Mr. Chilcote stated that originally we wanted to own our air rights. The practical matter is that someone who owns a parcel or space below a certain elevation is not the most stable. On the other hand, the developers may be willing to pay for the space above it.

Mr. Corrigan stated that as long as it is clear that the Library can put a second floor on our building before air rights take affect that would be acceptable.

Mr. Corrigan stated that if the Library is getting value for air rights that help construct the building that we want to get and we have design input for the structure, this is a reasonable way to get more money.

Ms. Rodriguez asked at what figure would be acceptable for the Library to move forward.

Ms. Dodrill stated that she did not recommend any number that does not start with the number 5.

Mr. Chilcote stated that we offered to accept a reduction at \$5.6 million and they did not seize it.

In response to Ms. Rodriguez' inquiry, Ms. Dodrill asked if the team was provided adequate direction in the event that the deadline extension has been verified.

Ms. Rodriguez asked that the team verify the deadline and proceed with negotiations.

In response to Mr. Chilcotes' inquiry, Ms. Rodriguez approved the team to continue with the negotiation proposing not less than \$5.2 million including air rights in the negotiations.

Ms. Rodriguez adjourned the Special Board Meeting at 2:05 p.m.

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Maritza Rodriguez  
President

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Thomas D. Corrigan  
Secretary