



CITY OF CLEVELAND
Mayor Justin M. Bibb

IX Center Lease Extension

June 2025



Current Scenario and Opportunity

Tenant is limited in its ability to improve the IX Center by Lease Term



IX Center is owned by the City (Port Control) and located in City limits under long term lease for building + surrounding acreage – total of 159 acres. Tenant is currently Cleveland I-X Center LLC (Industrial Realty Group)



Rent is paid to the airport, but all taxes generated by the facility as of taxing rates in place in 2008 are paid to City of Brook Park per legal settlement agreement dating to acquisition of IX Center



Current lease, with options, expires 8/31/39 – approx. 14 years of lease term. This limits tenant's ability to finance improvements or make long term lease commitments. Major job creation opportunity pending.



Proposed Lease Extension – Key Terms

- Amended and restated lease agreement for 49 years
- Contingent on new sublease execution for ~200 jobs
- ~69 acres to west and south of IX Center to be released from the lease
- Tenant retains right of first offer on released property
- Rent, per 2024 fair market appraisal, will be \$2,189,834 and subject to annual CPI (current lease adjusts every five years)
- City has right to terminate lease after 10 years if needed for airport/aviation use by uncontested eminent domain
- Additional consideration to be paid of 1% of payroll tax annually for first 16 years, and 1.5% thereafter



Revised Leasehold



Rent Calculation – 2024 Appraised Value

Exhibit C- New Rent Calculation

<u>P.P.N.</u>	<u>Building</u>	<u>Land</u>	<u>Rental Value</u>	<u>Deleted Land*</u>	<u>Reduced Rent</u>
029-50-001	\$ 980,000	\$ 1,840,000	\$ 2,820,000	\$ (621,166)	\$ 2,198,834
029-50-005		\$ 240,000	\$240,000	\$ (240,000)	\$0
New Annual Rental Rate					\$ 2,198,834

* Reflects value of \$.31 per SF of removed space from the main parcel

Benefits of New IX Center Lease for City + Airport

- **Fortune 500 company** with 200+ jobs in the City with \$23M payroll
- **Additional consideration** to compensate for payroll tax sent to Brook Park will exceed Cleveland share of admissions tax (~\$150K avg over past five years)
- **Airport adjacent redevelopment opportunity** with 69 acres now available
- **Long term rent commitment for airport**, essentially flat despite reducing leasehold acreage
- Financial benefit to airport increases in 2033 when long term debt related to IX Center is paid off – current debt services ~\$4M/yr
- **Preserves ability to terminate** – for a cost – if needed for airport use

