

## Department of Port Control

Ord. No.: 1056-2024

### EXECUTIVE SUMMARY

Authorizing the Commissioner of Purchases and Supplies to sell City-owned property no longer needed for public use located on Brookpark Road near NASA Glenn Research Center to NASA Park, LLC, for purposes of developing hotels and restaurants.

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#### **Background/Purpose:**

The subject property, located on Brookpark Road near NASA Glenn Research Center, consists of three separate parcels totaling 2.9083 acres that are currently not utilized by the traveling public. Adjacent to the property, within the City of Cleveland, is a 450-space surface parking lot owned by NASA Park, LLC (the ‘Developer’).

The City’s property is essential for the Developer to assemble enough land to develop this parking lot into a 124-room Waterwalk by Wyndham Hotel, an Extended Stay Marriott with 130 rooms, and two fast-casual restaurants. The Developer is expected to invest approximately \$60 million in the proposed project.

The proposed legislation will authorize the Director of Port Control to: 1) apply to the Airport’s Bond Trustee to release the subject property from the pledge of all Airport System property to repay Airport bond indebtedness; 2) apply to the FAA for land release of the property; 3) execute a Purchase and Sale Agreement along with other necessary documents to transfer ownership to the Purchaser; and 4) pay all closing and related costs, as required by law.

#### **Justification/Urgency:**

The justification for the sale of the subject property to the Purchaser is as follows:

- 1) The subject property is not necessary for the present or future operation of Cleveland Hopkins International Airport (CLE);
- 2) The Airport’s continued ownership of the subject property prevents the City and the Purchaser from maximizing economic development potential of the properties owned by the City and Developer;
- 3) The proceeds from the sale of the property will help defray the cost to airlines that operate at CLE;
- 4) The Developer is comprised of an ownership group, Ceres Development and LaPine Legacy, that has developed two successful projects in the area: Orbit Hotel and Centaur Apartments;
- 5) The Purchaser has agreed to purchase the property for its appraised fair market value; and

- 6) Deed restrictions will be placed on the property that will ensure future uses will not conflict with CLE's airspace or any adjacent FAA equipment.

**Anticipated Cost:**

The appraised fair market value of the three parcels is \$140,000. While not anticipated, it is possible that the Airport may be responsible for covering some nominal seller costs or fees resulting from the transaction.

**Schedule or Term of Contract:**

The sale of the subject property shall be final upon approval of both the FAA and the Airport's Bond Trustee and satisfaction of all closing requirements as identified in the final Purchase and Sale Agreement.