CITY OF CLEVELAND
Mayor Justin M. Bibb

Cleveland IX Center Lease Extension

Cleveland City Council Transportation and Mobility Committee

October 7, 2026

Why do we need a lease extension?

Future of the IX Center

IX Center

- Built in 1942 as Cleveland Bomber Plant
- 2.2 million square feet
- 55'-77' ceiling heights
- 16' thick concrete floors
- Overhead Bridge Cranes
- 9 truck docks
- On site power substation delivering 25 MW of power
- Operated as trade show facility since 1985
- Lease runs through January 31, 2039

Business Development

- Business attraction is focused on large employers with machinery & equipment, demonstrating commitment
- Timelines for companies have shortened significantly, getting to market first equates to millions in revenue
- We are competing with cities that are more nimble in incentives, Cleveland's competitive advantage at the site is to set competitive lease rates given FAA fair market value restrictions

Utilizing a Master Operator as a Public Private Partnership

- Long term lease allows for mortgageability, providing ability to invest private capital to help make deals a reality.
- Similar to Cleveland Public Market Corporation 60-year land lease at the West Side Market

Industrial
COMMERCIAL PROPERTIES
Transforming the shape of business

About ICP

Industrial Commercial Properties LLC (ICP) is a privately held commercial real estate development and investment firm headquartered in Cleveland, Ohio. ICP specializes in adaptive reuse, industrial redevelopment, build-to-suit development, and large-scale value-add repositioning projects across the United States. The company owns and operates more than 48 million square feet across 150+ properties serving 325 tenants nationwide.

ICP transforms underutilized manufacturing plants, corporate campuses, distribution facilities, and retail properties into modern industrial, logistics, office, and mixed-use environments through a vertically integrated platform of in-house professionals.

- Acquisition & Investment
- Adaptive Reuse & Redevelopment
- Build-to-Suit Development
- Leasing & Asset Management
- Property Management
- In-House Design & Engineering
- Construction Management
- Tenant Improvements & Space Planning
- Site Selection & Infrastructure Coordination

Jobs Created or Retained
10,000 Jobs

325+ tenants

1,400 ac
developable land

150+ properties

48 mm SF

National Tenant Network

1 American Way

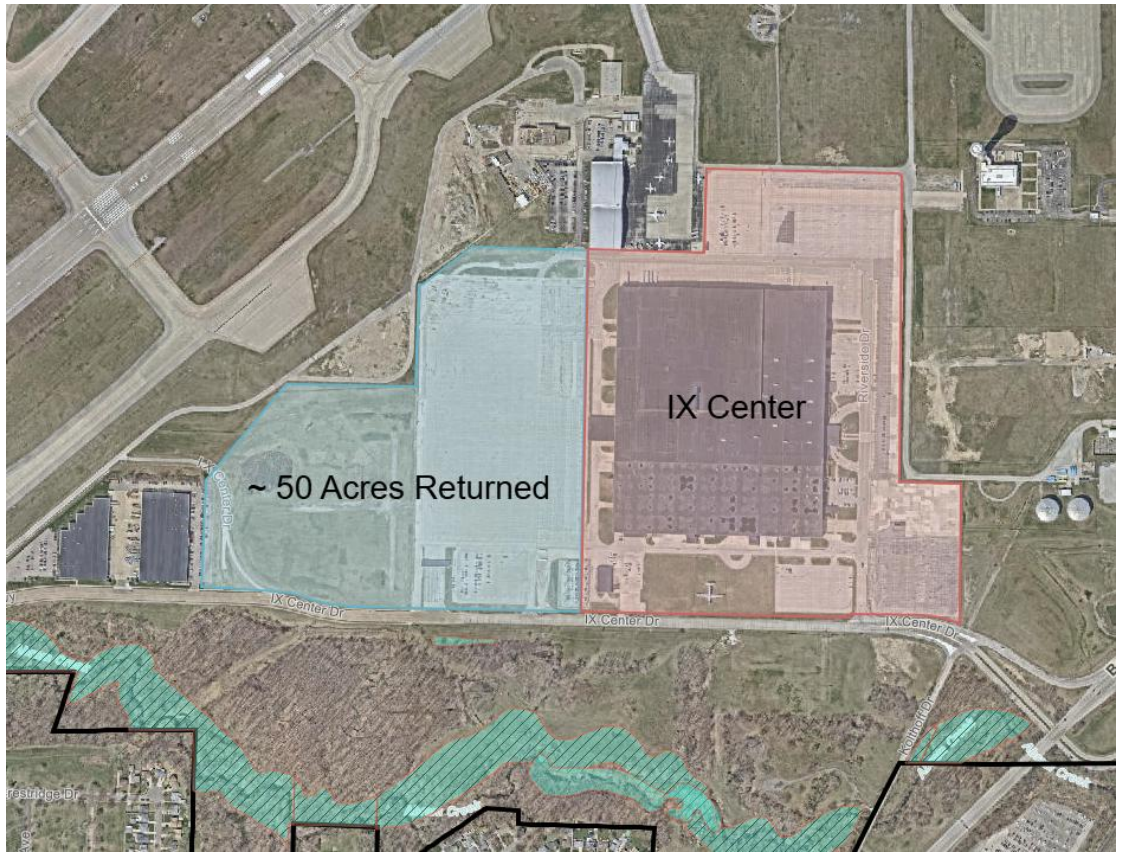
Brooklyn, OH
1.6M SF

Deal Points

Future of the IX Center

Deal Points

- Current lease expires January 31, 2039 (approximately 12 years and 3 months)
- New lease expires 49 years from execution
- City reclaims ~ 50 acres of developable land, final boundaries to be determined
- Lease rate to be determined by Fair Market Value appraisal.
- The IX Center is owned by the Department of Port Control (DPC) and lease considerations are paid to DPC to offset bond payments on the facility.
- DPC retains early termination rights not less than 10 years from effective date, with not less than 4 years written notice and upon completion of an update to the Airport Master Plan.



Deal Points Continued

- Master Operator may enter into subleases with the following **Preferred Industries** without exception:
  - Manufacturing and Advanced Manufacturing
    - *Aerospace, Defense, and commercial applications*
    - *Aircraft Manufacturing (original building use)*
    - *Ground Vehicle and Components Manufacturing (original building use)*
  - Aviation maintenance, repair, operations (MRO)
  - Microelectronics & Semiconductor
- **Other Industries** may receive conditional approval upon written request to the Department of Development
- Master Operator **cannot assign master lease** or controlling interest leasing corporation without the express written consent of the City of Cleveland
- **On premise parking** is limited to tenants of the property and events being held at the property. All other parking on the property is prohibited without the express written consent of the City of Cleveland through a license agreement.

Lease Incentives

Future of the IX Center

Lease Incentives

- To incentivize the master operator in obtaining high quality, high payroll tenants within the IX Center, the city will extend payroll credits against base rent through the sub fund created by the Brook Park Settlement Special Revenue Fund (DPC SRF 60 SF 001)
- The credits are based on total payroll for the entirety of the premises.
- If payroll does not exceed the threshold, there is no incentive.
- Credits towards the lease are awarded based on the following payroll thresholds:
  - *Total payroll < $25m = 0% reduction in rent*
  - *Total payroll between $25m to $49,999,999 = 10% reduction in rent*
  - *Total payroll between $50m to $74,999,999 = 15% reduction in rent*
  - *Total payroll > $75m = 20% reduction in rent*

Lease Incentives Continued

- Credits towards the lease are awarded based on the following payroll thresholds, shown with hypothetical $2m rent:

  - *Total payroll < $25m = 0% reduction in rent*
    - $0-625k income tax | **0% off** ~$2m rent = $0 rent credit = **$0-625k in income taxes**
  - *Total payroll between $25m to $49,999,999 = 10% reduction in rent*
    - $625k-$1.249m income tax | **10 % off** ~$2m rent = ~$200k credit = **+$425k-$1.049m in income taxes**
  - *Total payroll between $50m to $74,999,999 = 15% reduction in rent*
    - $1.25m-$1.874m income tax | **15% off** ~$2m rent = ~$300k credit = **+$950k-$1.574m in income taxes**
  - *Total payroll > $75m = 20% reduction in rent*
    - $1.875m income tax | **20% off** ~$2m rent = ~$400k credit = **+$1.475m in income taxes**

- If we do not collect the payroll, there is no rent credit.
- These estimates do not take into account the Brook Park Settlement agreement payment

2026 Settlement Amendment

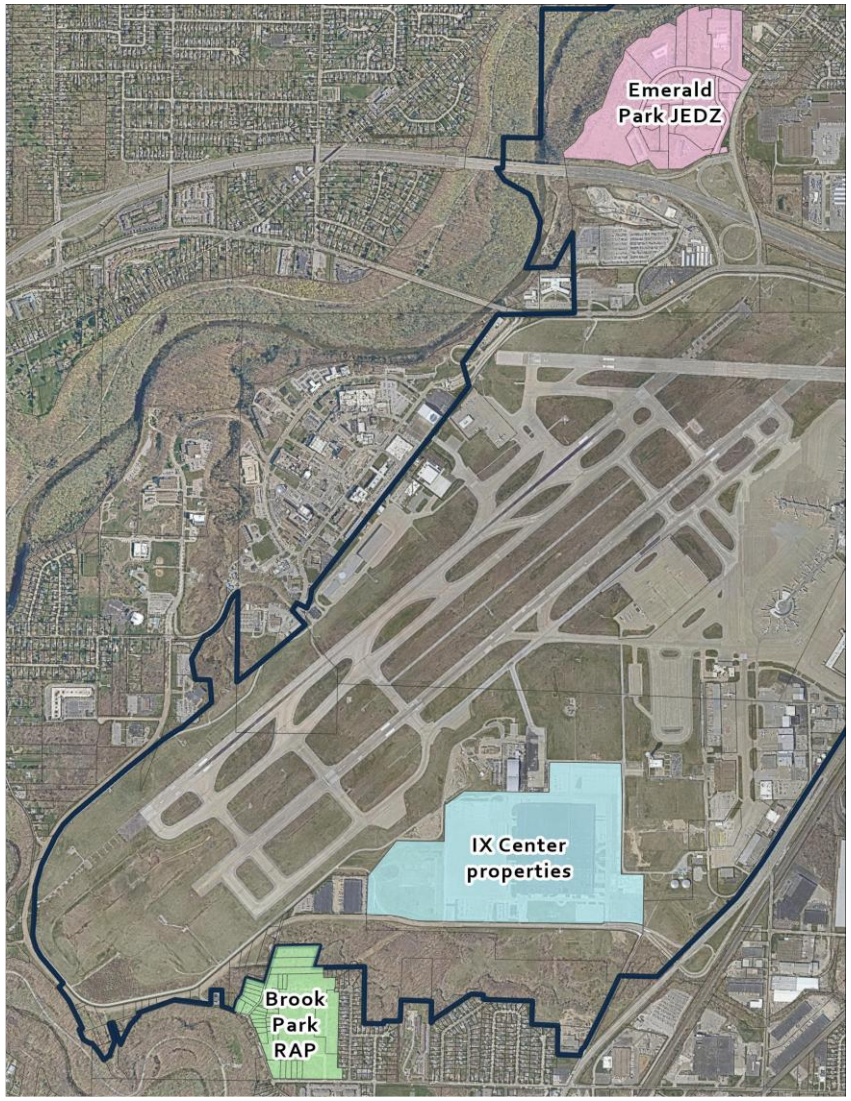
Future of the IX Center

Cleveland Receives:

- Abolish Emerald Park JEDZ
  - *Currently ~$305K annually to <u>each</u> city*
  - *Unlocks ~40 Acres of Developable Land*
  - ***Ends tax sharing***
- Abolishes Tax Sharing at IX Center
  - *2024: ~$250k Brook Park,* ***~$228k*** *Cleveland*
  - *Unlocks ~47 Acres of Developable Land*
  - ***Ends tax sharing***
- Ends 9 years of litigation

Brook Park Receives:

- $650K annual payment in lieu of taxes for 33 years



Future Cash Flow

Future of the IX Center

$25m-$49.99m Scenario: $20m Payroll

Rest of Building:
Based on **$20m** payroll:
Now: $500k

Trade Shows:
2024: $228k
Now: $475k

Emerald Parkway:
2024: $305k
Now: $610k

No Rent Credit

+$975,000 Total IX Revenue

+$610,000 Total Emerald Parkway Revenue

-$650,000 Settlement Payment

Fund 60 SF 001

IX Trade Shows	$475,000
New IX Revenue	$500,000
IX 50 Acre Development	TBD
Emerald Parkway Revenue	$610,000
EP 40 Acre Development	TBD
Total Revenue	$1,710,000
Rent Credit to DPC	-$0
To Brook Park	-$650,000
Net Total	**+$935,000**

$25m-$49.99m Scenario: $35m Payroll

Rest of Building:
Based on **$35m** payroll:
Now: $875k

Trade Shows:
2024: $228k
Now: $475k

Emerald Parkway:
2024: $305k
Now: $610k

-$200,000
Rent Credit

+$1,350,000
Total IX
Revenue

+$610,000
Total Emerald
Parkway Revenue

-$650,000
Settlement
Payment

Fund 60 SF 001

IX Trade Shows	$475,000
New IX Revenue	$875,000
IX 50 Acre Development	TBD
Emerald Parkway Revenue	$610,000
EP 40 Acre Development	TBD
Total Revenue	$1,960,000
Rent Credit to DPC	-$200,000
To Brook Park	-$650,000
Net Total	**+$1,110,000**

$50m-$74.99m Scenario: $60m Payroll

Rest of Building:
Based on **$60m** payroll:
Now: $1.5m

Trade Shows:
2024: $228k
Now: $475k

Emerald Parkway:
2024: $305k
Now: $610k

-$300,000
Rent Credit

+$1,975,000
Total IX
Revenue

+$610,000
Total Emerald
Parkway Revenue

-$650,000
Settlement
Payment

Fund 60 SF 001

IX Trade Shows	$475,000
New IX Revenue	$1,500,000
IX 50 Acre Development	TBD
Emerald Parkway Revenue	$610,000
EP 40 Acre Development	TBD
Total Revenue	$2,585,000
Rent Credit to DPC	-$300,000
To Brook Park	-$650,000
Net Total	**+$1,635,000**

$75m+ Scenario: $80m Payroll

Rest of Building:
Based on **$80m** payroll:
Now: $2m

Trade Shows:
2024: $228k
Now: $475k

Emerald Parkway:
2024: $305k
Now: $610k

-$400,000
Rent Credit

+$2,475,000
Total IX
Revenue

+$610,000
Total Emerald
Parkway Revenue

-$650,000
Settlement
Payment

Fund 60 SF 001

IX Trade Shows	$475,000
New IX Revenue	$2,000,000
IX 50 Acre Development	TBD
Emerald Parkway Revenue	$610,000
EP 40 Acre Development	TBD
Total Revenue	$3,085,000
Rent Credit to DPC	-$400,000
To Brook Park	-$650,000
Net Total	**+$2,035,000**

Questions?

Future of the IX Center