IN THE COURT OF APPEALS
EIGHTH APPELLATE DISTRICT
CUYAHOGA COUNTY, OHIO

EDWARD GRAHAM, et al.,	)	
	)	CASE NO. CA-17-106094
Plaintiffs/Appellants,	)	
	)	
v.	)	
	)	On Appeal from Cuyahoga County
CITY OF LAKEWOOD, et al.,	)	Court of Common Pleas
	)	Case No. CV-15-846212
Defendants/Appellees.	)	
	)	

AFFIDAVIT OF BRYCE SYLVESTER

STATE OF OHIO	)
	) SS:
COUNTY OF CUYAHOGA	)

Bryce Sylvester, being first duly sworn according to law, states as follows:

1. I am the Director of Planning and Development for the City of Lakewood and have served the City in that capacity since December 5, 2016. From 2012 to December 5, 2016, I served the City as a City Planner.

2. As part of my duties as Director of Planning and Development, I am aware of the passage of Ordinance 49-15 on December 21, 2015, which authorized the City to

enter into the Master Agreement with the Cleveland Clinic Foundation ("CCF") and Lakewood Hospital Association ("LHA").

3. As part of my duties as Director of Planning and Development, I am also aware of the proposal to develop the Lakewood Hospital site into a mixed-use development made by Carnegie Management and Development Corporation ("Carnegie") with whom the City is considering entering into a non-binding term sheet.

4. A citizen-led real estate advisory panel was assembled to review responses to and make recommendations throughout a Request for Qualifications (RFQ) and Request for Proposals (RFP) process.

5. On February 6, 2017, the City issued a Request for Qualifications (RFQ) to developers, which were interested in developing the Lakewood Hospital site. Carnegie responded with its qualifications.

6. The citizen-led real estate advisory panel selected two developers as the best and most qualified from the RFQ process following review of submissions and interviews, and invited both developers to submit as part of the RFP process.

7. On May 8, 2017, the City issued a Request for Proposals (RFP) and invited two developers selected from the RFQ process to propose how to best develop the Lakewood Hospital site. Carnegie and the development team of CASTO and North Pointe Realty responded with proposals.

8. The primary goal of the RFQ and RFP process was to find and select the most qualified and best partner to develop the nearly 6-acre former Lakewood hospital site in a manner that provides maximum benefit to the Lakewood community.

9. The RFQ and RFP prioritized 13 development objectives, created by way of input from the Lakewood community, which each developer was to respond to and incorporate into its proposal. After an eight-month long period of due diligence and public input, the citizen-led advisory panel and the City identified Carnegie as the most qualified and best partner to develop the former Lakewood Hospital Site.

10. As part of the City's due diligence, the Planning and Development Department estimated the property and income tax revenues that Carnegie's proposal will generate for the City annually. The projections developed by the Planning and Development Department are attached as Sylvester Exhibit 1.

11. It is estimated that the City will receive property and income taxes annually ranging from $1,434,790 to $2,275,081 from Carnegie's mixed-use development. These estimates are based on information provided to the city in Carnegie's RFP response, as well as the city's understanding of the marketplace.

12. On December 4, 2017, City Council unanimously adopted Resolution 8967-17, which authorized the administration to negotiate a non-binding term sheet with Carnegie as the basis for a development agreement for the hospital site.

13. The City and Carnegie have negotiated a non-binding term sheet, which is currently before City Council for its consideration.

14. It is anticipated that City Council will vote whether or not to enter into a non-binding term sheet with Carnegie on May 7, 2018.

15. Term 10 of the proposed non-binding term sheet provides as follows: "As soon as reasonably practicable following the execution of the Development and Use

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Agreement, the City will complete the hazardous material abatement and demolition work necessary to deliver the Project Site in a 'Development and Pad Ready' condition in accordance with the specifications and by an outside delivery date to be agreed upon and attached to the Development and Use Agreement."

16. In the event City Council votes to enter into a non-binding term sheet with Carnegie, then a Development and Use Agreement would have to be negotiated and finalized, which would incorporate the terms of the non-binding term sheet.

17. In the event the City enters into a Development and Use Agreement with Carnegie, the demolition of Lakewood Hospital would not happen immediately. Rather, a number of steps would have to be accomplished before Lakewood Hospital could be demolished.

18. First, the Cleveland Clinic Foundation ("CCF") must complete the construction of the Family Health Center, located across the street from the Lakewood Hospital site.

19. Second, CCF must move the operation of Lakewood Hospital's still operating Emergency Department into the new Family Health Center.[1] It is anticipated that CCF's Emergency Department will be ready to open in the new Family Health Center at the end of July, 2018.

20. Third, once CCF opens the Family Health Center, CCF is obligated to pay the City the remaining $6.5 million of the total $7 million for the City to use "for demolition and/or redevelopment" per paragraph 6.2 of the Master Agreement. Until the City

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1 Currently, the only portion of Lakewood Hospital that is still open to the public is the Emergency Department.

receives the $6.5 million from CCF for the demolition of Lakewood Hospital, it does not have allocated funds to begin hazardous materials abatement, demolition of the hospital, or preparation of a development-ready site.

21. Fourth, the City will create specifications and issue a request for bids for the hazardous materials abatement, demolition of the hospital, and site preparation, and will identify the lowest and best bidder(s) to perform this work.

22. Fifth, the City administration will request contracting authority from City Council to enable the City to enter into one or more contracts with the abatement, demolition and site preparation contractor(s). This will be done by legislation, which requires at least one reading at a public meeting.

23. Sixth, after the final reading of the legislation authorizing the City to contract for the abatement, demolition and site preparation, City Council will vote whether or not to approve contracting authority.

24. Seventh, assuming City Council grants contracting authority, the demolition contractor will have to submit its plans to the City's building department for the demolition of the buildings on site, in addition to a stormwater management plan.

25. Eighth, if the contractor's demolition plan and stormwater management plans are approved, the City's building department will issue a demolition permit to the demolition contractor.

26. In the event that all of the above occurs and all of the foregoing steps are necessary in order for the City to be in a position to commence demolition of Lakewood Hospital,

then it is anticipated that the beginning of hazardous materials abatement would not commence, at the very earliest, until September, 2018.

FURTHER AFFIANT SAYETH NAUGHT.

BRYCE SYLVESTER

SWORN TO AND SUBSCRIBED before me and in my presence this 30th day of April, 2018.

NOTARY PUBLIC

NOTARIAL SEAL
STATE OF OHIO

JOHANNA SCHWARZ
Notary Public, State of Ohio
Cuyahoga County
My Commission Expires
February 24, 2020

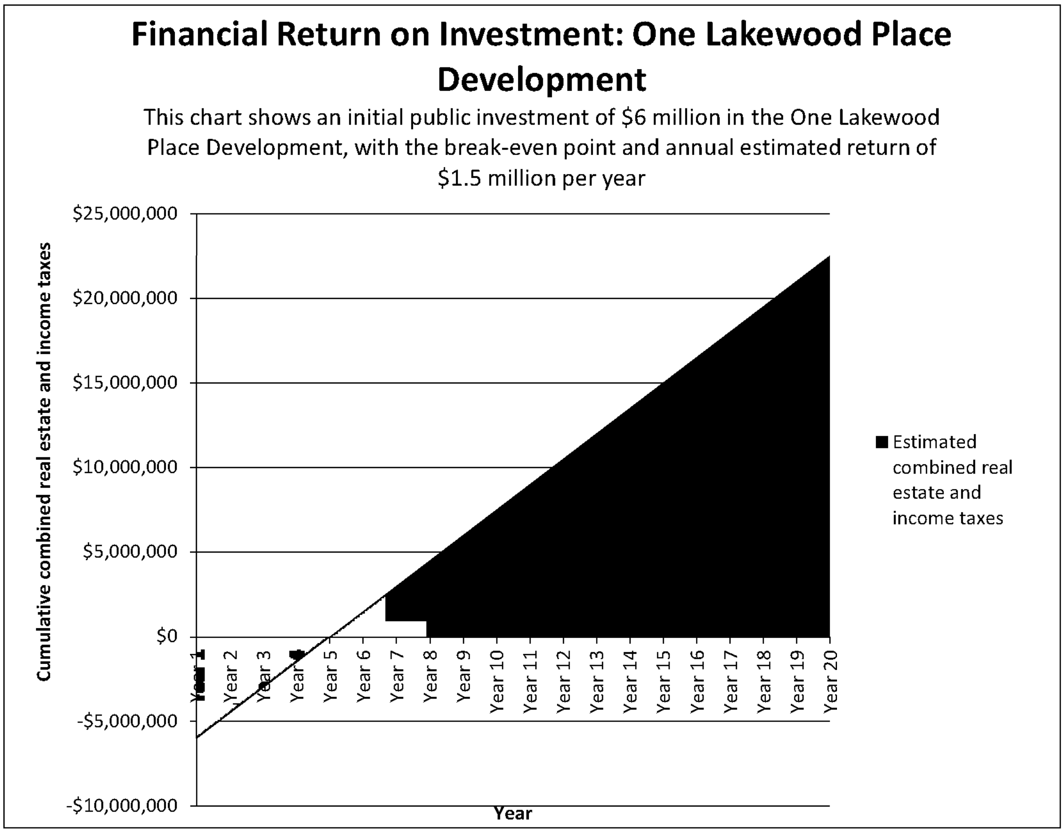
Public Return on Investment Estimates for One Lakewood Place
April 2018

This spreadsheet is created to estimate the public return on investment (ROI) for the proposed One Lakewood Place Development. Final ROI will depend on the final square footage build out of each use and tenants that occupy the spaces

Carnegie Round 2 Assumptions (High)	
Annual Real Estate Taxes	$ 1,652,281
Annual Income Taxes	$ 622,800
Total Real Estate & Income Taxes	$ 2,275,081

Carnegie Minimum Development Requirements Assumptions (Low)	
Annual Real Estate Taxes	$ 1,040,979
Annual Income Taxes	$ 393,811
Total Real Estate & Income Taxes	$ 1,434,790

City Return on Investment		
Estimated value of the land	$ 6,000,000	
Carnegie Round 2 Assumptions Pay Back (High)	3	Years
Carnegie Term Sheet Minimum Development Requirements Pay Back (Low)	4	Years



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Income Tax Estimates for One Lakewood Place
April 2018

This spreadsheet is created to estimate income taxes for the proposed One Lakewood Place Development. Final income estate taxes will depend on the final square footage build out of each use and tenants that occupy the spaces.

Carnegie Round 2 Assumptions (HIGH)	
Apartment Units	140
People per Unit	1.25
Total Residents	175
Residents w/ 10% Vacancy Allowance	158
Avg Salary Assumed Per Unit	$ 75,000
Townhome Units	30
Total Residents	38
Residents w/ 10% Vacancy Allowance	34
Avg Salary Assumed Per Unit	$ 100,000
Office Square Feet	100,000
Employees per 150 Sq. Ft.	667
Total Employees w/ 10% Vacancy	600
Avg Salary Assumed Per Employee	$ 50,000
Retail Square Feet (included Curtis Block)	84,000
Employees per 750 Sq. Ft.	112
Residents w/ 10% Vacancy Allowance	101
Avg Salary Assumed Per Employee	$ 25,000

HIGH END ESTIMATE FOR INCOME TAX

	Residents/Employees	Assumed Salary	Total Income	Tax Rate	Income Tax Revenue
Apartment Units	140	$ 75,000.00	$ 10,500,000.00	1.0%	$ 105,000.00
Townhome Units	30	$ 100,000.00	$ 3,000,000.00	1.0%	$ 30,000.00
Office Employees	600	$ 50,000.00	$ 30,000,000.00	1.5%	$ 450,000.00
Retail Employees	101	$ 25,000.00	$ 2,520,000.00	1.5%	$ 37,800.00
					$ 622,800.00

Carnegie Minimum Development Requirements Assumptions (LOW)	
Apartment Units	101
People per Unit	1.25
Total Residents	126
Residents w/ 10% Vacancy Allowance	114
Avg Salary Assumed Per Unit	$ 75,000
Townhome Units	10
Total Residents	12
Residents w/ 10% Vacancy Allowance	11
Avg Salary Assumed Per Unit	$ 100,000
Office Square Feet	65,000
Employees per 150 Sq. Ft.	433
Total Employees w/ 10% Vacancy	390
Avg Salary Assumed Per Employee	$ 50,000
Retail Square Feet (included Curtis Block)	35,000
Employees per 750 Sq. Ft.	47
Residents w/ 10% Vacancy Allowance	42
Avg Salary Assumed Per Employee	$ 25,000

LOW END ESTIMATE FOR INCOME TAX

	Residents/Employees	Assumed Salary	Total Income	Tax Rate	Income Tax Revenue
Apartment Units	101	$ 75,000.00	$ 7,575,757.58	1.0%	$ 75,757.58
Townhome Units	10	$ 100,000.00	$ 980,392.16	1.0%	$ 9,803.92
Office Employees	390	$ 50,000.00	$ 19,500,000.00	1.5%	$ 292,500.00
Retail Employees	42	$ 25,000.00	$ 1,050,000.00	1.5%	$ 15,750.00
					$ 393,811.50

Assumptions

Low end estimates represent the financial analysis under one option of the minimum development requirements outlined in the term sheet.

High end estimates represent the financial analysis per the Round 2 proposal submitted by Carnegie.

The City of Lakewood's tax rate is 1.5%, with an allowable credit of up to .5% for a tax withheld for other localities by the employer. An assumption of 1% was utilized for all residential uses to make the conservative estimate that all residents work outside of the city. 1.5% is assumed for office and retail uses.

Minimum residential requirement is 140 units or 100,000 sq ft. Utilized 100,000 sq ft and avg size of unit of 990 to get to 101 units

Salaries assumed per unit for residential uses and per employee for office and retail uses

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Property Tax Estimates for One Lakewood Place
April 2018

This spreadsheet is created to estimate property taxes for the proposed One Lakewood Place Development. The information in this spreadsheet relies on construction cost estimates and square footage components provided by the developer to the city. The spreadsheet utilizes construction costs by component to estimate real estate value once the project is complete. Final real estate taxes will depend on final square footage build out and Cuyahoga County assessments of the property. Only the Cuyahoga County Fiscal Officer can set value, and that will occur once the project in constructed.The first chart represents what Carnegie proposed in its Round 2 submission, and the second chart represents one option that could constructed based on the minimum development requirements established in the term sheet.

Carnegie Round 2 Proposal											
Components	**Sq Ft or Unit**	**Avg Sq Ft Per Unit**	**# of Units**	**Cost Per Sq Ft or Unit**	**Cost**	**County Tax Value Discount**	**Estimated Value at 60%**	**Tax Rate**	**Total Taxes to All Entities**	**City of Lakewood Share**	
Garage	710			$ 15,000.00	$ 10,650,000.00	60%	$ 6,390,000.00	4.372%	$ 279,370.80	$ 38,911.88	
Apartments	138,600	990	140	$ 160.00	$ 22,176,000.00	60%	$ 13,305,600.00	4.372%	$ 581,720.83	$ 81,024.40	
Townhomes	45,900	1,530	30	$ 180.00	$ 8,262,000.00	60%	$ 4,957,200.00	3.614%	$ 179,153.21	$ 24,953.18	
Retail	84,000			$ 120.00	$ 10,080,000.00	60%	$ 6,048,000.00	4.372%	$ 264,418.56	$ 36,829.27	
Office	100,000			$ 100.00	$ 10,000,000.00	60%	$ 6,000,000.00	4.372%	$ 262,320.00	$ 36,536.98	
Curtis Block	14,000			$ 80.00	$ 1,120,000.00	60%	$ 672,000.00	4.372%	$ 29,379.84	$ 4,092.14	**Taxes including Land**
					$ 62,288,000.00		$ 37,372,800.00		$ 1,596,363.24	$ 222,347.86	**$ 1,652,281.12**

Carnegie Minimum Development Requirements											
Components	**Sq Ft or Unit**	**Avg Sq Ft Per Unit**	**# of Units**	**Cost Per Sq Ft or Unit**	**Cost**	**County Tax Value Discount**	**Estimated Value at 60%**	**Tax Rate**	**Total Taxes to All Entities**	**City of Lakewood Share**	
Garage	500			$ 15,000.00	$ 7,500,000.00	60%	$ 4,500,000.00	4.372%	$ 196,740.00	$ 27,402.73	
Apartments	100,000	990	101	$ 160.00	$ 16,000,000.00	60%	$ 9,600,000.00	4.372%	$ 419,712.00	$ 58,459.17	
Townhomes	15,000	1,530	10	$ 180.00	$ 2,700,000.00	60%	$ 1,620,000.00	3.614%	$ 58,546.80	$ 8,154.63	
Retail	35,000			$ 120.00	$ 4,200,000.00	60%	$ 2,520,000.00	4.372%	$ 110,174.40	$ 15,345.53	
Office	65,000			$ 100.00	$ 6,500,000.00	60%	$ 3,900,000.00	4.372%	$ 170,508.00	$ 23,749.04	
Curtis Block	14,000			$ 80.00	$ 1,120,000.00	60%	$ 672,000.00	4.372%	$ 29,379.84	$ 4,092.14	**Taxes including Land**
					$ 38,020,000.00		$ 22,812,000.00		$ 985,061.04	$ 137,203.24	**$ 1,040,978.92**

Land Value (pulled from Cuyahoga County)											
Parcel Number							**Land Value**	**Tax Rate**	**Total taxes to all entities**	**City of Lakewood Share**	**Lakewood Percentage**
314-07-017							$ 168,600.00	4.372%	$ 7,371.19	$ 1,026.69	13.9284%
314-07-014							$ 347,100.00	4.372%	$ 15,175.21	$ 2,113.66	13.9284%
314-07-008							$ 648,200.00	4.372%	$ 28,339.30	$ 3,947.21	13.9284%
314-07-007							$ 115,100.00	4.372%	$ 5,032.17	$ 700.90	13.9284%
							$ 1,279,000.00		$ 55,917.88	$ 7,788.47	

Assumptions: Carnegie Round 2 Proposal

Townhomes: Carnegie Round 2 proposal envisioned 30-60 townhomes. 30 was used in this analysis to be conservative. Used an average of 1,530 sq ft per unit informed by Carnegie Round 2 proposal

Apartments: Carnegie Round 2 proposal was for 140 apartments or 138,600 sq ft. Used an average of 990 sq ft per unit to estimate informed by Carnegie Round 2 proposal

Land Value: Applied the land value from the County as of April 2018 and applied percentages

Cost Per Sq Ft comes from Carnegie's assumptions in the Round 2 proposal

Assumptions: Carnegie Term Sheet Minimum Development Requirements

Developer has minimum development requirements for each component

A minimum of 100,000 square feet of commercial office and retail is required

- A minimum of 35,000 sq ft of the 100,000 must be office
- A minimum of 25,000 sq ft of the 100,000 sq ft must be retail
- Developer may convert up to 40,000 sq ft of the minimum combined office and retail space to residential