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Cleveland Athletic Club building owner settles legal dispute, but renovation plans still need financing



(http://connect.cleveland.com/staff/mjarboe/index.html) By Michelle Jarboe McFee, The Plain Dealer

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Scott Shaw, The Plain Dealer file photograph

The century-old Cleveland Athletic Club building on Euclid Avenue has been stagnating since the private downtown club closed in 2007.

CLEVELAND, Ohio -- A group of investors still hopes to buy and renovate the Cleveland Athletic Club building in downtown Cleveland, but the end of litigation between the current owner and his lender does not mean a revival is imminent.

Cleveland Heights real estate investor Ned Weingart said he and his partners are trying to wrap up the financing to acquire and restore the building. In fall 2009, the Plain Dealer reported that Weingart hoped to remake the 15-story building with a hotel, a restaurant and a revived Cleveland Athletic Club. The 100-year-old private social and athletic club closed in 2007, but a group of members called the CAC Phoenix Committee wants to bring it back.

The club's longtime home, at 1118-1148 Euclid Ave., has been stagnating. Eli Mann, another Cleveland Heights investor, bought the building and several nearby properties in 2007 and proposed to build apartments, offices and stores. But Mann's plans never materialized, and his properties form a small ghost town just east of East Ninth Street.

The buildings also are financially distressed. Waring Investments Inc., a lender based in New Jersey, sued Mann last year over missed payments on a \$2.5 million mortgage on the Cleveland Athletic Club building. Cuyahoga County Common Pleas Judge Brian Corrigan recently dismissed the case after Waring and Mann reached a private settlement. Mann's attorney declined to comment, and neither Mann nor Waring responded to phone calls about the dispute.

Weingart said the litigation ^{January 29} did not delay his deal. Instead, he has been seeking lenders for a \$43 million project in an environment where real-estate financing remains elusive. He is talking to two potential lenders and counting on sources including \$4.1 million in Ohio historic preservation tax credits, which the state awarded for Mann's apartment project in 2007. To keep the credits, Weingart must receive state approval of his different redevelopment plans.

He and his partners want to fill the 225,000-square-foot building with a 160- to 175-room hotel, a spa, a restaurant and the athletic club. A handful of downtown developers are chasing hotel deals, in anticipation of projects including a casino, a new Cleveland convention center and the medical mart.

"There's no assurances in our businesses, but we've done a lot of homework, and there are actually three [hotel chains] that we're talking to," Weingart said, declining to elaborate. "We hope to buy the building as soon as the project's funded."

Meanwhile, Mann faces further financial battles. Cuyahoga County records show that he has not paid property taxes since 2007 on four downtown properties, including the Cleveland Athletic Club and the historic John Hartness Brown Building at 1000-1021 Euclid Ave. His delinquent balance tops \$854,000.

In 2007, Mann challenged the county's valuation of the properties. The county will not foreclose on a property while a tax-value challenge is pending before the Board of Revision. Last year, the board lowered the value of Mann's buildings. Cuyahoga County Treasurer Jim Rokakis recently initiated foreclosure proceedings on two of the properties.

The county has not filed to foreclose on the Cleveland Athletic Club building. That property has been buffered from foreclosure because the Cleveland Board of Education, which benefits from property taxes, is fighting the tax-value reduction. The case is awaiting a hearing by the state's Board of Tax Appeals.

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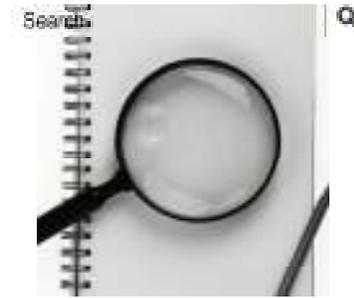


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