

Cleveland garage gets \$7.5 million offer, set for auction in former AmTrust parent's bankruptcy

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By

CLEVELAND, Ohio -- A parking garage in downtown Cleveland could be sold for \$7.5 million, as part of the unraveling of the former AmTrust Financial Corp. empire.

Court records show that a bankruptcy judge recently approved an effort to sell the garage at 515 Euclid Ave. through an auction. The property is owned by AmFin Real Estate Investments Inc., an arm of the bankrupt former parent of AmTrust Bank.

Potential bidders must top a \$7.5 million offer from **Harbor Group International, LLC**, a real estate company that also owns the former BP Tower at 200 Public Square.

AmTrust Financial Corp. filed for **bankruptcy protection** in November 2009, just days before federal regulators seized the failing bank. New York

Community Bank **took over** AmTrust Bank, while the parent company and several subsidiaries -- including a real estate arm -- began a long slog through federal court.

With a casino, a new convention center and the medical mart scheduled to open downtown in 2012 and 2013, the team representing AmFin decided it was the right time to sell the 524-space garage on Euclid Avenue. Completed in 2005, the garage cost more than \$25 million to build and could sell for less than a third of that price.



Richard Fleischman + Partners Architects, Inc.

A parking garage at 515 Euclid Ave. in downtown Cleveland will be auctioned as part of a bankruptcy case. The property is owned by an arm of AmFin Financial Corp., the former parent of AmTrust Bank.

"The property performs well today and has tremendous potential upside," said Geoffrey Schnipper, vice president of **Hilco Real Estate** in Northbrook, Ill.

Hilco is marketing the property, which includes air rights to build a 14-story tower, originally envisioned as a condominium building, on top of the parking garage. Schnipper said that bids, starting at \$7.75 million, are due June 20. Court records show that the auction will occur June 22.

If Harbor Group loses, the company will be paid 3 percent of the purchase price -- a fairly standard arrangement for the stalking horse bidder in a bankruptcy auction.

A Harbor Group executive did not respond to a request for comment Monday.

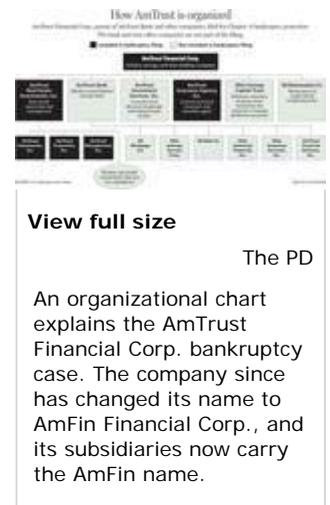
The Cleveland-Cuyahoga County Port Authority issued \$16 million in bonds for construction of the garage. Brent Leslie, the port's chief financial officer, said the Port acted as a conduit in the deal and has no financial interest in the sale.

Charter One, a financial institution that is now part of RBS Citizens, N.A., holds the bonds and, at one point, tried to take over the garage through the bankruptcy process.

The city of Cleveland floated \$2 million in bonds as part of a complex financing deal for the garage. Tracey Nichols, the city's economic development director, expected legislation to be introduced to Cleveland City Council on Monday night to authorize the transfer of that tax-increment financing agreement to the garage's new owner.

"The effect is going to be that the city has a financially healthy party that takes responsibility for those bonds," said **Glenn Morrical, a partner with the Tucker Ellis & West law firm, which is representing AmFin.** "That's part of the thinking behind the structure of how we're handling this through the bankruptcy court."

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