

SEPTEMBER 8, 2008

5:00 P.M.

At 5:00 p.m. a Regular Meeting was held by the Sandusky City Commission in the City Building Commission Chambers, 222 Meigs Street, with City Commissioners Dennis Murray, Brett Fuqua, Julie Farrar, Bob Warner, (*Dave Waddington-excused*), Dan Kaman and Craig Stahl in attendance; as well as the Charter Officers of the City Manager Matthew D. Kline, Law Director Don Icsman, Finance Director Ed Widman and the Clerk of the City Commission B. Joyce Brown; the Administrative Staff of the Director of Engineering Services Kathy McKillips, Police Sergeant Phil Frost, Fire Chief Mike Meinzer, Administrative Services Director Warrenette Parthemore, Chief Planner Carrie Handy and Economic Development Specialist Scott Schell. The audience and the news media were present.

Mr. Murray offered the **invocation** and everyone remained standing for the **Pledge of Allegiance to the Flag**.

The Clerk called the **roll** and the following Commissioners responded: Murray, Fuqua, Farrar, Warner, Kaman and Stahl.

Mr. Kaman moved to accept the **minutes of August 25, 2008**, and dispense with the formal reading of same. Mr. Fuqua seconded and the motion carried.

Under **Audience Participation**, Mr. Arnold J. Oliver, 1112 Wayne Street, said since the Marina District was voted on last meeting, his concern is they have developers who are engaged in this project that want to significantly support the City, including major tax breaks, but they don't want to tell them who they are. Discussion ensued.

PROCLAMATION – “United Way of Erie County” – Months of September & October

Mr. Kaman said moved to accept all communications. Mr. Warner seconded, carried.

ITEM #1– Communication – Carrie Handy, Chief Planner

BUDGETARY INFORMATION: There is no impact on the City's General Fund. All projects in the program will be paid for through grant funds or from funds from the Erie Ottawa Mental Health and Recovery Board.

RESOLUTION NO. 022-08R - File an application with the U.S. Department of Justice (DOJ), Office of Justice Programs, Community Capacity Development Office (CCDO) for Financial Assistance for the FY 2009 Weed and Seed Communities Competitive Program. It was moved by Mr. Kaman and seconded by Mrs. Farrar that this Resolution be passed under suspension of rules in full accordance of City Charter Section 14. **Discussion** – President Murray said he didn't know we haven't received the application we made last year. Mrs. Handy said they should know by September 30th. They found out there were 174 applications for the '08 funding. We made the second cut, which was down to 74. They thought maybe between 35 and 40 would actually get funding. They were hoping to get funded in the '08 application, but it does not change real funding for '09. The Clerk called the roll on the motion: Yeas: Murray, Fuqua, Farrar, Warner, Kaman, Stahl, 6. Nays: 0. Thereupon the Clerk called the roll on final passage of the Resolution: Yeas: Murray, Fuqua, Farrar, Warner, Kaman, Stahl, 6. Nays: 0. The Resolution passed.

ITEM #2– Communication – Edward Widman, Finance Director

BUDGETARY INFORMATION: City is required to accept tax rates as determined by Erie County Budget Commission before October 1, 2008. Amounts are more than \$230,000 higher than estimates for 2008 for General, Fire and Police Pension Funds. The Finance Director recommends the City Commission accept the recommendation of Erie County Budget Commission. Approval establishes initial funding for 2009.

RESOLUTION NO. 023-08R - Accepting the amounts and rates as determined by the Erie County Budget Commission; authorizing the necessary tax levies and certifying them to the County Auditor. It was moved by Mr. Kaman and seconded by Mr. Fuqua that this Resolution be passed under suspension of rules in full accordance of Section 14 of the City Charter. Thereupon the Clerk called the roll on the motion: Yeas: Murray, Fuqua, Farrar, Warner, Kaman, Stahl, 6. Nays: 0. Thereupon the Clerk called the roll on final passage of the Resolution: Yeas: Murray, Fuqua, Farrar, Warner, Kaman, Stahl, 6. Nays: 0. The Resolution passed.

ITEM #3– Communication – Kathryn K. McKillips, Director of Engineering Services
BUDGETARY INFORMATION: The construction estimate is \$426,089.00. MPO will fund 80% or \$340,871.20. The City's \$5 License Fee Fund will provide 20% match of \$85,217.80. If approved, this project will be sold during the State's Fiscal Year 2013.
RESOLUTION NO. 024-08R - Approving the submission of a grant application to the Erie Regional Planning Commission, Metropolitan Planning Organization and, if awarded, authorizing and directing the City Manager to enter into the LPA Federal Project Agreement with the Ohio Department of Transportation for the First Street Resurfacing Project. It was moved by Mrs. Farrar and seconded by Mr. Fuqua that this Resolution be passed under suspension of rules in full accordance of City Charter Section 14. **Discussion** – Mr. Kaman said for public knowledge, if we were successful in getting this, this will complete Monroe Street from one end all the way to the end of First Street. Thereupon the Clerk called the roll on the motion: Yeas: Murray, Fuqua, Farrar, Warner, Kaman, Stahl, 6. Nays: 0. Thereupon the Clerk called the roll on final passage of the Resolution: Yeas: Murray, Fuqua, Farrar, Warner, Kaman, Stahl, 6. Nays: 0. The Resolution passed.

ITEM #4 – Communication – Scott J. Schell, Economic Development Specialist
BUDGETARY INFORMATION: The cost for environmental services for all consultants working on these projects will not exceed \$400,000. At this time it is not possible to fully determine the cost associated specifically with Partners/Hull Services as the sites for environmental assessment have not been entirely identified, since the grant is "Citywide". The total cost will be covered by the U.S. EPA Brownfield Assessment Grants received. There is no required City match for this grant.
ORDINANCE NO. 08-082 - Enter into a contract with Malcolm Pirnie, Inc. of Columbus, Ohio, for Professional Environmental Services in conjunction with the USEPA Brownfield Grants received from the U.S. Environmental Protection Agency in 2007. It was moved by Mr. Fuqua and seconded by Mr. Kaman that this Ordinance be passed under suspension of rules in full accordance of City Charter Section 14. **Discussion** – Mr. Kaman said this and Item 5 both have to do with our Brownfields and both will work with Sandusky's Hagg Environmental to get going.
 President Murray asked could he confirm the way this works. They hoped there would be a pool up to \$400,000 of money available and we as a City have the ability to designate which two consultants on Items 4 and 5 would work on a case by case basis. Mr. Schell said that is correct. There is \$400,000 earmarked for the City of Sandusky for the environmental assessment of brownfield property. That \$400,000 will be split between the two environmental consultants, Malcom Pirnie and Partners Environmental. President Murray said let them be clear, they're not spending \$800,000 of that money, it was \$400,000. Thereupon the Clerk called the roll on the motion: Yeas: Murray, Fuqua, Farrar, Warner, Kaman, Stahl, 6. Nays: 0. Thereupon the Clerk called the roll on final passage of the Ordinance: Yeas: Murray, Fuqua, Farrar, Warner, Kaman, Stahl, 6. Nays: 0. The President declared the Ordinance passed.

ITEM #5 – Communication – Scott J. Schell, Economic Development Specialist
BUDGETARY INFORMATION: The cost for environmental services for all consultants working on these projects will not exceed \$400,000. At this time it is not possible to fully determine the cost associated specifically with Partners/Hull Services as the sites for environmental assessment have not been entirely identified, since the grant is "Citywide". The total cost will be covered by the U.S. EPA Brownfield Assessment Grants received. There is no required City match for this grant.
ORDINANCE NO. 08-083 - Enter into a contract with Partners Environmental Consulting, Inc. of Solon, Ohio, for Professional Environmental Services in conjunction with the USEPA Brownfield Grants received from the U.S. Environmental Protection Agency in 2007. It was moved by Mrs. Farrar and seconded by Mr. Fuqua that this Ordinance be passed under suspension of rules in full accordance of Section 14 of the City Charter. Thereupon the Clerk called the roll on the motion: Yeas: Murray, Fuqua, Farrar, Warner, Kaman, Stahl, 6. Nays: 0. Thereupon the Clerk called the roll on final passage of the Ordinance: Yeas: Murray, Fuqua, Farrar, Warner, Kaman, Stahl, 6. Nays: 0. The President declared the Ordinance passed.

ITEM #6 – Communication – Kathryn K. McKillips, Director of Engineering Services
BUDGETARY INFORMATION: No general funds will be expended for the purchase of this property, as the City's share will be paid with dedicated Sewer Funds. A Resolution of Necessity for the Wastewater Treatment Plant Expansion Project Phase II was approved by the City Commission at the August 25, 2008 City Commission meeting. The estimated project costs approved by the Commission at that time included funds for purchase and other properties that the City might acquire to facilitate the planned expansion of these facilities. The total purchase price for the property is \$102,853.50 as indicated. The acquisition cost for this property will be added to other costs related to the expansion project and total costs will be split with Erie County. The City's cost will be \$62,843.49 and the County's will be \$40,010.01.
ORDINANCE NO. 08-084 - Enter into a purchase and sale agreement, to purchase the property located at 1501 W. Market Street, Sandusky, Ohio, for the Wastewater Treatment Plant Expansion Project Phase II. It was moved by Mr. Kaman and seconded by Mr. Fuqua that this Ordinance be passed under suspension of rules in full accordance of Section 14 of the City Charter. **Discussion** – President Murray said this concerns the acquisition of property at a home near our Wastewater Treatment Plant. The indication of the communication was that while the price paid may be slightly above the market, they were saving the City considerably more money than that and the recommendation of the Engineering Department was to proceed. The cost would be split between the City and the County according to the 60/40 contract. The Clerk called the roll on the motion: Yeas: Murray, Fuqua, Farrar, Warner, Kaman, Stahl, 6. Nays: 0. Thereupon the Clerk called the roll on final passage of the Ordinance: Yeas: Murray, Fuqua, Farrar, Warner, Stahl, 6. Nays: 0. The President declared the Ordinance passed.

ITEM #7 – Submitted by B. Joyce Brown, Clerk of Commission on behalf of ODOL
A stock transfer request of a D5 Liquor Permit to EL Pino Ltd. dba Casa Fiesta Mexican Restaurant, 1007 W. Perkins Avenue & Patio, Sandusky, Ohio 44870. It was moved by Mr. Kaman and seconded by Mr. Warner that the Clerk of the Commission, B. Joyce Brown, notify the Ohio Department of Liquor Control that the City has no objections to this request. President Murray asked for a vote on the motion, and with all Commissioners voting “Aye”, the motion carried.

Under the **City Manager’s Report**, Mr. Kline said the **Red Knights Motorcycle Club of retired fire fighters gave a \$62.50 donation for the Sandusky Police Department’s K-9 Fund.** Mr. Kaman said so moved. Mr. Fuqua seconded, carried.

Mr. Kline said they would have **two free Fall Yard Waste Drop-offs at Barnes Yard Waste Recovery** on Saturday, September 27th from 8:00 a.m. to 5:00 p.m. and on Sunday, September 28th from 10:00 a.m. to 5:00 p.m. for City residents.

Mr. Kline said this Thursday **Erie County Fire Fighters Association will host a 9-1-1 Remembrance Service for Patriots Day.** It will be at the Central Fire Station at 5:50 p.m. and vehicles will parade from Market Street to Washington Park. Brief services will be at both the Fire Fighters and Police Officers Memorials at 6:00 p.m.

Mr. Kline said there would be a **Memorial Golf Outing held at Mills Creek Golf Course on October 18th in memory of Michelle Keegan** who recently passed away. She worked at the golf course during summer months and was a full-time teacher in the Sandusky City School systems. It was requested that \$15 of each \$25 registration be donated to The Trey and Kelsey Keegan Trust Fund. Mr. Kaman said so moved. It was seconded by Mr. Fuqua and carried.

Mr. Kline said the City is **negotiating a new gas rate for City residents** who choose to participate in the **Aggregation Program.** They will lock in a rate before the end of September for current potential customers and then in October they will receive a mailing of automatic re-enrollment from the City and Direct Energy notifying them of the new rate for the new contract period beginning in the December 2008 billing cycle. Potential new customers will have to send an opt-in card to Direct Energy at 1-866-803-4618.

Mr. Kline said because Mr. Warner was appointed to the City Commission, he created a **vacancy in the Housing Appeals Board because he was an alternate.** They advertised for that vacancy and received two applications and with advice of staff he was recommending the Commission **appoint Mr. Walt Matthews to serve for the remainder of the three-year term, which would expire on December 31, 2009.** Mr. Warner said so moved, seconded by Mr. Fuqua and carried unanimously.

Mr. Kline said they had a meeting several weeks ago with Mr. Davis and potential financial partners for continuing with the **Tricor Property and the Transient Marina**. They were meeting Thursday at 10:00 a.m. His potential financial partners are doing due diligence in researching.

Mr. Kline said in answer to the questions on the **Marina District Project**, how it is set up, there is a company that Mr. Eymann calls Alternative Development that will be doing any of the predevelopment costs, sales, marketing, architectural drawings, construction drawings, legal accounting, soft costs, etc. This was supposition on his part, but when the questions were posed many months ago, these soft costs for alternative development is really the partners of Meacham & Appell. This is another company that Meacham & Appell actually own and Mr. Eymann being one of the partners at Meacham. As it comes to the actual construction costs, he knows that he has hired or was planning to use a real estate capital firm called Grandbridge or Greenbridge. They will be going out to market to secure up to 90% of the construction loan, basically selling the project to the banks. A few of the banks that he knew that he had spoken with have been Key and Huntington. A project of this magnitude is going to have to be divided up amongst several banks to take on that amount of construction loan debt. And for the final 10% or the equity piece, it is his understanding that that has yet to be determined by Mr. Eymann and other potential investors. He was hoping Mr. Eymann would be here tonight. That's the question he would be posing to him again. They had a hotel that they needed to discuss some things tomorrow on and he would bring that up to him again saying that the public is questioning who is being part of the equity. That's all he knows for right now. And 90% of it is going to be on the construction financing for \$35 million worth of construction. They were looking at \$31 million of it or more being a construction financing that Grandbridge would be selling to the banks. President Murray said that's the first piece of identity of the partners of Meacham & Appell. It seems like a fair question and there isn't any reason that they can't make public the partners of Grandbridge Real Estate Capital and we should have that information in our files if someone makes a public records request. Mr. Kline said he would have to check with the Secretary of State. President Murray said he wouldn't find it there. Mrs. Farrar said if Mr. Kline could let them know what comes out of the phone call tomorrow, she felt they could get the other 10% question answered. Mr. Kline said absolutely. Discussion ensued.

At 5:32 p.m. Mr. Eymann entered the meeting. President Murray said Mr. Eymann there were questions posed earlier in the meeting regarding the identity of the partners in the Alternative Development Corp. Mr. John Eymann, Developer Marina District, said basically he had one partner and his name was Mark Daniels and he was a partner of his in the architectural company as well. His company was Alternative Development Partnering Alternatives, as well as Sandusky Marina District Development. President Murray asked was he able to share the identity of the investors in Grandbridge Real Estate Capital? Mr. Eymann said Grandbridge is a financial institution that goes out and deposes financial packages. It is not composed of any single one person that is an equity investor. They do institutional financing for large-scale commercial development, which could include an equity piece. But those equity partners are defined as one kind.

Mr. Fuqua said just for the record Mr. Eymann would he let the public know whether or not he made campaign contributions to anybody at this table through either one of those entities? Mr. Eymann said for the official record, no. Mr. Fuqua said thank you. Mr. Eymann said and to throw a spin in, nobody has asked either. So if there's rumors out there, none of these people have asked for favors.

Under **Old Business**, **Mr. Kaman said follow up on our Brownfields he would like the Commission's support to direct the City Manager to sign the contract with Hagg Environmental.** President Murray said Mr. Kaman maybe he could tell them whether that would be subject to any kind of money limitation. Mr. Kaman said subject to a \$10,000 cap just like everything else. Once it gets to that point, it would come back to the Commission. And all through that, even when it's a \$1,000 expenditure or \$2,000, the Hagg and City Manager or Scott Schell have to inform the Commission where we're at, what's being done, what's spending is being done. And it comes to them and it can't go over \$10,000. **Mr. Stahl seconded.** Mr. Stahl said he got the impression after the last meeting, maybe it was reading it in the paper more so, we've done nothing on this? Mr. Scott Schell, Economic Development

Specialist, said on the Brownfield Program, he wouldn't say that was a 100% accurate. Basically when he started at the end of 2006, beginning of 2007, they had pretty much come to the end of our Brownfield Assessments with money that we originally received in 2005. And prior to him joining the City, staff had reapplied for another \$400,000 worth of Brownfields Assessments monies. So roughly he would say that by the first quarter of 2007 our ability to do new assessments was pretty much dry and we were waiting on word to see if we could get this next grant to keep the assessments portion of the program going. We found out we were successful. The money was made available to us in late September of '07 and we put out an RFP in November and it was a considerable lag time, which he took full responsibility for in getting these contracts signed in between actual award and letting of the contracts. But he'd also like to point out that starting '07 they also applied for and were successful in a Clean Ohio Revitalization Fund Grant for \$3 million for acquisition, demolition, and remediation of The Deep Water Marina Project as the final piece of the Paper District Project. So they feel like on the assessment side, yes there has been a lag variance, but they are still working aggressively to try to address the issues that they have in front of them.

Mr. Stahl said they were working on the budget and it is no shock to anybody in this room that the City of Sandusky is on par to lose \$499,000 this year. We use the same expenses and the same income in next year in '09 versus '08. We are on tune to lose about \$800,000. Money is not an extra commodity that we have a whole bunch up here and so he understands this thing with the Hags. And he hasn't discussed with the Hags because he didn't think it was proper for him to do it personally, but he's got a real problem that it takes \$10,000 to find out if we can raise more grant money? Because he thinks that's how we're going to fund the Hagg's is through additional grants. We're asking all of the managers on this side of the room and on that side of the room to cut their budgets and he had a tough time asking our staff to keep taking cuts and at the same time they're adding money.

Mr. Stahl asked could they find out if spending \$5,000 instead of \$10,000, if they can get the extra grant money to fund the Hags? And if we don't fund the Hags, does the City still operate their Brownfield Program? Mr. Schell said as part of the Malcom Pirnie service just as an example, and this has been the case since 2005, many times they will assist the City of Sandusky by putting together grant applications at little or no charge as part of their contract, as part of their desire to take care of their clients. Now we feel that we have now, with Commission approval, they have two very outstanding environmental consultants that are well respected within the State of Ohio. Combined they have gotten over \$6.5 million of grant money for the City of Sandusky and their Brownfield Program. They are very confident in what they do and we're looking forward very much to getting them started. Mr. Stahl said if we don't hire the Hags, we still operate and we still have a Brownfield Program? Mr. Schell said correct. They still will follow the rules of the U.S. EPA Work Plan and that is anywhere from helping us with public meetings and helping us do quarterly reports and year-end reports. It was quite an extensive work plan that was all part of the U.S. EPA Brownfield Assessment Grant.

Mr. Stahl asked what was the advantage of working with the Hags? Mr. Schell said the Hags can, obviously we'll need their input when we're putting things together. That will be a valuable tool. When we're selecting, that is also part of our consultant's responsibility of helping us with citizen input to prioritize and select the site that we will be assessing in the future. They can work as a sounding board and help us to a certain degree and interpret some of the more technical aspects of reports that are generated. We also rely on our environmental consultants very much with that aspect as well.

Mr. Stahl said could he ask Mr. Kline what staff's recommendation is to spend money and work with the Hags' or was it staff's recommendation to use our two outside consultants? President Murray said the Hags had made a presentation and had met with all the Commissioners at one point in time this year with their ideas. The Hags are highly qualified, highly experienced people in this field and they are committed to Sandusky. He believed that this is essentially seed money, not that we will reap the benefits of this expenditure several times over. Is it guaranteed? No, there are no guarantees in this field, but he thought it was a worthwhile investment. And he thought it accomplishes part of what we would like to do, which is to have a little bit more of a direct relationship between the Brownfield Program and the committee that invests a smaller piece of this.

Mr. Stahl said he would withdraw the question and he would like to make an amendment to the motion. He would make a motion to amend Mr. Kaman's motion that they certainly cannot exceed \$5,000. Mr. Fuqua seconded the motion. Discussion on motion to amend. Mr. Warner said he was looking forward to working with the local company on some of this brownfield stuff. They sit up here, the seven, and preach to everybody out there to hire local and they want to work with our local people, and that's what he would like to do. And he didn't think the \$10,000 isn't much to work with the local company on this local brownfield's thing to see if we can generate more money. Mr. Stahl said we were faced with so many financial things here in the City. It was his understanding that the \$10,000 would be spent with the Haggs' to go out and find other seed money to get this thing going. So his thought process is if it's \$10,000 to get it going and they're overseeing it, because they do not have the proper credentials from what he understands, to bid on this project, is that correct? Someone said that's correct. Mr. Stahl said so if they're not capable of being that, and we want to spend \$10,000 of my seed money. He was just being cognizant, and why don't they spend \$5,000 to get there instead of \$10,000. If we spend \$5,000 and we realize that we're making headway towards the \$10,000, let's keep going. President Murray said one point he would like to raise, the question of the Haggs' type of qualifications to do this work. It is one of the top accepted and it's a question of how it is the qualifications are written. The qualifications of specs may be written in a certain way, not intentionally, but sometimes inadvertently exclude certain people or certain firms. So that can be something of an issue in terms of being able to engage local contractors.

Mr. Kaman said we've worked with these two outside contractors before. The Haggs' are going to act as our construction managers. They're just watching over this. And they're local. They do have the experience. They've done this before. They're working for NASA right now. They're right down the street. He thought with them watching some of the projects we want to get done, Sandusky Metal Products' building, the Gypsum Plant, those are the local things that they know should be getting cleaned up to get developed. Ten thousand dollars is a small amount to get some of these eyesores cleaned up he felt. The Haags are going to watch over it. They're not going to step on anybody here. No City persons will lose their job. They bring experience that they can lend to our staff and help our staff and guide them through some stuff. He just thought bringing on the Haggs' would get these brownfields going, target something and finishing it is all he's asking.

Mr. Stahl said he agreed with everything he said and Mr. Warner. His worry on this thing, this is all cards up, he heard that the Haggs' were going to spend, our bill from the Haggs' would be \$57,000 this year and up to \$200,000 next year. And that's money the City frankly just doesn't have. So let's be real clear. If this is up to spend no more than \$10,000 in the next calendar year of City General Funds, then he was okay with it. President Murray said but he (Mr. Stahl) just extended that in by what he said over the course of an entire year. Let him clarify the motion. **Discussion ensued by Mr. Stahl that the understanding was that he wanted to be clear on what he voted on. If he's clear on that and he is correctly understanding it, he would withdraw his motion for the \$5,000 cap and he would go along with the \$10,000 cap.** If the City of Sandusky was going to write a check not to exceed \$10,000 to the Haggs with the full knowledge that they will work and try to find some grant money for us to do this thing. If on the other hand if we're opening ourselves up for these numbers that he heard thrown around last week, that it would be \$67,000 for the rest of this year and \$200,000 next year, and Scott he heard those numbers too correct? Mr. Schell said yep. Mr. Stahl said so he heard the same thing he heard. We don't have \$67,000 this year. We don't have \$200,000 next year, but if they want to spend this \$10,000 for them to try to find some more money to pay for this through grants or something, he was okay with that. President Murray said there was a misunderstanding about that. Mr. Kaman said that's from the grants. President Murray said that's what they were talking about, the expenditure of \$10,000, keep it clear that if we're not going to be able to get that additional funding, then that's it. Mr. Stahl said he would go along with it.

President Murray said further discussion on the original motion that Mr. Kaman made. Mr. Icsman said he would just want to be sure that they clearly talk about the scope. Because he thinks where the other number may come up from, is the scope that is attached to the draft that he did. It's pretty broad and has a number of other things that the Commission has not talked about tonight. Ironically

the Commission has already done this year a \$10,000 or less contract. He wanted to be sure for them and for us, that's where it gets a little muddy when you start talking about the scope of what it is that they're going to do to earn this money. We put both a time limit and he was not sure of the amount in the first contract. We clearly put that in the draft that both parties agree to perform those services to the Manager's satisfaction and that that contract was filled and that they were paid. **President Murray said why don't they amend the motion to very clearly provide direction to the Haggs' that this initial expenditure will be solely for the purpose of determining whether or not there's other funding that is available to fund this position of developer that is comfortable for the Commission to do their contract. Mr. Kaman said he would rescind his first motion. President Murray said he would make a motion on that, that way. Mr. Kaman said he would second it. President Murray asked for a vote on the motion, and with all Commissioners voting "Aye", the motion carried.**

President Murray said as there was no further discussion on the original motion, he asked for a vote on the motion, and with all Commissioners voting "Aye", the motion carried.

Under **New Business**, Mr. Warner asked was this the time of the year when they sit down with all of the **taxi cab drivers** and find out how they fared this last year and see what they would want to change? Instead of just one taxi driver, could they get with all of them and let them know that date? Sergeant Phil Frost said he was on the phone with several today. They have had some meetings the last few weeks on issues that have come up, but tentatively, Amanda Keegan from Mr. Icsman's office and himself, were planning this fall to spearhead another Community Taxi Meeting.

President Murray said there were many people here tonight on Cold Creek. Where he first found out about this problem last week was from Steve Keller and several residents that were here tonight. It was a complicated situation, but he would summarize it. **If he understood it, five years ago there was an application made by the City by a developer, Joe Yost, to have the City pay for certain improvements in the Cold Creek Development, sidewalks and streets namely. And those were then to be assessments on the properties and those amounts would be owed to the City with interest over the ensuing years.** That is what the documentation provides. Those assessments were varied, but they were generally roughly in the \$18,000 to \$25,000 areas. Two years ago a number of residents came to the City and said well we don't really want to wait the entire five years and pay all that interest, we would just as soon pay that now so that we stop the running of interest. And that's what some people do in certain situations with property assessments. He doesn't know and he has not yet found what communications went out to the residents at that point in time, how clear that was that they knew who passed that out now. He has learned from meeting a number of the residents that some residents were misinformed by the developer and told that interest would not accrue on those amounts, which was a ridiculous thing to say. Some others were apparently under the statement belief that the interest rate that would not be charged for something less than the roughly 5½% to 6% that it multiplies. All of this was coming to a head and the residents were going to be required to either have these amounts put on their taxes, if you will, and pay over the ensuing 20 years with interest. Or pay by today, the amount of the assessment if they wanted to avoid interest charges in the future. He did have several conversations with our outside counsel and Mr. Widman, and with Mr. Keller. And they have been able to conclude that, also we had discussions with the County Auditor as part of this process, and we have been able to determine that we can push that deadline back to September 30 without causing any problems. **President Murray said so what he would like to do as an initial measure to address this situation, is to make a motion to extend the deadline by which the assessments can take hold to September 30th of 2008. That's an extension from today's deadline. Mr. Fuqua seconded.**

Discussion – Mrs. Farrar said that doesn't seem like that's very much time at all. President Murray said well Mr. Widman could explain why it is that they can't extend it beyond that, but the long and the short of it is that we owe that money as a City to the person who initially bought the bonds. That bond is coming due and we have to repay that somehow. And one of the ways that is it either needs to be paid in advance now by the residents or it needs to be put on their taxes. But a lien on real

estate, and in that case, we're able to sell the bonds with that security. Mr. Widman can elaborate. Mr. Widman said the notes are maturing at the end of October. It's generally around 30 days to get organized and get in a position where if the rates shrink it can be replaced in a timely manner and so you're going days or weeks without having, in this case close to \$3 million when you do it with a large project. And Mr. Murray had mentioned, we pretty much do what we were told by the action of the Commission, and that was to levy the assessments as determined on September 28th when the Commission approved lending the assessments. They prepared the bills, and it took a little bit of time because this was complicated. And it was complicated for staff that had been working on it for five years. But he just had to put values with the residents who didn't fully understand it. He thinks that the City did basically, in a public manner, decide the individual construction or when the contracts do concrete or utility work we accepted a petition from the owner at the time, which was the developer, he owned all of the lots. Basically he signed for everything. We had estimated the assessments and cost totals over \$3.5 million. June of 2006 we had completed everything and per the developer's agreement with the City, we were to make it known what the costs of the assessments were at that time. The City did that. It was approved by the City Commission at a public meeting by ordinance. There were a few people that took advantage of that, mostly from the invoices from the City. That's when the City Commission in July issued it and they finally said okay here is the bill, times up. The bills initially went out August 8th and they gave folks 30 days and that was up today. In situations like this, sometimes due to the magnitude of this particular project, he defers to our bond counsel, who is Squire, Sanders & Dempsey, who are a worldwide firm and in the United States and not just in Ohio. They are a very large legal firm and in cases like this, they're representing the bondholders. So the folks that want to buy these bonds, they're protecting the process and making sure everything is done by the book. The IRS Regulations are very common. So Friday they were able to determine over the phone that the extra one day could be granted until tomorrow to give the City Commission an opportunity to discuss this and decide whether or not it's something that the Commission wants to approve and to give the property owners even more time. They probably have it pretty well laid out, made a phone call late Friday and again this morning he talked to Mr. Paul, Erie County Auditor, well he needed a little bit quicker time than what we were thinking. Initially we thought we were going to be a week shorter. Mr. Paul was probably getting some grief from his staff for quite a while, but he did authorize the September 30th deadline for us basically by allowing us to take payments until September 30th. We will have to get the final information to his office by October 8th. Part of that process will be the City Commission will be asked to approve bonds at the next regular meeting. We are not leaving ourselves a whole lot of extra time for anything unexpected. We've had a lot of that already. He wished we had more answers through the lack of communication, but we know what we've done in terms of working with the developer and what the Commission has approved. Somewhere the information didn't flow as freely as it could.

Mr. Stahl said Mr. Widman and he talked about this, wasn't this supposed to start five years after the first lot was sold, from the time that they were arguing about the questions about whether \$18,000 or \$22,000 for the assessments they were sold? The other thing was the interest rate that they were supposedly told. There were a lot of things that probably come into play, but this probably tonight isn't the right format. He thought they should have a forum with appointees from him and Finance of Mr. Widman, the City Manager and counsel for the developer, so that we could get this hammered out. Because otherwise he just thought they were going to be pointing fingers at everybody and a venting session and they won't accomplish anything. Since they had to do this in short order, he would like if they could get three or four representatives, and he would propose of that group for the Commission to sit down with them. President Murray said he thought that would be fine.

President Murray said a lot of people were present tonight that wanted to speak to the issue as well. He thought that discussion could only help and he thought there were probably some real limitations on what the City could do. Mr. Stahl said that was what he was afraid of if people have been misled by the developer. President Murray said he was going to get to that. There were real questions from meeting with the residents about a good-faith estimate that they were provided when they went to close on their property. In some cases he had seen some instances where those were wrong or based on outdated information and he did have a lot of reservations about

those good-faith estimates if they're not based on current information. So those are some of the problems of how much the Commission can sort through that and provide a solution, and he was not too sure about that. Mr. Stahl said he understood and what becomes their role and what can they do to help these citizens out that obviously care so much that they're down here in mass? President Murray said the first step, he thinks is the simple part, which is to extend the deadline to September 30th which is the motion that is on the table.

Mrs. Farrar said it just seems to her, like he said, she thought the problem lies with the developer. What we read and see is that interest begins to accrue, and all of these people were of the understanding that there was no interest to accrue? So did the developer tell them that there was no interest to accrue? And if he told them that... Mr. Steve Keller interrupted and said yes. It was not just the developer. As far as no interest, that was the developer. Mr. Fuqua said it sounds like to him that these people were given some very bad information from the developer. And in his mind, of course he is not an attorney, but that's another form of predatory lending. If you present one thing and you say and do another, we as a City have to have some way to help these citizens and these residents rectify the situation with the developer. Because it sounds like to him, this guy or company has to be kind of shady. He understands that we gave them 30 days, but that's not a whole lot of time to come up with \$12,000 or \$15,000.

Mr. Stahl said he felt that the other problem we have, the title company is represented here tonight and he didn't know if they were going to say anything, but have they signed anything. He also knows that the developer will have the complete opposite, but he didn't think they were the ultimate jury and he didn't think that was their role. But listening to them is certainly what they should do, but he didn't want them to promise something that can't give them. They can give them hope. They can listen to their story and listen to the title company's story and they also had to listen to the developer's story, but at the end of the day their power to do anything is very limited than other than to be their sounding board. **President Murray then asked for a vote on the motion to extend the deadline to September 30th, and with all Commissioners voting "Aye", the motion carried.** President Murray said if it's all right with the Commission, he thought they would suspend the normal order and hear from folks on this particular issue.

Mr. Steve Keller, Cold Creek, said Mr. Widman's statement regarding their misunderstanding of what occurred, himself and Gerard Oliver had received statements from the City themselves stating that interest rate was going to be the 2% situation over 20 years. When that call was placed, he could not tell them names, but he knew at that point he did not want to write that into a home loan because of the different interest rates. Home loans at that time were 5¾%. The major of the people were given the situation of five years interest accruing on a note and then after that time there would be a 20-year note interest situation. He don't understand everything that goes on in a process of signing a closing situation on a house, but his good-faith estimate was \$19,772, based on Southern Title's calculations. They've also had two other title companies represented in closings of Hartung Title and Lawyer's Title. Each one of those title companies were under in their good-faith estimates like \$2,000 or more. His concern is that from their meeting on Thursday was that Kathy McKillips said there was information sent to Southern Title as to the newest interest in 2006. His second issue, after he received a bill sent out on August 8th, he called Mr. Widman specially first and then Mr. Kline specifically second, and received voice mail stating I'm sorry about your situation. There's nothing that we can do. Now they have followed the chain of command and now they are coming to the Commission saying we need help. He was in a situation where he was a teacher, his wife was a part-time teacher, \$22,276.90 is a lot to come up with. But his concern is that all of us residents were told many things that were false and a lot of it came from the developer himself. They had anticipated as a development, some people at \$100 a month situation or \$1,200 over the next 20 years. Now that was something obviously that most of them could handle. But when they received 30 days to pay a \$22,276.90 bill, that if they did not pay that by today's five o'clock deadline, they could not pay the loans off early they would be entered into a 20-year agreement. That was going to be almost double the amount of the original assessment that he signed on his first agreement. His amount would have been in access of \$37,000.

Mr. Warner asked who sent it to the title companies? Mr. Widman said the City through Engineering. Mr. Warner asked were these figures that far off? Mr. Widman said at this point he has received nothing back from the title companies. Although he just talked with one of the companies and asked them if they could share information. They didn't get anything from them. Because we have several City employees who purchased lots, we did see an example of a land purchase agreement. The City supplied information to the title companies. They officially calculated what their assessments were in 2006. And then they officially took action again in 2008 prior to the invoices. They haven't updated those numbers since 2006. Mr. Warner said they knew these bills were coming.

Mr. Jim Jackson, 519 Cold Creek Boulevard, said basically everyone in this room was told the same story when they purchased the lots. They were prompted not to roll this into financing, because they told them why pay interest on assessments that you can pay over a 20-year time period with no interest. So the reason all of these people are in shock, was if they had known in advance if they were going to have to come up with \$22,000 or they were only going to be given 30 days to do it, he's sure they would have taken other methods. Some of them probably would have rolled it into their financing of the lot, but they were totally lied to by the developer.

Mrs. Barbara Biehl, Cleveland Road, said they were due to move into their home soon. In July 2007 they made a down payment on Lot 43. They were given a sheet by Cold Creek Development's realtor, listing their lot infrastructure credit as \$19,772. They closed through Southern Title five months later on December 3, 2007. The same amount was also listed in their settlement statement. August 8, 2008 they received a letter dated August 5, 2008 giving them one month to pay assessment charges before placing them on their real estate taxes. The amount due is now listed as \$22,276.90 or \$2,504.90 higher than the settlement amount information they received July of 2007 and recorded on their legal closing paper work on December 3, 2007. The letter sent to them required cash only and it stated it four times. They would have paid the \$19,772 in full at the time of their closing if they had been informed that the amount would have increased. They were never told that the assessment could be paid at the time of their lot purchase or that the \$19,772 was subject to change. There have been varying verbal responses given by the City, the developer, etc. They feel the \$19,772 assessment figure that they were given, which was recorded in a legal document the settlement statement of December 3, 2007, is the amount for which they should be responsible. With declining real estate situation in the City of Sandusky, Cold Creek Crossings is a major area of promise.

Mr. Stahl asked did they know what the \$19,772 number was when they closed? Mr. Widman said he didn't know they closed. Mr. Stahl said where did that number come from? Mr. Widman said he provided nothing in writing other than the invoices. He had a few conversations with different folks and a lot were condominium folks. He suggested they talk to Engineering because they were keeping the official records until their actual levy was billed from his office. Engineering was keeping track of the costs for assessments. This was different in the fact that it was a five-year period when we did not send the bills when the project was fully completed. Normally bills would have went out in 2006, because that was when everything was completed. Mr. Stahl said did it come from Engineering and then was given to the County? Mrs. McKillips said Engineering does not know where that number came from.

President Murray said one of the difficulties that they all are kind of struggling with here tonight is, this is not a fact-finding body. This was not a situation where everyone has not had a chance to get documents to find out what went into the HUD settlement statement, where that number came from, but they were all things that were yet to be learned. Because what it looks like to him, just based upon what Mrs. Beihle gave them, but it looked as though there was a document from Cold Creek Crossing that contained the \$19,772 and that's the same number that gets used for the HUD settlement statement. Those documents were not created by the City.

Mr. Gerard Oliver, 817 S. Meadow, said they had been there since about 2004 and the frustrating part is someone here made some sort of number because they purchased the lot from the City of Sandusky along with this development. He didn't understand why any point in time why he couldn't just pay this money. When he first bought the house he said he wanted to pay the money. They came down in '04 to the City and they said they couldn't take the money. They took that money invested it, waited, came back down after that CD matured to the City, they couldn't take the money. They were getting penalized over \$3,500 for not paying money that

they offered to pay immediately upon closing. This 2006 bill Mr. Widman was talking about, he never got that. There's he didn't know how many lots that are foreclosed upon now. It's frustrating and he understood this assessment was agreed upon and they owe it. People have made good faith to pay this. Mrs. Farrar asked were they prepared to pay the original price, the good-faith price? Mr. Oliver said he would pay it right now.

Mr. Widman said he would try to walk them through this process again. He knew they did tonight try to levy the assessments and try to explain the process. One of the things that was part of this deal that normally wasn't assessed that the City does, is the development agreement. When we do sidewalk assessments, we don't have a developer's agreement. The things that they did in this assessment project were the developer's agreement. The 2006 action, filling in the assessments at that point, because all of the construction was completed was per the developer's agreement. We were not advised to or were there any stipulations that they would send a tentative bill to everyone on record. They were to calculate numbers and all of the people that wanted to pay off at that time they could, at the earliest, per the agreement, people had a chance to pay off. Again, the process that we follow with assessments is the state law. Someone made a comment about cash payments only. State law refers to it as cash payment period. We accept checks and we accept credit cards. A cash payment is the common term that people will view as cash.

Mr. Widman said the original estimated assessments, on this largest group, which he thought everyone that was commenting had lot numbers in the 40's, ended up being \$22,000. They originally estimated that it would be over \$27,690. Unfortunately, that information was given to the developer at the time because he owned all of the lots. The project came in at about 80% of the estimated costs were. In all of the assessment projects we do, the official action came from the Commission. At the end you send the bill. We don't give people monthly statements and it's not like an investment account or something where it's going up and down and they could tell you where you were at today.

Mr. Widman said when he reads the Article 4 again, what Kathy McKillips shared with him, it says an estimate. It was an estimate and they would send the bill. A good faith estimate. When they were asked information, does someone have something from the City in writing where it said they said it was 2% for 20 years, please provide the document? Can somebody provide something from the City saying zero percent forever on these projects, if you've got the documents, please provide the documents? He didn't believe the City did that. He has an e-mail from one of the property owners that spoke this evening, he said the information came from Joe Yost okay. He was not here to bash Joe Yost, but again that's a verbal. What you have in writing from the developer when you bought the lot from him. What you have in writing from the City. The City has done three things, accepted a petition to determine the interim final costs, they determined the final costs and they sent out the bills at that time. That was the only time that they really contacted the people. If they contacted Kathy's office or his office and they gave them bogus information, hopefully they'd have that in writing. As Mr. Stahl was saying earlier, and we know our budget, we don't have the ability to fix people's assessments. If his office gave out that information, they're accountable for that. But you need a document. He's sorry. Mr. Keller said he was in communication with his title company, which was Southern Title. And their response to him was that they were in direct communication with the City. And that was communicated in last Thursday's meeting that there was a fax from the City, sent to Southern Title in 2006 with certain numbers on it.

Mr. Eric Mingus, 708 Cold Creek Boulevard, said if they did that in '06, then the numbers should have been right. He heard them say they finished at 80% and that was 20% under the original so his number should have been less, not \$1,700 more if it was done in '06. They have no problem paying the assessments, but they were asking the City for help.

Mrs. McKillips said in her closing and in her sales agreement, which she received from Cold Creek Development, the numbers in the document is the good-faith estimate for the assessment portion of the project. To this day she didn't know where they got that number from, but they calculated it, it was in her document. They closed on her property back in 2004 and that number was \$20,500, basically the same on assessments as people that have \$19,772 estimate. A couple years before

that, her's would have been higher than their good-faith estimate at the time that they closed.

Mr. Gary Guendelsburger, Lot 38 Walnut Ridge Lane, said they purchased on April 26, 2006, and at that time they were aware of the amount of the assessment and they were probably the exception in the room, but they paid the assessment in full to avoid any finance or interest charges. At the time, it was recommended by the real estate agent to consider paying it off in full and that's what they ended up doing. Mr. Stahl asked what was his original amount? Mr. Guendelsburger said he thought it was in excess of \$18,000. Mr. Keller said and he was allowed to pay? Mr. Guendelsburger said yes, he was allowed to pay and that was April 26, 2006. President Murray said that was after the Commission voted to allow that to occur.

Ms. Mary Jo Latta, 917 South Meadow Drive, said they purchased their Lot #93 in June 2006 and closed December 8, 2006. They have never to this day ever met Joe Yost nor spoken to him. They used their real estate agent, John Biviano through Routh Realty and he purchased their lot for them through a rep at Dan Schiefley who represented Cold Creek Subdivision. They were kind of vague on the information. Most of their communication came from Bill Hensgate, who was their realtor through Perdia Incorporated. When they asked for something in writing, that was the person that submitted a copy of a fax. At the top of it it says Southern Title. It has several lot fees for '93, '94, and '95. It has their's printed up with that figure that everyone was quoting, that \$19,772 as part of their assessment. They were told verbally, and this comes from their builder who was in communication with Joe Yost, that he directed them to just go ahead and defer paying the assessment because and he told them that the City was not ready for it now anyway. And when she went back and looked through their paperwork, and their closing and such when they signed off on their purchase rights, lot and deed, and the purchase agreement with Peridia, they had a waiver in their, waiving them from anything to do with the assessment. She had nothing from the City saying these are the terms of the assessments, when it was initiated, when it would become due, what the terms of those payments would be. She had nothing in writing. She can't find it. She was only told that verbally via their builder through Joe Yost. President Murray said she had a closing document also? Mrs. Latta said their closing agency was Hartung. And believe here she looked all through it and she can not find it. President Murray said it was required by federal law and maybe she could request a copy from Hartung, but there should be one someplace. Mrs. Latta said and that was what the most disturbing thing is the lack of documentation.

Mrs. Lisa Mingus, 708 Cold Creek Crossings Boulevard, said she had nothing in writing and everything was verbally from Joe Yost. They purchased their lot in '04 or '95. Actually what they're trying to say is what wasn't in writing.

Ms. Judy Schmenk, Senior Closer for Southern Title, said she probably did a majority of the closings for the lot owners. She wanted to point out that as a closer she has no authority over the dollar figures. What figure came on their purchase agreement was their estimated assessments, which was what she had to use. And she agreed that with the first set of figures that came in with the purchase agreement, she couldn't verify with anybody. So she was assuming they came from Cold Creek, she didn't know where they came from. She did get confirmed figures in 2006 from the City again that were estimated amounts. And those were the figures that she could check with the purchase agreement. She never saw anything about interest rates. Not that there weren't any interest rates. She just assumed or understood that there would be interest added on to it, but she never saw any figures that said 2% or 6% or 8%. So she knew that none of that was relayed on through her because she never heard that. President Murray said this isn't a court of law, but he would tell her that he was struggling with how it is that a 2007 closing statement could contain a good-faith estimate on 2006 numbers. He just didn't think that was a current number. Mrs. Schmenk said but again you would have to go back to whoever wrote the contract. They wrote that figure in there. They didn't say this is the current estimate. They said we agree to give you way up to \$17,640 at the infrastructure assessment estimates. President Murray said since that number has been used consistently based upon the original application that the City received from the developer, we wouldn't have any problem here, because that number would have been some much higher than what the assessment ended up being. As Mr. Widman pointed out, it came in lower. Mrs. Schmenk said right, exactly. President Murray said so she was saying that her assessment number came from the

developer? Mrs. Schmenk said right. The assessment number was already on the signed purchase agreement by the time it comes to the closing. So most of the people she believed bought their lots through Cold Creek. That's where she would say the figure originated. Mrs. Farrar said the estimates that she got from the City in '06, were they near the estimates that were given to them this \$19,722? Mrs. Schmenk said she didn't bring anything with her. But she thought memory serving her, that they were around the \$19,000, not \$26,000.

President Murray said Mr. Stahl he was about to make a motion. Mr. Stahl said after listening to everybody, the President and himself, should maybe approach the County Auditor, staff members and one or two representatives from Cold Creek, and they get a working group for this development.

Mr. Fuqua said not trying to place the blame, but it seemed like all of this originated with the developer. And his concern was helping these residents try get to him somehow and answer some of these questions that our staff and they can't, because it seems like the developer is the only one that can answer these questions.

President Murray said he would like to take a little bit of time to figure out who actually on staff and the County should be put on this group. But he would like to have some authority from the Commission to appoint a committee, including Mr. Stahl and anyone else who wishes to serve on that, along with some staff members and ask the County and several representatives from Cold Creek. President Murray asked for a vote on permission along those parameters to have that meeting. He then asked for a vote of consensus, and with all Commissioners voting "Aye", the motion carried. President Murray said he knew they all had different experiences and he didn't know if he could pick two or three people whose experiences were absolutely representative. But he was wondering if Steve Keller and Jim Jackson who were some of the most vocal components of the development situation, if one or two of them could get back to him following tonight of who would be good representatives.

Mrs. Farrar said all of them have been misled by the developer, herself she would pay her good-faith estimate, band together with the association and have the developer pay the rest. In her opinion, he was the one that led them astray. An audience member said he filed bankruptcy. Mrs. Farrar said she didn't realize.

Ms. Lisa Derringer, 715 Cold Creek Boulevard, said she couldn't get money from the bank because the \$19,772 was an estimated assessment and not a final number.

Mr. Stahl said his **businesses of this meeting was Cedar Fair Entertainment Company**, an economic driver for Erie County.

Mr. Stahl said he would move for an **executive session on pending litigation**. Mr. Kaman seconded. The Clerk called the roll on the motion as follows: Yeas: Fuqua, Farrar, Warner, Kaman, Stahl, 5. Nays: 0. Abstain: Murray, 1. The motion carried.

Under **Audience Participation**, Mrs. Sharon Johnson, 1139 Fifth Street, questioned the Marina Project and Mr. Eymann and Mr. Kline responded.

Mrs. Deidra Cole, 807 Hancock Street, thanked the City for their support of the Hancock event and invited them to Sandusky's First Annual Fall Festival at Sandusky Bay Pavilion and then solicited donations.

Mr. Gary Guendelsburger, 422 E. Parish, commented on the sidewalks at his home and the improper work done by the contractor.

At 7:20 p.m. President Murray stated that they would take a five-minute break and return for an executive session. At 7:25 p.m. the Commission and staff returned.

An executive session was held on Pending Litigation.

President Murray returned to the table and entertained motions for adjournment.

ATTEST:

B. JOYCE BROWN
CLERK OF THE CITY COMMISSION

DENNIS E. MURRAY, JR., PRESIDENT
SANDUSKY CITY COMMISSION