

The Board of Directors of the Portage County Port Authority met in a special meeting in the Portage Development Board/Portage County Port Authority office located at 217 S. Chestnut Street in Ravenna, Ohio on Tuesday, July 8, 2014 at 10:00AM with the following members present:

T.N. Bhargava
David Dix

Dominic Bellino
Jack Kohl II

Thomas V. Chema
James Wyatt, Jr.

Absent: Neil Mann Jr.

Also present: Mayor Joseph Bica and Kerry Macomber, City of Ravenna; George Sarkis, Roetzel & Andress; Bradford Ehrhart, Portage Development Board; Diana Fierle, Secretary/Treasurer

Chairman Jack Kohl called the July 8, 2014 meeting to order approximately 10:05AM and welcomed everyone to the meeting.

A motion was made by Mr. Bellino to approve the meeting minutes for June 3, 2014, seconded by Mr. Chema. All voted in favor and the motion carried.

Meeting Notice: Ms. Fierle stated the meeting legal notice was advertised in the Record Courier on June 30, 2014.

Financials: Ms. Fierle explained the Treasurer's report with the income and expenses during the month of June and the amount of money in each account. She did mention that she just made out checks for about \$6,000 to pay real estate taxes for the Ravenna property and a few other incidentals. Taxes were also paid for the 16 parcels in Kent, however the \$13,000+ paid for those was reimbursed by Kent State University.

A motion was made by Mr. Bhargava to approve the financial statements, seconded by Mr. Chema. All voted in favor and the motion carried.

Audit Report for 2012 and 2013: Ms. Fierle stated that she sent the reports to the directors via e-mail and there was no major findings in the reports. The audit was very clean and the only thing they pointed out was that the secretary/treasurer failed to file the annual report to the Auditor of State. Mrs. Fierle stated that she has since taken care of that. She explained that she thought those were done after the audit like last time. That is not the case. The Auditor of State sent an e-mail to let us know that the report obligation was completed.

A motion was made by Mr. Bhargava to accept the audit report, seconded by Mr. Bellino. All voted in favor and the motion carried.

Chairman Kohl stated that he called this meeting to have an open discussion on where we are going with this project and get full board support if possible before we go to the next step. Chairman Kohl went back to explain how this project started and what has been done. We took the property, we did a marketing study. We agreed to split whatever we made on the property with the Ravenna Schools. We received proposals for the property, we got a proposal for a movie theater and two proposals for schools. The school idea gained ground and we chose that option with Premier vs the proposals from Weston and NDS. Weston put a great proposal together but basically said let me know when the Port Authority gets the funding. Premier took the other approach to that. As this has evolved we turned the reigns over to Kevin and Joe and they have nurtured a relationship with Stark. Stark said they have committed to taking space in Ravenna this coming January 2015. Para Jones is coming up next week to meet with us. They are all but signed on an agreement to come to Ravenna.

The stumbling block is that we need to set up a Governance Committee to operate the school, number one, and number two, we need to in the opinion of Joe Shafran and group that we need to start a fund, raise money, start a foundation to help fund the school. Chairman Kohl said to be honest with you, when we started this project it was our intention to build to suit, build a building, fill it full of tenants and get them to pay rent and we pay the expenses. That was the way he perceived it and he thought that was the idea we all bought into. It has changed and grown quite a bit from there. He's not sure in a bad way.

So that being said what is in front of us now is Joe has talked about a fundraising company that has done a lot of fundraising for Stark State and now need to do a feasibility study to see if they can actually raise the money that is needed. The company wants \$26,500 to conduct the feasibility study. That's where everything came to a stop. So that is the discussion Chairman Kohl said he would like to have.

Chairman Kohl stated that at the last meeting Ms. Macomber stated the city might have some grant money available to pay for the study. Joe has continued to tell Chairman Kohl not to worry about the \$26,500 and that he can find that money somewhere, but we have yet to see a check or commitment on that. Chairman Kohl also stated that we were all startled with the cost of the building at \$1,500,000 for a 10,000 square foot building. Surely the construction cost is nowhere near that. It's more of their franchise. They believe they can collect these people to fill up this institution and to help raise the funds and they feel there is a value in that and is added into the cost which is above and beyond what should be a \$70 - \$80 per square foot, maybe even \$110 per square foot. So that is where we are at.

Mr. Dix had a question that the last time he had contact with this we were working with the Ravenna Schools and Stark was going to lease space in one of the schools. It seemed we had a nice relationship between Stark and our board. Mr. Dix asked what happened to all of that. Chairman Kohl stated that Stark is still committed to that space and they are coming in January for the spring of 2015. Chairman Kohl stated that we could have done that without anyone's help because we were far enough down that road.

Chairman Kohl believe Joe and Kevin have taken it to the next level and keep talking institution and that they are building an institution and not just a school. We thought we could just build a school, fill it with tenants, get the rent and pay the expenses. The others agreed that is what they thought too. There is a site tour getting set up that that Stark can go through the Rausch building again. The Ravenna schools will get an agreement signed with them. Chairman Kohl stated we were pretty far there before Joe got started with this project.

Chairman Kohl opened the discussion to see where we go from here. Mr. Bhargava mentioned that the last meeting it was mentioned that they wanted fundraising to be done by us?? Chairman Kohl stated that was correct. It would be done by Hodge Group. Mr. Bhargava said the fundraising should be done by them and we could mention some names. Mr. Bellino stated that that was the idea and that the feasibility study would have to be done to see how much can be raised. Mr. Bhargava asked about the fee. Mr. Chema stated that they seem to want to get the money from two place, they want to do the feasibility study and they want to be paid a fee for doing the study. Then they would do the fundraising where they would take a piece off the top with no checks written by us. Mr. Chema stated the problem here is not the concepts or even the way these guys are going about executing, but they sold to us that they were going to take that risk and do that work and not put it back on us. Mr. Chema thinks they ought to do a feasibility study, they ought to put together a foundation, but that ought to be their risk. They should not be looking to the Port Authority to subsidize that cost. Mr. Chema's recollection of this deal and why we chose them over Weston was that they represented to us that they were willing to take that risk and make those up front commitments. Mr. Chema stated that Weston basically had the same plan but let us know up front it was the Port Authority's responsibility. Mr. Chema stated that Premier and Paran came in and said it was a great idea and we will take the risk and organize this. So Mr. Chema thinks

we ought to let them. Mr. Chema stated that he doesn't think we should be contributing port authority money if there is grant money available some place. He's not opposed to them getting their money to do the study. He doesn't believe it should come from the Port Authority. Mr. Chema believes there should be a not for profit entity created that is going to run the operations of the learning center and we want to have input in that and probably nominate some from the port for a board seat for that not for profit. It isn't the Port Authority's responsibility under our agreement with them to put it together, but we should help them by giving them ideas of people. If they want us to make introductions we can do that. We can build a building, what they were bringing to the table was their organizational skills and the willingness to front this part of the operation. Mr. Chema stated that we should hang tough and we are here to help, but we aren't going to do their work for them. He is pretty sure that is what their proposal says.

Chairman Kohl stated that Mr. Chema was spot on, and we do want to have a hand in the Governance Committee. Also, the Hodge Group will need our help with names and introductions. Mr. Chema stated that Brad needs to also help with giving names of people and help them where we can, but not take the risk from them. Mr. Bellino stated they have they have the expertise and time and paid staff to be able to put this thing together, we are not experts. Mr. Chema stated we are all volunteers. Mr. Bellino agreed that was the original proposal that we heard and why we chose them. We need to make them stick to their sales pitch. Mr. Chema stated that it is now time from a letter from Chairman Kohl to Joe and Kevin saying we want to make sure we are on the same page with you, a nice and polite letter. The Port Authority stands ready to help and the city also stands ready to help. We understand that you are going to put together a feasibility study, you are going to put together a not for profit entity, and we are willing to help you with that process. It is your responsibility and not the port's. Mayor Bica asked if he felt they were trying to push back on that and other things. Chairman Kohl stated that they never directly asked us to pay for the feasibility study. When they started that conversation, we just stopped. Mr. Bellino stated that we are not paying for that. He thought that Joe was also surprised of the cost. Chairman Kohl stated that all along Joe knew they were going to take a fee from the funds. They pretty much know who they will be contacting when they are done with the feasibility study. Mr. Chema talked of the fundraising they did for the college and he paid for the feasibility study. When they were done they knew who they were going to contact. He went on to explain the process of their fundraiser.

Mayor Bica asked if we were quite a bit away from any movement. Chairman Kohl answered yes. Mayor Bica thought that they mentioned that they would start bringing plans in July. He believes his is still at least a month out from that.

Chairman Kohl asked Mr. Sarkis if the Governance Committee documentation is boiler plate since we are creating an institution. Mr. Sarkis stated that it can be. It depends on how you want to tailor it. You might want to put in some specific terms, but for the most part is boiler plate.

Mr. Bellino asked if there were other agreements out there already that you can use. Mr. Sarkis said that is hard to respond to. Mr. Sarkis stated that we had already talked about using the exiting corporation for this project. You wouldn't have to start from scratch and you would just have to do a Code of Regulations. Those do already exist, you would have to amend them. Need to have specific board members designated. Chairman Kohl mentioned that Brad and Diana have come up with a list of who could have a seat at the table. It has to be a countywide board. Ms. Fierle stated the list is in their packet.

Chairman Kohl asked if we were in agreement that we would draft a letter to Joe and Kevin??? Mr. Bellino stated he agreed and that we have to step back and clarify our expectations before we go forward. Chairman Kohl and Mr. Chema are going to work on the letter to get it out in the next week.

The directors discussed other projects that Joe was involved in. Mr. Chema mentioned that Joe called and asked him to meet with him at the end of July. He didn't know what it was about. Mr. Chema asked if Chairman Kohl was involved with that and he stated no. Chairman Kohl mentioned that he has a meeting scheduled with Para Jones and Joe later this month. Mr. Chema thought they were doing a good job of courting Para Jones/Stark State. Ms. Jones sounded very excited about being here.

Mr. Bellino asked if we were involved with the movement of Stark State to Rausch. Chairman Kohl stated very involved. He stated we are getting this relationship back.

Mr. Chema stated this is typically developer's actions. They push and push to try to get others to pay for things and do their work. He doesn't feel they are trying to get out of this deal or they are less optimistic, it's just how developers work. He believes it's time to push back and say no. They have to do what they said they were going to do. Mr. Chema stated that it isn't our money, but our expertise that we lend to the process. Joe is talking about welding, but there are other learning opportunities that can be brought to the table. We don't want to limit this. Joe probably doesn't know of all the possibilities that are there and that is where we can help him.

Mr. Bellino stated that now is the time to put this Governance Committee together, because they are going to guide what kind of programs and institution that needs to be built. Mr. Chema agreed but said that Joe needs to take the lead on this. Mr. Bellino said that needs to be his priority, to get this going. Mr. Chema said that we have a nice list put together already. Mr. Bellino said the main issue is to get this Governance Committee going. The fundraising is another issue.

Chairman Kohl asked about the existing corporation. Mr. Sarkis stated that you can use the existing corporation for this new entity. It's there, right now and about the only thing you need to do is to amend our existing Code of Regulations with this new board. Mr. Chema stated that he thought the best thing to do is to seat this board as it is on the list, but then let this board decide who is best to be on the board and get the other corporate entities and government out of the way. The fiduciary duty of that organization and the board members of the organization ought to be to the organization and not be representatives of some enterprise. Mr. Sarkis said it is possible to tailor it that way. Mr. Chema found that that works better than a corporate entity that has representatives of various government and focuses on what the entity is supposed to do instead of the politics that sometimes play into the appointments. Mr. Chema thinks that is the better way to go with the governance. The list is the group that can get this put together. Then up to them to get the right people on the board.

Mr. Chema wanted to know when the agreement was signed. It was March of 2014. Mr. Chema stated that is going on 6 months so it makes sense to send this kind of communication to them now.

Chairman Kohl asked if we as a Port when they build that building, are we going to want a hand in that building? Are we going to want to have an owner's representative? Mayor Bica stated the city might hire an outside person to monitor the construction. The building is beyond the scope of their engineering department.

Mr. Dix commented about what had once been presented and how they were going to conform to the architecture of the city. Now he see pictures of retail going into the front. He stated we already have empty retail in the city. Mayor Bica asked Ms. Macomber what had been distributed to design review. She stated it was preliminary and he just came in and passed out pictures but also took them back because they were so preliminary. They did make it clear to him that they wanted some of the architecture from the old school incorporated into the project and took look at the architecture in the historic district. The design review committee let him know that the current rendering would not meet with their approval. It doesn't appear that he has actually worked with an architect at this point. Ms. Macomber stated the next design review committee

meeting is July 10th. They usually want to have something 10 days prior. He has not sent anything and has not confirmed he is coming. Mayor Bica also stated very clear to Joe that they didn't want to have any retail on that property. Chairman Kohl stated that Joe stated that Para Jones insisted a couple things go on that property. Besides the retail Joe mentioned childcare. We need to get him to put those types of things behind the building. Mayor Bica and review committee want retail pushed to the downtown area. Doesn't make sense to building new when the downtown area has the vacancies and struggling businesses. Mr. Dix mentioned they could very easily walk from the campus to the downtown area.

Mr. Chema mentioned that the things we need to be involved in the design, but doesn't believe we should spend money on an owner's representative. Mr. Bellino and others agreed.

Ms. Fierle confirmed with Ms. Macomber that she has not heard anything from Joe. Chairman Kohl said and we won't because he's out of free architect time. Until some money is raised to pay for an architect. We've seen the same sketches and won't see new ones until he can pay for the architect. That is all the architect is will to do with no money.

Mayor Bica wanted to get things clear, he said his impression from the last meeting he attended was they are not going to retain an architect or put a shovel in the ground until they have about \$600,000 raised. He is correct. Mr. Bellino stated that they want to get the feasibility study done about have about \$600,000 or \$700,000 raised before January. It may seem impossible but they want to make sure they have the money coming. Mayor Bica stated he doesn't see this happening until next year. Chairman Kohl stated they we will shoot for a building next year.

Mr. Chema asked Chairman Kohl what it is that they foundation money supplied for? It's tuition support and operating money for Stark. The spreadsheet they come up with for operating has a lot of red ink in it. He thinks the foundation is supposed to plug some gaps. Stark put together a very conservative budget. So to answer, yes it is to plug in wholes for operating. Holden had to do the same thing, but already had the Holden Foundation set up.

Mr. Bellino stated it would have been nice to know this back in March when we signed the lease. We could have gotten all of this out of the way. Mayor Bica stated it was his interpretation that they were going to take the risk, not the foundation, not the Port Authority, not the city and not the county. They were going to take the risk. They were going to do the subsidizing they were going to take the risk and nobody else.

There was a short discussion on the income stream Chairman Kohl mentioned that they didn't even talk about the retail space. He didn't know about this space or how it might affect the lease. Do we sign a lease and they can do whatever they want with the property? It looks the Port might not get any more money if they put of some retail. Mr. Sarkis said the use of the property was limited to what they put in their proposal, and that is why the proposal was made as an exhibit. It was anticipated that they would be subleasing space to other users. He also believed there was reasonable consent for other users.

Chairman Kohl asked if the directors agreed that a letter is to be sent and that the fundraising is pushed back on Joe. He also asked Ms. Macomber if the grant was still on the table for the study. Ms. Macomber stated it was contingent on city council approval. She thought it would be better received if the request came from the Port Authority. Mayor Bica stated that Ms. Macomber and he discussed this and he not comfortable using this money for the study. He's rather have it to use deeper down in the process for something more important. The city's funds are too tight at this time. Mr. Ehrhart thought that it could be better used for like infrastructure.

Mr. Sarkis was reviewing the lease and it states that Joe can sublease the property as long it is permitted use of the property and as long as it is consistent with their RFP response and with the Port Authority's consent.

Rezoning – Mayor Bica stated they are good to go and it was on second reading last month. He stated there has been no opposition to the rezoning of the property. Ms. Fierle stated the information regarding the rezoning meeting is in the packet.

Movie Theater - Mr. Ehrhart stated they are trying to get another meeting together and Mayor Bica stated they are waiting for financial statements. Mr. Sarkis stated that Brian Cooper, financial advisor, put together numbers as to what he thought could be supported through the development of the property. It was a lot less than what they were looking for. Mayor Bica said the request was for \$2 million and they came up with \$600,000. So there is a gap that needs filled. Ms. Fierle stated that there is another meeting set up on July 28th.

Freedom Secondary Railroad - The sub-committee met to discuss the Freedom Secondary Railroad. Mayor Bica said the committee has a lot of questions that we need to find data. Mr. Ehrhart mentioned that we talked to Les Ashley from ABCR briefly during that meeting and learned a bit more about the railroad, but we seem to have more questions than answers at this time. Mr. Ehrhart mentioned that the owner of the line is responsible for the crossings and we've learned that some of the crossings are deficient. The current owner has been notified and must fix the crossings. The committee mentioned that they would like to take a walk out there and grade them themselves with the engineer from the city. Mayor Bica stated that we need to see what the potential would be. Mr. Ehrhart stated that we have boxes and tube of information regarding the railroad and we will be going through them to try to get more. A major concern at this time is the taxes for the property. At the time the Board of Commissioners have a 10 year tax abatement on the property which ends this year. Before the former owners PPIC owned the railroad and also had an abatement. We need to get a handle on what the taxes will be and can they be abated again. Mayor Bica stated that signage and lighting are the responsibility of the operator. We are more concerned about the crossing which would become the Port Authority's responsibility if they take it over. Mr. Ehrhart said it sounded like the operator put a significant investment in the railroad in the last couple years. Chairman Kohl asked what Rock Tenn pays annually for the railroad. Ms. Fierle stated that Rock Tenn pays zero then went on to explain the easements. Ms. Fierle and Mayor Bica spoke of the work that had been done on the railroad and who had contributed to that rehab, including the hike and bike trail. There is also future potential for customers on the rail line as stated by Chairman Kohl. Mayor Bica said he is also interested in bringing bulk salt to the city on the rail. Chairman Kohl stated he is concerned about the taxes and also doesn't want to be hit with repairs for the crossings. Mr. Kohl would like to know why the county wants to give it to us. Ms. Fierle stated a little history on the railroad and why the PPIC purchased it from Conrail. She said everyone wanted to make sure this rail line did not get abandoned. Chairman Kohl stated that maybe it really is our responsibility and it is a good economic development tool. We just need to go into it with our eyes wide open. Mayor Bica stated that we will be having another meeting soon. Ms. Fierle stated they need to go through the boxes and hopefully get answers to the questions.

Amendment/Assignment to Rubbermaid/InSite Enterprise Zone agreement – Ms. Fierle explained the reason for this coming before the PCPA today. InSite sold the building to ARC and now we have to assign the abatement to the new owner.

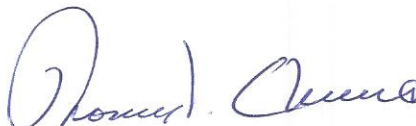
A motion was made by Mr. Chema to approve the Amendment/Assignment and then forward to the Portage County Commissioners for their approval, seconded by Mr. Dix. All voted in favor and the motion carried.

The next scheduled meeting dates/times were announced as September 2, 2014.

There being no further business to come before the Board, the special meeting of July 8, 2014 adjourned at 11:15AM. We do hereby certify that the foregoing is a true and correct record of the Portage County Port Authority Board of Directors' special meeting on July 8, 2014.



T.N. Bhargava




Thomas V. Chema



Dominic Bellino

Jack Kohl II



ABSENT

Neil Mann, Jr.

David Dix



Diana Fierle
Secretary-Treasurer

James A. Wyatt, Jr.

