

The Board of Directors of the Portage County Port Authority met in a regular meeting in the Portage Development Board/Portage County Port Authority office located at 217 S. Chestnut Street in Ravenna, Ohio on Tuesday, June 3, 2014 at 2:00PM with the following members present:

T.N. Bhargava	Dominic Bellino	Thomas V. Chema
Jack Kohl II	Neil Mann, Jr.	James Wyatt, Jr.

Absent: David Dix

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Also Present: George Sarkis, Roetzel and Andress; Mayor Joseph Bica, City of Ravenna; Denise Smith, Portage County Prosecutor's Office; Bradford Ehrhart, Portage Development Board; Diana Fierle, Secretary/Treasurer

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Chairman Jack Kohl called the June 3, 2014 meeting to order at approximately 2:05PM and thanked everyone for attending the meeting.

*A motion was made by Mr. Bhargava, to approve the meeting minutes for March 4, 2014, seconded by Mr. Wyatt. All voted in favor and the motion carried.*

Mr. Kohl asked if the legal notice was in the paper. Ms. Fierle stated the meeting legal notice was advertised in the Record Courier.

*A motion was made by Mr. Bellino to recess from the Portage County Port Authority Board of Director's meeting to the Public Hearing for the 2015 Tax Budget, seconded by Mr. Chema. All voted in favor and motion carried.*

#### Public Hearing Meeting Minutes 2015 Tax Budget

The meeting was called to order by Chairman Kohl.

The public notice was read by Secretary/Treasurer Fierle.

Chairman Kohl asked if anyone had any questions or comments on the proposed 2014 Tax Budget. Mr. Kohl stated if there were no questions or comments he would entertain a motion to adjourn the 2015 Tax Budget Public Hearing.

There were no questions or comments from the public regarding the tax budget hearing.

*A motion by Mr. Bhargava to adjourn the 2015 Tax Budget Public hearing, seconded by Mr. Chema. All voted in favor and the motion carried.*

*A motion was made by Mr. Bellino to exit the Public Hearing and enter back into the Portage County Port Authority Board of Director's meeting, seconded by Mr. Chema. All voted in favor and the motion carried.*

## Continuation of Port Authority Board of Directors Meeting Minutes

**Chairman Report – New appointment to Board of Directors** – A letter was received from the Portage County Board of Commissioners appointing Mr. David Dix back on the Port Authority Board filling the unexpired term of Mr. Steve McDonald. Mr. Dix will have to reapply for this position later this year when Mr. McDonald's term now Mr. Dix's term actually expires. The Board of Directors was delighted to have Mr. Dix back on the Board of Directors.

Mr. Chema decided this was a good time to mention that he was under the assumption that he would have to resign from this board when his employment ends as the President of Hiram College on June 30<sup>th</sup>. At that time his residency will change from Portage County to Cuyahoga County. Attorney Smith mentioned that she didn't think that is the case and that he can probably remain on the Board of Directors. Attorney Smith stated she would investigate this matter if Mr. Chema wants to remain on this board. Mr. Chema stated he did not want to resign, and would like to remain on the Port Authority Board of Directors. The board encouraged him to stay on if eligible. Attorney Smith will investigate and get back to us.

**Secretary/Treasurer's Report** -. The financial statements, bank reconciliations for the checking and money market accounts were explained, along with the budget as of April 30, 2014. Mr. Bellino stated he checked with Star Ohio on their interest rates and it appears things have changed and it is not beneficial for us to move our accounts at this time. Mr. Chema asked if we should move \$100,000 to a CD. Would that earn us more money? Mr. Bellino stated that is not a big difference in interest. We still would not earn money. Ms. Fierle went on to explain the expenses for the first quarter including the real estate taxes. Mr. Ehrhart asked if we are exempt from the property tax. Ms. Fierle stated the DTE for exemption but we have not received the ruling. That could take a year to receive. Attorney Smith stated that until you receive the ruling, the taxes must be paid. It's then up to the county auditor if she wants to reimburse the Port Authority for what was paid.

*A motion was made by Mr. Chema to accept the financial statements as presented by the Secretary/Treasurer, seconded by Mr. Bhargava. All voted in favor and the motion carried.*

**PDB President's Report** – Mr. Ehrhart spoke of two recent wins for the Portage Development Board. One is the Ten Point Crossbow project in Suffield Township. This project has an investment of over \$13 million and 70 new jobs. We also just learned of a win in Aurora. Natural Essentials needed a large building then what they currently have in Streetsboro. The company was debating relocating to a facility in Twinsburg or Aurora. The City of Aurora won and the company will relocate to a building on Lena Drive. Mr. Ehrhart explained the two projects in detail. We have over 30 projects we are working on at this time.

**Legal Counsel** – Attorney Denise Smith stated she had no report at this time.

**Finance / Audit Committee** – Mr. Bellino asked Ms. Fierle to update the directors on the Port Authority audit. Ms. Fierle stated the audit is being done by Charles E. Harris out of Cleveland for 2012 and 2013

and is actually almost completed. They hoped to have a draft report done for the meeting but are checking on one last item, whether the Portage County Improvement Corporation is included in the Port Authority audit or needs a separate one. It's pretty much decided that it will all be combined in one. We are just waiting on the official ruling of the state. When Ms. Fierle receives the report she will e-mail it to the directors for their review.

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## DISCUSSION ITEMS

### Freedom Secondary Railroad

The Port Authority received a letter from the Portage County Board of Commissioners asking if there would be in interest in the Port Authority taking over the railroad. Ms. Fierle stated she requested the financial statements from the county and have not received them yet. Mr. Kohl stated we need to do some investigation of the railroad. Mr. Kohl stated he thinks it could be a good idea for us to take it and maybe even expand it. He believes we could end up with a very large customer at the end of the line. We need to find out more about revenues and the liability of owning the railroad. It was agreed a sub-committee would be formed to handle this investigation. Mayor Bica mentioned the city is planning on having salt delivered by railcar to the new 7,000 ton salt shed for the Portage County Area. The city and ODOT are looking to make some investments in a siding there. Also the city owns the old county engineers property serviced by rail. The city is very interested in what happens here. Mayor Bica is also interested in what the city can do to help. There was much more discussion regarding this subject. A sub-committee was formed with Mr. Bhargava, Mr. Mann, Mayor Bica and Mr. Ehrhart. Ms. Fierle will inform the Board of Commissioners that a sub-committee has been formed.

### Proposed Ravenna Theater

Mr. Kohl gave an update on this project. The building was purchased from Mr. Dix by NDS. Funding is being worked on and Attorney Smith explained some of the concerns regarding the funding. Attorney Smith also explained more about the project. Mayor Bica stated that the city didn't want to use all their RLF money for this project as it would stop other projects from being funded. If they could get some relief with some Port Authority financing that would make the project doable. Mayor Bica believed NDS would be approaching the Port Authority regarding assistance for this project. Mayor Bica wanted to come before the board to express his interest in this project and any creative financing we might be able to come up with to move this project forward. Mayor Bica stated this is around a \$4 million project with a gap in financing of about \$2 million but could do it for about \$1.5 million. Mayor Bica stated that the \$2 million would give some breathing room and some contingency. Mr. Chema asked if Mayor Bica had seen the proforma and Mayor Bica stated he did and it is very tight. Mr. Kohl agreed and also stated NDS already runs a movie theater in Barberton and it is making money. It is in a rehab building vs building new. Mayor Bica said he's optimistic as they are already doing it in Barberton and it's highly successful. Mayor Bica stated they are also working on a new restaurant with this project. So should bring in additional development. He stated this is also in the new entertainment district which will bring in additional liquor licenses. Mr. Sarkis mentioned that there is a possibility of doing a 41 TIF for this

project that is used with private improvement. Some thoughts were bounced around with different funding sources. Mr. Sarkis explained bond and TIF funding and guarantees for debt service. NDS does not plan on this being a money making project. Most money is made at the concessions. The plan is to hope to break even on it and stimulate other development in the area. Mr. Chema stated he feels this is worth exploring and find some creative ways to fund the project. Mr. Chema also stated he'd like to see the numbers for not only the movie theater but numbers that NDS might have for other spin off business that might come from it. Mr. Kohl asked how we start this process and Mr. Chema stated first we need someone to formally request our help. Mayor Bica stated he would contact NDS and have them submit a formal letter of request to the Port Authority and then the city will follow up with a support letter from them. When received, Mr. Ehrhart will set up a meeting with the City of Ravenna, NDS, George Sarkis and Brian Cooper to see how or if we can make this happen.

### Kent State University Project

Mr. Sarkis of Roetzel described the KSU project and the term sheet. JP Morgan Chase will be financing the construction of the new building. The bond will be direct purchase by a bank and a tax exempt bond. The port authority will issue the bond. Kent State will build the building on behalf of the port authority. Since they already have a land lease they have recommended that both leases be combines into one lease. Leaving it the way it is you will have 2 different leases on 2 different amortization schedules. The bond payments will be supported by the lease payments. You have a term sheet in your packet that is still be tweaked. It's not anticipated to be changed much. At this time we are requesting the port authority approve entering into a term sheet when finalized and approve the signature of the chairman. This will allow the Port Authority to collect the application, application fee and deposit. The bond resolution will come before the Port Authority Board of Directors and a later date to be scheduled, after Kent approves an amended lease at their September board of trustees meeting. After a few questions from the port authority directors that can be heard on the tape

*A motion was made by Mr. Chema to approve entering into the draft of the term sheet when finalized and approve the signature of the chairman on behalf of the port authority, knowing that is not binding until the bond resolution is approved by the port authority, seconded by Mr. Bhargava. All voted in favor and the motion carried.*

### Ravenna Site

**Property Maintenance** – Mr. Ehrhart contacted several lawn care companies for the mowing of the Ravenna property. He received 4 quotes and we hired Outdoor Management as they had the lowest and best price. They've done a great job so far on keeping the property mowed.

**Update** – We've had several meetings and updates from Joe and Kevin. They continue to meet with Stark State and are confident there will be an agreement. Concern is at the last meeting they recommended we hire a fundraiser and we create a foundation for the Ravenna Learning Center to cover any short falls on funding that Stark State might have between now and the time they are up and running. The funds could

also handle other needs that might come about. This did not go over very well with the attendees of this meeting. It was our understanding we were just going to lease the ground, they were going to development the site with their money and now they are trying to shift the risk to a foundation which is yet to be formed and a fund raiser that is yet to happen. Mr. Kohl felt that after getting over the shock that might make some sense when you start to wrestle with the governance of the school. The school has to have a governance body that runs the school and an operating agreement with the developer and the school and some source of funding to fund the operations and maintenance. Mr. Bellino mentioned that this is the developer asking for this and not Stark.

Mr. Chema mentioned that from the outset he assumed there would be some other entity that would be the operator and that entity would be a not for profit that would be capable of fundraising. Some parts of the learning center would need some subsidy. Mr. Chema stated the theory of what they ask he doesn't believe is a problem. What he doesn't get is what they are asking us to do. Mr. Chema thought that is what we were getting them to do. If they are asking the Port Authority to formulate that not for profit entity and the fundraising, that changes what they sold to us to cause us to choose them vs the other developer who made it clear to us that they had the same concept and didn't want to do the work on it. Mr. Chema doesn't understand what is being asked of us. Mr. Chema stated that if they were looking for help, we should help. If they are asking us to do it, they have shifted the burden and we did not agree to that. Mr. Bellino stated that he understood from the beginning that they wanted us to form this board. Mr. Chema stated that we are in the best position to help them identify who the people are that should be on the board and help them put this together, but it should be their responsibility to do it. Mr. Chema stated we are supporting, we are helping. We can identify people and meet with them to recruit them to the board. Mr. Kohl agreed that we are the best to have input on that, and that Mr. Sarkis would probably help us get the rules and by-laws together for us. Mr. Chema stated that the hard part is getting the people to sit on the board and know that part of the responsibility is fund raising. Mr. Chema stated that the developer stated he was going to initiate the process.

Mr. Kohl stated that Mr. Shafran spoke of getting a third part, Hogue for the fundraising and they feel they can raise the type of money needed. They stated a feasibility study could be done by July 15<sup>th</sup> and could have 60% of the funds committed by October 15<sup>th</sup>. Mr. Chema asked if they were asking us to pay for Hogue and Mr. Kohl stated that they were not. Mr. Chema thinks that they tell him different things then they tell Mr. Kohl. Mr. Kohl stated that Joe and Kevin try to meet with just him and he feels that they are trying to play good guy bad guy and he's had enough. Mr. Bellino stated that they probably want to do a limited amount of stuff, but Mr. Chema they sold to us that they were going to do it. Mr. Chema told Mr. Schafran that he feels like they are trying to shift more burden to the port.

Mr. Kohl talked about the conversation he had with Mr. Schafran that morning regarding the relationship we already started with Stark State. He stated that we already had them here on numerous visits. We had a site selection done and they were ready to enter into a lease agreement and the Port Authority was ready to supplement the rent. The ball was handed over to Mr. Shafran and now we are talking about not having a flag in the ground. Stark stated from the beginning that their model is to come into town, lease space, start cheap, get classes going and students in the seat and move forward from there. Stark

visited the old middle school down the street and loved it. Mr. Kohl told Mr. Shafran this morning to get that ball back into play so we can have something here this year. The space is still available in the old middle school. Mr. Kohl stated that Mr. Shafran pretty much ignored this and moved forward. Mr. Mann and Mr. Bhargava both stated that what Mr. Shafran is trying to do now was never part of the proposal agreement. Mr. Bellino also stated that this is a new part of the project to him also. Mr. Chema stated that they did mention the governance board and non-profit early on, but they also stated they would take care of getting everything set up. Now they appear to be shifting the burden to the port authority. Mr. Kohl also mentioned the other part is the cost of the building. They are stating that the 10,000 square foot building is going to cost \$1.5 million. Mr. Kohl stated that that is a lot of money for that size building. We know that it has to be made to be expandable up to 40,000 square feet, but they are talking about a lot of money. Mr. Chema also wants to know who is at risk here. Mr. Chema stated that we have to push back. Mr. Chema stated that he believes they are going to before, but they are going to see how far they can push us. Also mentioned was the 2 retail properties they are talking about putting up front. Mr. Kohl stated that has been moved all over the place too. Mr. Kohl stated that is a city planning commission type issue that they need to work with, with the city. Mr. Kohl also stated that our ground lease with the property did not include a commercial entity and the ground lease will probably have to be amended. Mr. Kohl asked for some assistance to go back at them. We are going to have to take another look at the agreement. Attorney Smith asked if Ms. Fierle would send her the signed version of the lease agreement. Mr. Kohl is going to ask them how they are going to form the Governance Board and Mr. Chema stated to ask them how they want us to help you. We are not going to do it but we will assist. He said Mr. Shafran is going to do it, we will assist. Same thing with the fundraising, Mr. Shafran is going to do it. Mr. Kohl stated that clearly in the beginning Mr. Shafran stated they were going to finance the building. Now they are talking about fundraising. Ms. Fierle stated that she remembers that in the beginning they made it clear we were going to give them names for the governance board and that Mr. Shafran's company was going to form the 501 C3. Mr. Chema agreed and said we need to hold them to that. Mr. Chema stated that we can't let them start sending stuff to our pocket. Mr. Kohl stated that Mr. Shafran stated that he expects us to negotiate on the price of the building too. We should not be negotiating and we don't even now to negotiate with.

Mr. Kohl asked Mayor Bica about the zoning change for the school site. Mayor Bica stated that he doesn't see any problem with that and it's on first reading right now. Ms. Fierle stated that there will be a Public hearing on July 21, 2014 at 5:30PM at Ravenna City Hall.

Mr. Kohl mentioned that if anyone knew of some people they think should be on the Governance Board, he'd like to start collecting some names.

Ms. Fierle mentioned that quotes were in the packet for the lawn maintenance. Mr. Ehrhart received 4 quotes and we have a company called Outdoor Management mowing the property.

CONSIDERATION OF NEW RESOLUTIONS AND MOTIONS

Ms. Fierle stated that the first item is an Amendment No. 2 for the 2014 budget. She added a couple new items to the budget including Lawn Maintenance. Mr. Chema stated that the finance reviewed and approved the amendment.

*New Resolution: A motion was made by Mr. Chema to approve Amendment No. 2 to the 2014 budget, seconded by Mr. Bellino. All voted in favor and the motion carried. 14-004*

Ms. Fierle stated that we held the required Public Hearing earlier regarding the 2015 Tax Budget.

*New Resolution: A motion was made by Mr. Chema to approve the 2015 Tax Budget, seconded by Mr. Bellino. All voted in favor and the motion carried. 14-005*


CORRESPONDENCE


Ms. Fierle explained the three newspaper articles that are included in the packet.

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

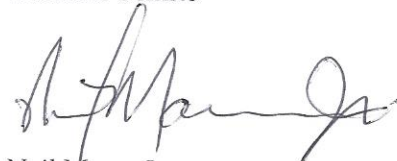
There being no further business to come before the Board, the official meeting of June 3, 2014 adjourned at 3:35 PM. We do hereby certify that the foregoing is a true and correct record of the Portage County Port Authority Board of Directors' meeting on June 3, 2014.

  
T.N. Bhargava

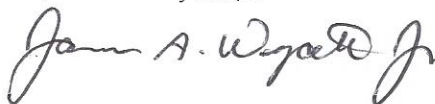
  
Thomas V. Chema

  
Dominic Bellino

  
Jack Kohl II

  
Neil Mann, Jr.

ABSENT  
David Dix

James A. Wyatt, Jr.  


  
Diana Fierle  
Secretary-Treasurer