

Economic Development Incentive Committee

January 23rd, 2019
Meeting Minutes

Call To Order

Mr. Nickles called the meeting to order at 2:04 PM. The following members were present: Mr. Nickles, Ms. Twine, and Mr. Koch, Mr. Greg Voltz, and, Mr. Hayberger, Law Director. Mr. Matt Lasko, Director of Development, and Casey Sparks, Clerk for the Community Development Department were also present. Sharon Johnson, Sandusky City Resident was also present. There were 4 voting members present.

Approval of Minutes

Mr. Koch moved to approve the minutes from the October 8th, 2018 meeting. Mr. Hayberger seconded the motion. The motion carried with a unanimous vote.

Program Financial Update

Mr. Lasko presented the program financial update as of January 23rd, 2019:

ECONOMIC DEVELOPMENT FUNDS									
	2018 Carryover	New Funds	Beginning Balance	Date Approved	Committed	Spent	Revenue	Ending Balance	Total Project Cost
	\$ 493,103	\$ 500,000	\$ 745,495					\$ 745,495	
Substantial Development									
TBD				TBD	TBD	TBD	TBD	TBD	TBD
Facade									
TBD				TBD	TBD	TBD	TBD	TBD	TBD
Signage									
TBD				TBD	TBD	TBD	TBD	TBD	TBD
Small Business Assistance									
TBD				TBD	TBD	TBD	TBD	TBD	TBD

Committed - Not Yet Paid:	
Renaissance Too, LLC	\$ 90,000.00
Marous Development Group	\$ - Rescind
Gundlach Sheet Metal Works, Inc	\$ 50,000.00
H2 Property Management	\$ 35,000.00
USBP, LLC	\$ 7,500.00
Peerless Stove & Manufacturing Co.	\$ 9,215.00
Lake Erie Shores & Islands	\$ 4,000.00
Mimi Too Daycare	\$ 2,422.00
Omeca, Inc.	\$ 9,500.00
Lake Erie Shores & Islands	\$ 10,000.00
LUCCO-Wes Properties	\$ 4,000.00
Pacific Collective	\$ 9,000.00
Mimi Too Daycare	\$ 1,971.00
Rooted Juice Bar	\$ 7,500.00
Hobbs Lock & Key	\$ 7,500.00
TOTAL	\$ 247,608.00

Carryover (Rounded):	
Committed - Not Yet Spent	247,608.00
Marous Rescind	100,000.00
Clean & Safe Rescind	40,000.00
2018 Carryover	40,000.00
Firelands Northcoast Rescind	15,000.00
Repayments	50,000.00
TOTAL	492,608.00

Mr. Lasko stated that in regards to the financial update, they believe they will have a total of \$500,000 in funding for 2019, they have a very large carry over from last year being \$493,000 for a total of \$993,000; however that is not what we have to utilize this year. Mr. Lakso

reviewed the grants committed and not paid yet which is approximately \$248,000. In addition the City committed a \$100,000 for three years, for a total of \$300,000, for the Feick Building. Since then staff has decided that all of the funding will be from the Chesapeake TIF so that money is shown going back into the ED fund. Mr. Lasko stated that the budget also accounted for funding a portion of the Clean and Safe program which did not go into fruition so staff reprogramed the \$40,000 into the ED fund. We also have additional \$40,000 from carry over. In addition we rescinded the grant award for \$15,000 for Firelands North Coast Construction, as they did not pass the background check. Once deducting all of these commitments it gives a total of \$745,945 to utilize this program year.

Mr. Nickles motioned to approve the financial report; Mr. Koch seconded the motion.

Application Review

Mr. Lasko stated that the application is submitted by Resort School, LLC (the "Company") and the Erie County Port Authority. The ultimate recommendation is a \$660,000 substantial redevelopment grant over three years for a total commitment of one million dollars. Resort School, LLC is composed of members of Resort School Partners, LLC (which is Marous Development Group, LLC) and Cedar Point Park, LLC each of whom will control 50% of the company.

The project includes a five story 75,000 square foot mixed use development that will be set for post-secondary units, retail, and 80 residential units on the second floor. The facility will be equipped with education space that is ran by BGSU, a retail bay, fitness center, indoor bike storage, in total it will have 124 beds in the residential units and 32 parking spaces.

In regards to the structure of the deal, the City will sell the land (Hancock Lot) to Resort School LLC, the owner will then ground lease to the Erie County Port Authority who would then build and own the building. This is necessary as part of the bond financing package. The building will then be leased to the Resort School LLC for years, then they will purchase the building outright. Construction is set to begin sometime in late spring and it estimated to create a total of 55 jobs with construction and 10 -12 permanent jobs with BGSU.

Mr. Nickles stated that he is in support of the project but has been ask about the proposed parking within the area.

Mr. Wobser stated that many of the students will not have automobiles. There will be 32 spaces on site then an additional 80 spaces at the Market Ground property that can be repurposed. Mr. Wobser discussed that this is the first step into a much larger presence in Sandusky. They have spoken about proposing to expand the bike path between the two campuses and a bus line for the students.

Mr. Nickles ask where the students will be living if this is not set for dormitories.

Mr. Lasko stated that there will be a good percentage of the students that will live in the apartments, however the owner wanted the ability to go to market if needed.

Mr. Wobser stated that the students will be able to utilize financial aid to rent the apartments.

Mr. Lasko discussed the different funding sources and uses for the project, most of the funding will be used for hard construction cost. The proceeds from the sale of the land will go into the real estate development fund.

Mr. Nickles asked if we could utilize the real estate development fund for demolitions if needed.

Mr. Lasko stated that we have provided a loan out of this account to the County for the demolition process of several properties within Sandusky.

Mr. Lasko stated that the funding break down includes \$660,000 for the economic development fund for three years, and additional \$340,000 from real estate fund, in which \$240,000 will be recycled back into the fund from the sale of the property, and the additional \$100,000 is presently in the real estate fund. The amount committed from the ED funding would be just under 5% of investment which is below of what we have done for other projects.

Mr. Lasko stated that the rental receipts are set to be 1.1 million- 1.65 million, the payroll is set to be \$715,000-\$870,000. The property will be located within the downtown TIF area which will bring in approximately \$175,000 annually to improve the local infrastructure.

Mr. Wobser stated that the projections are to be 3 million annual spend by the students which will be new to the local economy.

Mr. Lasko stated that they will take the carryover of \$240,000 and place that immediately into the project as part of the \$660,000 which will be paid in 2019, we would also be reserving an additional \$150,000 in 2019 (paid in 2020), \$150,000 in 2020, and the final \$120,000 would be paid in 2021.

Mr. Koch stated that the remaining funds for 2019 would give us approximately \$350,000 in programmable dollars.

Mr. Koch ask staff if he anticipated the economic development fund growing in the next few years.

Mr. Wobser stated that it depends on how the admission tax performs.

Mr. Lasko stated that the funding created by the admissions tax has either stayed stagnant or increased in recent years.

Mr. Lasko reviewed the site plan with the Commission and stated that the applicants have become very good partners with the adjoining property owners as a result they have provided a 10' easement that would allow vehicular access to the back of the building.

Mr. Koch ask for update on the Kreimes Building.

Mr. Lasko stated that this committee gave funding for the market study, all indications that they will close on the property.

Mr. Voltz stated that the BGSU project will have an impact to surrounding property values.

Mr. Lasko stated if the committee approves this funding City Commission will review the tax abatement application and this will have both the Resort School, LLC and the Port Authority listed. The grant agreement that is going through the State and will be in the name of the Erie County Port Authority's name and the real estate transaction will only be through Resort School LLC.

Mr. Nickles stated that this is a great project.

Mr. Koch motioned to recommend to City Commission the grant funding of \$660,000 of substantial redevelopment funding and pay schedule which includes \$240,000 in 2019, \$300,000 in 2020, and \$120,000 in 2021; Mr. Voltz seconded the motion. With no further discuss the motion carried.

Mr. Lasko stated that this application will be going to City Commission on the January 28th meeting.

Next Meeting

Mr. Lasko stated that the next meeting for the Economic Development Committee will be February 12th at 1:30pm.

Public Participation

Sharon Johnson ask how Resort School LLC will utilize the grant.

Mr. Lakso stated that it will be used for construction, the reimbursement occurs after the Certificate of Occupancy has been issued.

Mrs. Johnson stated that she is concerned about the increment financing and spending the money until we have the funding.

Mr. Lasko stated that they are committing funds out of future program years, Hank will have to certify the funds as they exist today. Not a dollar going into this project are future TIF payments.

Mr. Nickels stated that much of the funding is getting paid through the admissions tax.

Mrs. Johnson asked how the market price of the Hancock lot was determined as the price seems quite overpriced.

Mr. Lasko stated that there was an appraisal done on the property.

Mrs. Johnson ask how this would affect the surrounding properties taxes, she is concerned that it would it increase property taxes.

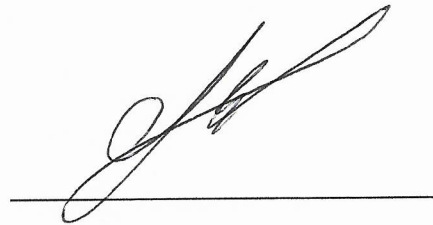
Adjournment

With no further business Mr. Hayberger moved to adjourn the meeting; Mr. Voltz seconded the motion. The meeting was adjourned at 3:07pm

APPROVED:

A handwritten signature in cursive script, appearing to read "Casey Sparks", written over a horizontal line.

Casey Sparks, Clerk

A handwritten signature in cursive script, appearing to read "Allen Nickles", written over a horizontal line.

Allen Nickles, Chairman