

**Economic Development Incentive Committee**  
**April 26, 2022**  
**Meeting Minutes**

**Call to Order:**

Chairman Al Nickles called the meeting to order. The Following members were present constituting a quorum: Marcus Harris (designee of Jonathan Holody), Paul Koch, Al Nickles, Brendan Heil, Abbey Bemis. Also present: Jonathan Holody, Community Development Director and interim clerk.

**Approval of March 8, 2022 minutes:**

Mr. Koch made a motion to approve the minutes as submitted and Mr. Heil seconded. All members were in favor of the motion.

**Program financial update:**

Jonathan Holody shared that six projects have been approved through the Economic Development Fund totaling \$150,000. Bait House Brewery is an approved project that is awaiting City Commission approval. Approved grants this year include grants to: Tambo Entertainment LLC, Clubhouse No. 3, which opened last week. In regards to fund balance, Jonathan shared that the fund had a balance of \$648,000 at the start of the year. He added they do have to take into account the expected second payment to Small City Taphouse and the \$150,000 already committed this year, which leaves a uncommitted fund balance of just over \$350,000. Mr. Nickles asked if it was Bait House Brewery was tabled. Mr. Holody shared that it was the Kremis project and there is a pause on the Pipe Creek Warf project.

**Review of Applications Received:**

- **GSS LLC (dba Poulos + Schmid Design Group)**

Mr. Holody asked the Committee to table this application until the next meeting as staff are looking at a few items internally in regards to the application.

- **Sandusky Massotherapy, LLC**

Mr. Holody shared the applicant is from Maria Berardi. Ms. Berardi founded Sandusky Massotherapy 27 years ago and was originally located on Columbus Avenue. Due to its increasing size, it needed to relocate and has identified the property at 521 W. Perkins Avenue for the new location. Mr. Holody went on to add that they will occupy about two thirds of the space and rent about one third of the space to an existing hair salon. This allows Sandusky Massotherapy to remain in the City but also add new services and hire more employees. They have two parts to their project, an interior renovation and an exterior renovation. The grant at this time is focused on the exterior renovation costs. Work would include new signage, awnings, planter boxes and landscaping. The estimated cost of the exterior improvements is \$30,000. Ms. Berardi requested \$10,000 from the Economic Development Fund. Mr. Holody shared that he had initially recommended a grant in the amount of \$8,000, but understands the costs are coming in higher than expected, but will verify the costs as they come in. However, if it's the committee's will to grant Ms. Berardi the full \$10,000 he would have no objection. Mr. Feick shared that both the chair and the vice-chair of the committee need to abstain. Mr. Heil clarified that calling the role is not voting or participating in discussion and someone other than the chair

or vice-chair would need to make the motion. Mr. Heil then asked for clarification as to the amount being request. Mr. Holody shared that the applicant requested \$10,000. His initial recommendation was for \$8,000 given the size of the project, however, he has been hearing the costs are coming in more than, therefore providing the grant in the full amount that Ms. Berardi requested would be in line with past practices. **Mr. Heil made a motion to provide a grant to Sandusky Massotherapy LLC in the amount of \$10,000. Mr. Harris seconded the motion.** Mr. Heil asked if there was any discussion or questions. Mr. Harris asked if the salon mentioned in the description already existed in the space or if they were bringing in a salon to occupy the space. Mr. Holody shared that he believed the salon already existed at that location. Hearing no further questions, the roll was called: **Mr. Harris, yes; Mr. Koch, abstain; Mr. Nickles, abstain; Mr. Heil, yes; Ms. Bemis, yes. The motion passed.**

- **Saucy Brew Works Sandusky LLC.**

Mr. Holody explained that Saucy Brew Works is a company with multiple locations. The umbrella company, Saucy Brew Works, is owned by over 65 individuals but the principal owners include Mr. Brent Zimmerman, Paul Hubbard, Matt Schubeck and Eric Anderson. With the unexpected death of the owner or Zinc and Boomtown, Saucy Brew Works, led by Mr. Zimmerman has negotiated a lease to move into that location and revive that space as one of our location destination locations for food and coffee and now craft beer. Saucy Brew Works anticipates employing 18 individuals at this location. They are going to rebrand the space as a Saucy Brew Works and coffee shop. The project is going to entail a major investment at that location. The total project cost is at just over \$250,000. This consists of over \$80,000 of construction, \$40,000 of signage, \$55,000 of interior equipment including a cooler, draft beer system, payment system and brewing equipment. There are some soft costs involved and also working capital totaling over \$250,000 for the total project costs. The funding for the project is a combination of owner equity and private lending. Mr. Holody recommended a grant from the city in the amount of \$47,500 towards this project. Mr. Holody added this is a key location within the downtown. He went on to share that Brent Zimmerman and his team have done a great job in town thus far having recently completed a major investment in and renovation of the transient rental building on Washington Street. They have proven that they can do large-scale projects here in town. Saucy Brew Works is a successful operation in other cities. Mr. Nickles did share that Mr. Koch is not one of the loan officers at Civista for this project. Mr. Harris asked, in regards to the second phase of the project, will the assistance be part of that or look to come back. Mr. Holody shared that he looks to them to come back for grant funding for their second phase. The second phase has not yet been finalized in terms of what the scope will be. He went on to add that he knows the company is looking at a major exterior expansion including a patio beer garden type feature. With the costs being uncertain and the designs not being finalized they have not included that phase in this request. Mr. Nickles asked Mr. Harris if he was aware of the history of the space to which he responded yes. Mr. Harris went on to add that it is a beautiful space and bringing this brand in he feels will be a good addition to the downtown market as a whole and will be continuing the momentum in the right direction. Mr. Nickles asked the amount that was being requested and Mr. Koch responded \$47,500. Mr. Koch commented that looking at the numbers he didn't feel that the committee should not be in the business of financing inventory and working capital as he felt that was a slippery slope if those were included. He gave the example



of taking a \$10,000 popsicle stand and they could say the need \$500,000 of working capital as there is no limit to what you say you need for working capital. He added that he was a little nervous that those numbers were in there as with the soft costs. Which essential accounts for the \$75,000 of the \$250,000. With that being said, he felt the \$47,500 is probably a little high on the grant number for him. Mr. Nickles shared that he would like to echo what Mr. Koch said. The inventory in working capital bothers him and he doesn't think that is what the committee was set up for. Mr. Heil asked what else was being included in the soft costs. Mr. Nickles responded soft cost inventory and working capital. Mr. Heil shared he thought there was something beyond the soft costs and working capital. Mr. Koch shared that he thought the soft costs were architectural fees, design licenses and such. Mr. Heil added that they sometimes do not see that broken out from the construction costs like that as it is part of building. He went on to add that if you take out the inventory and working capital, it is still \$47,000 out of a \$200,000 project which is about a quarter of the project. He went on to add that he does not have a problem with the ask for how they normally evaluation those things. It's still a sizable minority of the amount of the project. It's revamping a bunch of buildings unfortunately shuttered and bringing in vibrancy to that block so he thinks he is leaning towards being in favor of it. It was added by members of the committed that even if you took out soft costs, inventory and working capital it is still \$175,000. Twenty-five percent of that is still \$43,000. Mr. Holody shared that the feedback was helpful. He added that at this level that the committee is discussion that it will have to go to city commission, so it's important to have the recommendation of the committee, so if the committee is inclined to make a motion for an amount he would encourage them to do so, and he would be happy to take it to city commission with the body's recommendation. **Mr. Heil made a motion to approve a grant in the recommended amount of \$47,500. Mr. Harris seconded the motion. Roll call: Mr. Harris, yes; Mr. Koch, yes; Mr. Nickles, yes; Mr. Heil, yes; Ms. Bemis, yes. The motion passed.**

After the vote, Mr. Koch asked Mr. Holody that when he takes it to commission that he would prefer the \$75,000 in a footnote or something so it shows \$175,000. That way future applications don't come back saying you gave someone inventory or working capital. That way it is clear the committee did not consider it. Ms. Bemis commented that she knows discussion occurred at the last meeting whether building acquisition costs should be included in a project scope as well. She added maybe long term they need to develop some sort of template that is being provided as to what they are considering a part of the scope of the project to make it clear each time. Mr. Koch added even if they are not factoring that into the percentage they are giving, but it's good to know the total investment into the project.

#### **Point of Order from Brendan Heil**

Mr. Heil asked to consider the third request under a motion. He added he believed there was a recommendation to table one of the agenda items but no action had been taken. **Mr. Heil made a motion to table GSS LLC (dba Poulos + Schmid Design Group) for one meeting. Mr. Harris seconded the motion. Roll Call: Mr. Harris, yes; Mr. Koch, abstain; Mr. Nickles, yes; Mr. Heil, yes; Ms. Bemis, yes. The motion passed.**

#### **Additional Comments/Question**

Ms. Bemis asked Mr. Holody that when he was talking about the massotherapy application, he mentioned they were just focusing on their exterior. Ms. Bemis inquired if they will be applying for the

interior improvements or if they were not interested in that. Mr. Holody shared that he anticipates that they will apply for the interior. He went on to share that there was a timing delay with the committee having to table it at the last meeting.

Mr. Koch asked with it being Mr. Harris' first meeting, if Mr. Harris could provide an introduction of himself. Mr. Harris shared that he is the Diversity and Economic Opportunity Manager for the City of Sandusky. He joined the city in September 2021 and is a Sandusky native. He will be serving as Mr. Holody's designee. He has been in workforce development in Cleveland for the past four years, including helping young people develop, build and scale their businesses.

#### **Public Participation/Comments**

Sharon Johnson asked if Ms. Bemis voting was researched legally because she was ex-officio and now she is voting. Ms. Johnson added that Ms. Bemis has a contract with the city. Mr. Nickles asked Mr. Heil for confirmation that Ms. Bemis was voted on by the city commission to which Mr. Heil confirmed. Ms. Johnson shared that she thought it was to renew Ms. Bemis as ex-officio. Mr. Heil said that was incorrect as she was appointed to replace the vacant position. Ms. Johnson reiterated that Ms. Bemis holds a contract with the city. She shared that she does not understand how Ms. Bemis is voting while holding a contract with the city. She added that Ms. Bemis is getting a salary paid by the city and is sitting in on this group. She went on to share that Ms. Bemis is the director of the Port Authority and the director of ECEDC. Mr. Heil shared that he believed some of what Ms. Johnson shared is correct. Ms. Johnson went on to say that some of the things Ms. Bemis is bringing to the table she could have brokered as the director of the port authority and ECEDC. She then comes to this committee to vote on a grant for one of her projects. Mr. Nickles shared that would hope Ms. Bemis would be savvy enough to do as he and Mr. Koch does and abstain if there is something she is involved in. Mr. Nickles asked Ms. Bemis if she agreed with his comment to which Ms. Bemis responded that she would disclose those that she has worked with. She also commented that her employment is different than some professional services and her compensation is in no way tied to project procurement or a percentage of projects that they have worked on. She does not work on a fee basis. Their organization holds a service level agreement with the City of Sandusky. Mr. Koch shared that he has worked with Abbey on several things and has no doubt or hesitation about her character or professionalism and has zero concern. Ms. Johnson shared that she was not commenting on her professionalism, she is aware that all committee members would helpfully disclose conflicts. However, she thought she had read in some paperwork a long time ago. Ms. Bemis is being paid \$30,000 that's part of her salary that the city pays to her and she then comes to this committee and works on behalf of the city voting on these grants. She feels that it doesn't seem right and was wondering if it was legally researched.

Regarding the massotherapy grant Ms. Johnson shared that she did not see in any of the documents any construction estimates, especially the sign. She continued that in the guidelines is a checklist of some of the paperwork they have to have checked and there was nothing checked. No third party cost estimates. Ms. Johnson inquired who was doing the sign. She added the documents from the vendor are missing. In order to calculate the sign cost the committee needs to have the estimate. Ms. Johnson asked where it was. Mr. Holody shared that he does have a signed estimate in the file. Ms. Johnson asked who was doing the sign. Mr. Holody shared the proposal for the sign came from Brady Signs. Mr. Heil interjected and asked if Ms. Johnson had a number of comments she could get through all of them as this is not a question and answer session. Ms. Johnson commented that that is what Mr. Heil says and he is only one part of the committee. Mr. Heil went on to say that Ms. Johnson shared she had a number of comments



and now was the time but it was not a question and answer session with staff. He went on to add that if she would like to ask those questions to the extent that someone decides to answer that is fine to the extent that someone gets back to her is also fine. However, it would be helpful to move things along to get to all of her public comments. Ms. Johnson said Mr. Holody was correct that it was Brady signs and Ms. Berardi should not be getting the grant. She went on that it should have been handed in before the grant was approved. She added that is why she does not like back loading this information because it is not out in the public, it's not transparent. She went on to add the committee needs to back it out of there as she is not sure if Brady is doing the whole façade, the whole outside or just the sign.

In regards to Saucy Brew Works, Ms. Johnson commented that in order to calculate the signage and the grant, you have to have the signage in here. She went on that it is a sign cost of \$40,000 and she inquired as to who the vendor was and where the vendor estimate was. She added the committee was rubber stamping the grants without an estimate in the paperwork. She questioned the \$40,000 for the sign and who was doing the sign.

In regards to the agenda item that was table, Mr. Johnson said it was another Brady sign. She commented that all three had Brady's hand in it. She added that she was disgusted with it. She went on to say that this is why the committee should not be back loading these documents as they should be up front and if the applicant does not have all of their act together they do not get a grant approved.

Ms. Johnson they commented to Mr. Heil that he as an attorney sits there and lets it happen. Mr. Heil asked Ms. Johnson if she had any additional public comments to which she said she was done. Mr. Heil thanked her for her inaccurate comments and added that the committee does its job, does it correctly, and all of the documents received are public records so there is plenty of transparency. He went on to add that he appreciates her comments and her opinion as to how she would approve and disapprove grants, from his personal view of her comments.

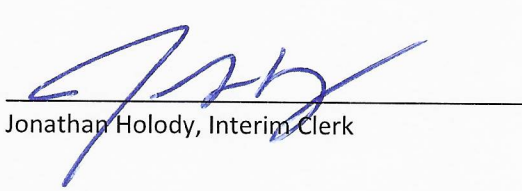
#### **Reminder of next meeting – May 10, 2022**

Mr. Nickles asked the committed about the start time of the meeting going forward. Mr. Heil shared as long as the start time does not conflict with other boards and commission meetings he believes staff is flexible. Mr. Nickles asked to move the meeting back to a 1:30 pm start. Committee members agreed to a 1:30 pm start.

#### **Meeting Adjournment**

Mr. Nickles asked for a motion to adjourn to which Mr. Heil made the motion. Meeting was adjourned.

APPROVED:

  
Jonathan Holody, Interim Clerk  
Mr. Nickles, Chairman