

## **CITY OF BEREA, OHIO**

### **MINUTES OF A COUNCIL WORK SESSION SEPTEMBER 14, 2015 – 7:30p.m.**

A Work Session of Berea City Council was held in the Council Chamber on September 14, 2015 and was called to order at 7:32p.m. by President of Council Mary K. Brown with the following members present: Cheryl A. Banaszak, Nick Haschka, Margarette S. Key, Richard T. Malott, Jim Maxwell and Gene Zacharyasz. Absent: Dale A. Lange. Also present were Mayor Cyril M. Kleem, Director of Finance Dana Kavander, Director of Law James N. Walters III, Berea Municipal Court Judge Mark Comstock, Clerk of Court Ray Wohl and Deputy Clerk of Court Al Budney.

All who were able rose for the Pledge of Allegiance.

This meeting was open to the public in accordance with all legal requirements including C.O. Section 109 and Section 121.22 of the Ohio Revised Code.

#### **FACILITIES AND COURT COMMITTEE Chair: Jim Maxwell: Members: All of Council**

Mr. Maxwell called the meeting of the Facilities and Court Committee to order at 7:34p.m., acknowledging that representatives from the Berea Municipal Court were present for their bi-annual report before Council.

Mr. Wohl distributed a memo to Council which detailed such things as case filings, case counts and money owed. He stated that, in an effort to increase collections, the Court has increased money-owing days to three times a month, and readjusted the Court structure and fee schedule. He noted that the Court has terminated their relationship with Huntington Bank and will now be working with US Bank instead. A savings has already been noticed.

Mr. Maxwell questioned the approximately \$41,000 that needs to be allocated from the General Fund to the Court General Operations Fund, so that Court expenses can be met. He noted that in the last quarterly Court meeting, this amount was doubled and wondered what had caused the enormous change. Mrs. Kavander explained that while reviewing the submitted information, she noticed that wages were overstated and unemployment compensation needed to be reduced. Both these corrections contributed to the overall reduction that Mr. Maxwell referenced. The year-end projected loss stands at \$256,000.

In response to a question from Mr. Maxwell, Mrs. Kavander said she was confident that the Court would meet their projected revenue totals.

Mr. Haschka asked if the Court had looked in to different collections options, and perhaps a separate collection company. Mr. Wohl responded that discussions are currently

underway with other companies, and terms are being negotiated.

Mayor Kleem wondered if the Court is able to enter in to a contract without Administrative approval. Mr. Walters answered in the affirmative, so long as the contract is not the result of a bid process.

General discussion commenced concerning bank fees on credit card usage, and their extraordinary cost to the Court. Mr. Wohl stated that in an effort to offset this cost, every credit card transaction will now incur a \$5.00 processing fee. Mayor Kleem questioned when the credit card fee took effect, noting that this would mean the City can expect an increase in anticipated revenue. Mr. Budney cited the date of August 15, 2015. President Brown requested that the Court track these additional funds, and Mr. Maxwell insisted that the money be allocated to the Court General Operations Fund, and not the Court Construction Fund.

Mrs. Kavander informed Council that a budget amendment is forthcoming.

The subject of discussion then transitioned to the Court's renovation project. Judge Comstock informed Council that construction is slated to commence very soon.

General discussion commenced concerning the fact that the Court does not have enough money to complete their entire project in one fell swoop. Mr. Maxwell explained that a proposal had emerged out of the quarterly meeting that would have the City borrow \$1 million to afford the Court enough money to complete their entire project, including the window walls. As the Court Construction Fund accumulates additional funds, the Court will pay off the entire balance of the borrowing. Mr. Maxwell reiterated that this is simply an idea that the City is open to exploring, but cautioned that the impact of the new borrowing on Berea's overall bond rating will need to be investigated.

Judge Comstock requested that the City seriously consider this option so that, if feasible, the borrowing could be completed in conjunction with the annual note and bond legislation process.

With no further business before the Facilities and Court Committee, Mr. Maxwell declared the meeting adjourned at 8:26p.m.

#### **FINANCE COMMITTEE**

**Acting Chair: Mary K. Brown; Members: All of Council**

Mrs. Brown called the meeting of the Finance Committee to order at 8:27p.m. She explained that the purpose of the meeting was to discuss proposed Ordinance No. 9-3, which reads as follows:

**ORD. 9-3: AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF A NOTE IN ANTICIPATION OF THE ISSUANCE OF BONDS IN THE PRINCIPAL AMOUNT OF \$7,000,000 FOR THE PURPOSE OF IMPROVING THE CITY-OWNED ADMINISTRATIVE OFFICES, TRAINING FACILITY AND SURROUNDING GROUNDS LEASED TO THE CLEVELAND BROWNS FOOTBALL COMPANY LLC, AND DECLARING AN EMERGENCY.**

Mrs. Kavander began by explaining that this is a taxable issue, and different than tax exempt bonds. The interest rate on this type of borrowing is, therefore, typically higher. There are two ways to secure this borrowing, either from a private issue or a public offering. The City, after extensive research and information gathering, decided that a direct bank purchase was most suitable, and submitted proposals in both the note market and the bond market. After receiving bids, the City determined that the best course of action is to take out a \$7,000,000 note with an interest rate of 1.77%. This option allows the most flexibility because the City can pay as much or as little as it can toward the debt, with no payment schedule, and can re-examine the situation and subsequent interest rates again next year.

Mayor Kleem reminded Council that even without the \$7,000,000 borrowing, the City was already committed to borrowing \$3,000,000 for facility repairs. This \$3,000,000 is included within, and not separate from, the \$7,000,000.

General discussion commenced concerning income tax revenue, NFL profit sharing and the income it could produce for the City. Mrs. Kavander stated that, in her estimation, the City should collect approximately \$3,000,000 from the Cleveland Browns this year.

Mr. Maxwell questioned if this new borrowing would have any negative effect on the City's bond rating, and Mrs. Kavander explained that the borrowing has no effect on our debt limit because it is not tax exempt. While the issue of repayment will be addressed with Moody's, the borrowing will not factor in to the overall credit rating of the City of Berea.

Mr. Maxwell wondered what would happen to the borrowing in the unlikely event that the Browns, unexpectedly, leave Berea. Mrs. Kavander responded that, in such a scenario, the City could take control of the note or bond and change it in to a tax exempt borrowing, whereby lowering annual payments because there would be no need to complete repayment by 2028. She continued by reminding Council that the City is holding the money for the facility renovations, not simply writing the Browns a \$7,000,000 check. The Cleveland Browns will be reimbursed as receipts are submitted, and thus, if the Browns unexpectedly leave, the City will still be sitting on any unused portion of the borrowing.

Mayor Kleem informed Council that the proposed renovations at the facility are expansive and impressive. The project will soon be before the Municipal Planning Commission.

**OTHER BUSINESS**

With no further business before Council, adjournment was moved by Mr. Maxwell, and seconded by Mr. Zacharyasz. Vote on the motion was all ayes and no nays, and thus the meeting adjourned at 8:51p.m.

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Alycia Esson  
Clerk of Council

**CERTIFICATE OF COMPLIANCE**

The Work Session of the Council of the City of Berea, Ohio, held on the 14<sup>th</sup> day of September, 2015, was conducted in compliance with Codified Ordinances Section 109 and Ohio Revised Code Section 121.22.

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Alycia Esson  
Clerk of Council