

FINANCE COMMITTEE MEETING
APRIL 20, 2009

Finance Committee Chair Mr. Knuchel opened the Finance Committee Meeting at 6:28 p.m. In attendance from the Committee were Mr. Knuchel and Mr. Lajeunesse. Mr. D'Ambrosio was absent and excused. Also in attendance from Council were Ms. Vaughn, Mr. Morley, and Council President Mr. Elshaw. Mr. Zontini and Ms. Vaughn were absent and excused.

In attendance from the Administration were Mayor Andrzejewski, Finance Director Condron, and Service Director Semik. Law Director Klammer was absent and excused.

Also in attendance were representatives of the public and representing the Lake County Captains, Mr. Peter Carfagna, Senior Vice President and Mr. Brad Seymour, Vice President and General Manager.

AMENDMENT: LEASE AGREEMENT: CITY OF EASTLAKE & LAKE COUNTY CAPTAINS

Mr. Knuchel: Mr. Carfagna and Mr. Seymour will explain how this amendment to the lease agreement will work.

Mayor Andrzejewski: This started in the fall – the Captains hired a consultant, Mike Slocum, and they presented some data for our review and after analysis and questions we came up with this proposed new amendment to the lease. The City's view on this was that we wanted to do what is right for the City and we want to do what is right for the Captains. Mr. Condron and I reviewed a lot of data and we will answer your questions as needed.

Mr. Carfagna: Mr. Knuchel, in his capacity as Finance Committee Chair, invited us to come tonight and provide a brief background – some history on the proposed lease amendment – agreed to in principle between the Club and City Administration. As a brief introduction to Mr. Seymour – he joins the organization from California and is bringing over a decade of experience in management of minor league baseball clubs in a variety of different markets – as GM and in many other capacities. Over a series of meetings that began in earnest last fall and after a lot of discussion and meetings an agreement in principle was reached to amend the Club's lease. Really, the goal from the Captain's standpoint is – as the Mayor described – a win-win. We sought a mutually beneficial outcome – an improved working relationship – a better partnership versus a standard landlord/tenant relationship thought that certainly still exists. We sought an amendment that would be mutually beneficial and that we would consider ourselves more like partners in addition to landlord and tenant.

Mr. Seymour: I have been in minor league baseball for 15 years and in a couple of different markets I have been in we have had true partnerships with our City landlords – that is the relationship I have been used to working in and it is something we are hoping to bring here and improve that relationship and make it a partnership – go into this with joint objectives and really create a win-win situation. We have been able to work with the other cities I have been in and work our lease to make it manageable for the team and make it manageable for the City as well.

It has to be a win-win situation for all parties. We feel like we have worked with the Mayor and I think both parties brought things to the table and neither of them saw 100% approval on either side – there was definitely negotiation. But, I think we have presented a plan that is manageable from both sides. Mr. Carfagna will talk a little bit about the background and we will talk a little about what we are doing this year and will continue to do into the future.

Mayor Andrzejewski: Mr. Carfagna, are you going to talk about why the Captains approached us – the attendance and so on?

Mr. Carfagna: We are going to primarily focus on how this amendment is a win-win but we can certainly get into – as the Club enters into the seventh year of a twenty-five year lease and reaches a state of maturity.

Mr. Knuchel: We will let them make their presentation – then we will have an open time for questions and answers.

Mr. Carfagna: Primarily, we agreed to revise the rent payment so it is based on annual ticket sales – a simplified rent payment based on the total paid receipts for the ball club each season. The goal is of course to increase attendance and we actually saw that last year – we saw an increase in park attendance over the prior year – and, our objective is to see that continue to increase over time. To that end, the Captains have probably produced one of the best promotional schedules in its history. I would like Mr. Seymour to talk about that.

Mr. Seymour: The normal promotions you see at the ball park will continue – the things we will be doing to drive the attendance. But, we have also increased our marketing efforts to try to drive those ticket sales. We all know the attendance is not where it was seven years ago – stadiums and teams start out strong and then have a tendency to level off and mature. In an effort to try to rekindle some of that and raise the number of attendance at the ball park we have increased our marketing efforts this year – bill boards – we have partnered with a 50,000 watt radio station that covers our market. We are putting a lot behind our efforts into this community – into the entire east side of Cleveland to try to bump that attendance up even further. We realize there is a lot of room for growth and we have a staff dedicated to ticket sales – we are incented to try to increase our attendance – the City is incented with this relationship to help us in partnering – and in making sure our attendance continues to grow. That goes back to the partnership. Those are the relationships I have had in previous markets where we had our lease based off of either ticket sales or total ticket revenue – things of that nature – so, we can work in conjunction with each other. Mr. Carfagna will talk about the bridge advertising. Our season tickets are down – we have had a lot of three year contracts expire this past year and with the economy it was very bad timing for those contracts to expire. But, our group tickets have increased and we are projecting an attendance this year of where we were last year. We do not see a drop off taking place and with the efforts we are putting forth I would continue to expect that.

Mr. Carfagna: Bridge advertising – again, an example of a partnership – the Mayor was kind enough to recently introduce us to a senior representative of a prominent local business that despite its proximity to Classic Park had never done any business with the Captains. We are now

in discussions about a partnership that we intend to lead to advertising on the bridge. Simply - an example of a partnership that we desire and working together to a mutual benefit. In the lease amendment it is proposed that the revenue from the bridge be shared equally 50%-50% as opposed to a fixed figure. The plaza will remain as it currently is.

Mr. Seymour: We have a staff dedicated to selling corporate sponsorships which includes the bridge. So, we are aggressively marketing that. We do get inquiries about that. In talking about the partnership is our effort to go out and secure concerts and other events at the ball park. We are prepared to announce this Friday a major concert which will be coming in July and it is something where again the City sees an 8% ticket tax and we are expecting between \$55,000 and \$60,000 at this particular concert to go back to the City from this one day event. In addition to that – Mr. Carfagna and I have taken on the responsibility to go out and further solicit potential concerts. Our goal is to have two or three of these a year. We, as a business, are becoming very aggressive in our efforts – taking on the risk that is involved but becoming very aggressive in our efforts to secure these types of events for our community for the venue of which the City also sees financial benefits. I have to thank the Mayor for helping out with this show that we will be announcing on Friday – there were a couple of sticking points we ran into and I want to thank the Mayor for helping us out a little bit. That is another example of how – in my background – I try to strive for maximum usage of the facility – whether it is baseball games – we are pretty much booked for every weekend from here on out this summer. The City sees rent from that. Major events such as the concerts – things we are getting aggressive about – those are things the City will benefit from as part of this relationship. Those are some of the efforts we are doing and that we are excited about this year – and, I expect to continue for several years to come.

Mr. Carfagna: Indeed. We are very excited about the concerts at the ball park – that is something we are really going after this year – we are excited about that. Some other business to the amendment – the team would pay its rent to the City in June as opposed to September – the City would have its money three months in advance to help the cash flow. Also, the City will receive tickets for an annual suite at Classic Park that it can use at its discretion for economic and business development. That is at an estimated cost of \$15,000 that will go towards the City.

Mr. Seymour: I expect the Eastlake night to become an annual event where the City sees the revenue from those ticket sales. This year I believe it was close to \$2,500. That will hopefully continue to grow every year. The City events that are held outside the premises of the ball park - we have agreed to give up all concessions to those – so, again there is some revenue possibilities there as well. Again, all of these are examples of what our ultimate goal is – to create a true partnership.

Mr. Carfagna: Given all of the above and recognizing that the spirit of a partnership - if this amendment is successful it will lead to business success for the Captains – we have agreed to pay additional rent to the City if the Captains are ever sold. To clarify – the Captains are not for sale. But, if the Club is ever sold the payment schedule listed in this letter will apply to award the City accordingly for its efforts in the partnership. This amendment would cover five years and at the conclusion of five years it could be extended, revised, or torn up and we would revert to the original lease. We view this amendment as one whole – the individual components are not

subject to revision or addition or subtraction without separate discussion. We feel good about it and that it represents a partnership and upon Council's approval we would move to formally document it with all of our other agreements remaining the same. Thank you. That concludes our presentation.

Mr. Knuchel: Thank you. I really appreciate your coming in to explain this to us. Mayor, you have been involved with this over the last four or five months – what do you see as the up side for the City? Because prior statements have been made about the Captains having a sweet heart deal.

Mayor Andrzejewski: We could have an hour long discussion on what they showed us as far as financials but Mr. Condron and I were pretty satisfied to say we saw a decline in attendance – we saw a decline in other things. Not that this would happen, but I did not want to face the fact that we may have an empty stadium in a recession so we figured if we could revise this a little bit where we could give them some temporary relief. I was impressed with Mr. Seymour and that he has the capability to be a good General Manager and I thought if we gave a little bit of relief to the Captains for the five years so they could get their act back together and increase attendance and we would have a stable tenant for the remainder of the lease. I also felt this would be the time to get some of the things we wanted out of that original lease – that is where you see the loge, the concessions, and the June payment. When we first did the Irish Festival we had a huge hassle about concessions – this takes that away. I also felt all along that the City should have had a loge – it should have been included in the first contract because I believe we could really use that for economic development. I envision filling that thing every night with different companies and using that to the City's benefit. I am going to answer your question by saying – the number one concern with the economy so bad – Mr. Condron and I respected Mr. Slocum's opinion and we after questions were asked we came out with some satisfactory answers to say that we need to give them a little relief here and there – not for the full thirty years – just enough for them to get their act together and get the Captains attendance and revenues and net profits back up to a reasonable level.

Mr. Carfagna: In talking about numbers – if we were to take the total gate receipts – what the rental equivalent would be - \$200,000 – assuming two concerts at the 8% ticket tax Mr. Seymour mentioned earlier - \$55,000 to \$60,000 for one concert hopefully. Two concerts would be \$120,000. Plus, the CRIF - \$.25 per ticket – that is another \$5,000 – and the \$15,000 value of the luxury suite equals more actually in terms of hard dollars to the City than would be found currently.

Mayor Andrzejewski: Mr. Cafagna has told me many times that the Captains are not for sale but I wanted to ensure that the City would not do a lease adjustment and then the Captains would move out in two years – that is what the last section is for. So that we would recoup some of our lease adjustments in the event they left – we would recoup some, if not all, of our money.

Mr. Knuchel: You had \$292,000 last year – that included the CRIF fund?

Mayor Andrzejewski: Right.

Mr. Knuchel: In was adjusted in 2004 to help you guys recoup some of your costs for the security. What has been the history of that over the last five years? As far as where the rent payments have been – where the CRIF fund payments have been?

Mr. Condon: I think you have to look at it – the rent should be looked at from the naming rights because that amended the basic lease and put credits on both the tenant and the landlord with the naming rights. I think the credits go on. The base rent is about \$331,000 and the naming rights run at a \$64,000 credit for the life of the lease – there is also the \$13,333 – so, the basic rent from the naming rights before there is any individual credits or debits is about \$283,000. The CRIF has been declining – the first years were good when the attendance was higher – we were getting about \$75,000 – the side letter brought it down to about \$60,000 and with attendance I think it was about \$36,000 for 2008.

Mr. Knuchel: How much do we have in the CRIF fund now?

Mr. Condon: We had \$273,898.34 as of 12/23/08.

Mr. Knuchel: What expenditures did we intend on making out of that fund for the next five years over the space of this amendment? Will these items we are looking at doing negatively impact the amount of money we have in the CRIF fund now?

Mayor Andrzejewski: I asked Mr. Seymour how difficult was it to get money from the CRIF fund from the City? They know – and, we have an understanding on this – Mr. Semik knows and Mr. Condon knows – the CRIF fund is for capital improvements – it is not for nickel and diming us to death. I do not foresee any major expenditure on that stadium in the next five years. We allocated \$11,000 or \$12,000 this year for the drainage system. That is a capital expenditure for the field. But, other than that – getting money from the CRIF fund is virtually impossible unless it truly is a needed capital improvement. We want to save as much of that money as we can because we know 15 years from now we may need improvements and we want to be prepared. We do not see anything major in the next five years.

Mr. Knuchel: The reason behind my question was – in the next five years we will be looking at the stadium being twelve years old and after that amount of time I would imagine that wear and tear will take its toll. And, we may have to start spending the money.

Mayor Andrzejewski: We have been hoarding the money and we will continue to hoard the money.

Mr. Elshaw: Mr. Carfagna, Mr. Seymour – thank you for coming out today – we appreciate you explaining your request. I am glad we are talking partnership – that is always nice to hear. What is the current attendance compared to last year so far – I know it is sort of an unfair question since the weather has not been good. Is it down from last year?

Mr. Seymour: I do not know – we have only played seven games – I don't look at it that early. All I can tell you is based off of our projections from the group ticket sales with some of these

promotions we are doing is to be where we were last year. Despite the loss of a number of season tickets. We have seen a lot of those folks move into mini plans, single game group outings, and we have seen our groups increase with the introduction of new programs and some different things our staff has been working on.

Mr. Elshaw: How much did you lose in season tickets?

Mr. Seymour: 20% to 25%.

Mr. Elshaw: When the total gate receipts are \$0 to \$1.5 million the rent would be \$200,000 and it is a graduated scale - \$1.5 to \$1.7 million in sales - \$225,000. We said our rent was currently at \$292,000. That is not including anything else.

Mr. Condrón: That includes the \$13,333 – the Plaza – it would also include the \$37,000.

Mr. Elshaw: So, then our rent is about \$250,000.

Mayor Andrzejewski: Mr. Condrón takes the agreement that was in the original lease – the rent payment – and reconciles all the rent credits and debits – one of the things he has added back in there is the \$37,500. Will that be \$37,500 in the future or will it be \$100,000? We are hoping it to be \$100,000.

Mr. Elshaw: I want to compare. The first part of the proposal is rent based on gate receipts – is that just base rent? Right now base rent for us is \$250,000?

Mr. Condrón: No, if you want to do the base rent you would have to take the figure from the original agreement which is about \$331,000 and subtract \$64,000 – because with the naming rights we gave them that for the rest of the lease.

Mr. Elshaw: So, what is our base rent?

Mr. Condrón: About \$273,000.

Mr. Elshaw: But, you said earlier that it includes the \$13,333.

Mayor Andrzejewski: The base rent in the original agreement is \$330,000 – we had to adjust that by \$64,000 because of the naming rights agreement so your new base rent is \$273,000.

Mr. Elshaw: Where did we fall last year on gate receipts?

Mr. Seymour: I can tell you for this year we will probably fall into that first threshold.

Mr. Elshaw: So, we are projecting a base rent of \$200,000 compared to a base rent of \$273,000.

Mayor Andrzejewski: You need to add the \$13,000 for the Lake Hospital System to the \$200,000 and we will continue to get this year \$37,500 and after that 50%-50% on the bridge.

Mr. Elshaw: I am not going to add the \$13,000 because we are already getting the \$13,000 – there is no impact – it stays the same. As far as the bridge – we are getting \$37,500 currently.

Mr. Condron: The first year we took the credit was in 2006 and then the naming rights had 50%-50% thereafter so it is \$37,500.

Mayor Andrzejewski: So this would make it 50%-50% starting this year

Mr. Elshaw: So, in two years it would go to 50%-50% anyway.

Mr. Knuchel: What could we be expecting as a ball park figure for revenue on the bridge advertising?

Mr. Cafagna: I think it is reasonable to assume it will be at that level if not higher this year.

Mr. Elshaw: So, your revenue would be around \$80,000?

Mr. Carfagna: It is still early in the year.

Mr. Elshaw: What was it last year?

Mr. Carfagna: I actually do not know – based on projection it is reasonable to assume that should be about apples to apples. However, it is an incentive for the City to introduce clients like the one I referred to earlier – that did not exist before. In which case there would be more revenue.

Mr. Knuchel: So, you are saying it looks like probably \$37,500?

Mr. Carfagna: I would say it is reasonable to expect that.

Mr. Elshaw: Right now the proposal is for five years. I, personally, have some difficulty with five. Is this amendment open for adjustment – if we considered less than five years – maybe three? We are all hoping for the economy to turn and what you are looking for is the same – you are looking for some help until the economy turns. Right now our City has \$382,000 of deficit spending in the current year plus an additional \$900,000 for desperately needed capital improvements – infrastructure improvements for our City. We are eating into our surplus – which was not much to begin with minus \$1.3 million in the current year. We are deficit spending. We are in need of help also. I am trying to give you a perspective of where we are coming from. That we are trying to do our best. We definitely want to partner with the Captains. We will do our best with what we have – which is not much. But, it has to be extremely reasonable from our standpoint. The question would be – would we look at the possibility of a less than five year agreement – then we can arrange the rest?

Mr. Carfagna: With respect, I really don't know. It was initially proposed to amend the entire lease for the term of the lease. And, it was negotiated down to five years. We view this as one whole amendment. It was a product of months of discussion and rather than go at it piece by piece – in looking at it as a whole we can certainly discuss anything but then it is likely to open up other aspects as well. In terms of what the team is offering – that did not exist previously – it is the concerts. That to me is where it turns into hopefully a home run for the City – and it requires the team to take significant risks and to deficit spend as well. There is a significant out of pocket commitment that goes into hosting a concert. Concerts are not easy to come by. We have to invest in a concert and a risk/reward basis but the 8% ticket tax is a risk free basis for the City. And, that is fine. But, that is why we felt that we were deficit spending as well and obviously being respectful of the City's deficit spending – obviously no one wants to see that. We are sitting here with this amendment – we paid ¼ of the naming rights early and we are making the full payment of \$2.89 million plus \$171,000 in rent from last year plus this year's rent plus other things. It is looking at an infusion of well over \$3 million in June which hopefully will help that deficit spending and help the City in its financial predicament.

Mr. Seymour: We cannot under emphasize the concert element to this – it is difficult to secure shows and it is a huge risk that we take and are willing to take and are going to become aggressive in taking on our end. We see that as a tremendous upside to both of us at the end of the day.

Mr. Knuchel: That is the component to this that I do like the most. That is the biggest part of the win-win for us. The 8% on the concerts. That is what a real partnership is all about.

Mr. Elshaw: I appreciate your response and everything that the Captains are doing to help out the City – and, we are doing our best to partner with you. I was just trying to give you a perspective of where our financial situation is – just so you have an understanding. It is not an easy slam-dunk to agree to things that we need to really take a hard look at. I do see the concerts as a win – and, that would be guaranteed? That would be what we would have to look at – a guarantee of the best efforts to host a minimum of two concerts. We will have to look at that and see how we want to word that.

Mr. Seymour: In the immediate – we have a guarantee of one already this year in July and we are aggressively pursuing another one for early September – the efforts are there.

Mr. Lajeunesse: I appreciate the efforts on both sides and I appreciate the energy that went into this and the promotions of trying to work together – that is a positive. For clarification, regarding the concerts – when you talk about 8% I have always been told that 8% has always been too high – as far as a tax on a ticket for a concert in the City. That can create a stumbling block when trying to bring someone in. What happens if there is a rainout – and that \$60,000. I agree and like Mr. Elshaw's compromise but on the other side the concerts do bring revenue. But, what happens if there is rainout?

Mr. Seymour: I can speak to the 8% - in negotiating this first show in July – yes, it was a stumbling block but it was something that we were able to overcome. We were told we were

much higher in some cases than other markets they were looking at – but, because of where we are – because of our efforts that we put forward – because of the Mayor stepping in to help out with a couple of scenarios we were able to secure it. But, the 8% is and could be a stumbling block in the future but we were able to overcome it. It is something that we know is there and is something that is part of utilizing a facility like we have at Classic Park. In terms of the rain out question – again, that is a risk we take – I don't have the exact answer but all efforts would be made to put on a show. The July show is rain or shine. We hope for the best but we cannot predict the weather.

Mr. Lajeunesse: Would it be better for us to consider 6% or 7%?

Mr. Seymour: Ideally, it would be great to have a lower tax but I think folks recognize that to be in a venue of our stature that is what it costs – there are costs involved. Yes, we would like to see it lowered but it is something we were able to overcome this time and I hope in the future we will be able to overcome it again.

Mr. Knuchel: I think there is a potential for great revenues and a potential for great deficits in doing a concert. You are taking on considerable risks – it can benefit both of us. There are risks with anything we do. Are they permissible risks – I believed you have indicated they are permissible risks – that is what makes it a plus for you. From our standpoint we have to look at revenue from these – I don't think going from 8% to 6% will be a deal breaker for concerts coming in – there are other concessions that can be made that will more than make up for that 2%.

Mayor Andrzejewski: The 8% is not negotiable – I don't want anyone to have any thoughts of reducing that 8% - the reason for that is we agreed to not charge rent for the stadium – this is a public facility and we need rent from a public facility – we don't give anyone permission to do a concert for free. So, in return for not charging rent for that facility we put in the 8% admissions tax which was incorporated into the naming rights agreement. The 8% tax is paid by the ticket holder – not by the Captains or by the City. Cleveland charges 8%. We gave up a lot – we gave up rent for the 8% and that was agreed upon by both parties. And, it was a strong concession on our part because initially many said no. But, if that could encourage concerts we would give up the rent and take the ticket tax. The 8% is not negotiable.

Mr. Morley: I agree – the 8% is not a big issue to me. If you look at other venues by the time they add everything to the Ticketmaster charges you are probably looking at 14%. The 8% will be the burden of the person buying the ticket. I would not think about changing it.

Mayor Andrzejewski: Some were unaware of what we gave up so we could do the 8%. The reason was to give the Captains and the promoter some flexibility.

Mr. Elshaw: There are obvious limitations on the number of concerts you can hold on a yearly basis. How many concerts do you think we can max out on per year – is two the max?

Mr. Seymour: It is a question that is hard to answer because it depends on the schedule. I would say 3-4 is well within reason. We have done two in one year – two is easy. When you get up into 5 and 6 you start putting pressure on the field and you deal with those types of issues. I would say 3-4 is reasonable.

Mr. Elshaw: So 3-4 max with the minimum being 2.

Mayor Andrzejewski: I get approached with ideas of things to be done with the stadium – we always have a conflict of who will handle it – the City or the Captains. With this type of arrangement I want to turn over these ideas to the Captains. Before, we were almost at an adversarial position – we want to keep the revenue for the City but I don't have the resources to sell tickets and do the promotions. I would rather turn all that over to the Captains. I was approached with the idea of having a big movie screen at the ball park – boxing shows. I don't run with them because I don't have the staff and I would love to turn it over to the Captains with the understanding that if the Captains make money the City makes money. There are a lot of opportunities other than concerts – but, not a lot.

Mr. Seymour: For the first time this year we are committing whole heartedly to two concerts as an important part of what we do at Classic Park. We want Classic Park to be known as a concert venue and for people to think of Classic Park in Eastlake as baseball and concerts. This one concert will be announced Friday and we are working hard on the second one. We are committing reasonable resources to making Classic Park the venue of choice for touring artists, promoters and actually getting into the business ourselves.

Mr. Elshaw: Regarding the partnership on the concerts – I do see a limitation on that – but, it would be nice to secure 2 and push towards 3 or 4. I guess the Captains can get the ticket sales and the concessions – I just want to make sure you guys are benefitting too. That way there is a push on both ends.

(Comments could not be understood due to sound interference)

Mayor Andrzejewski: I have heard that promoters make a lot of money on their concessions. At the Irish Festival we had to work with so many different things no one was really happy. We always wanted to handle the concessions and work out our own arrangements without the Captains being involved. In other words we are not going in the stadium – the concessions are gone and we are doing everything outside. With the present arrangement we have to work with the Captains to work out a deal. The City can't have concessions outside the ball park.

Mr. Elshaw: So, now we would allow that – how would that work out?

Mayor Andrzejewski: It opens up the door for things like we had the first couple of years – the festival, Oktoberfest, a motorcycle show. For a promoter to make money they have to have concession revenue. For us to do any promotions outside the ball park I have to be able to offer most of that to the promoter. Otherwise, we are dead in the water. That may look like a little thing but to us it was a big thing.

Mr. Knuchel: You can have this amended to three years or five years but it is of no value to us this year if we don't have anything planned.

Mayor Andrzejewski: When people call me one of the questions they ask is who gets the beer sales? And, my answer is that is something you would have to work out with the Captains. Now, I can work it out between the City and the promoter. Before you always had the interior of the stadium to worry about – who does the concessions – and we could not use the concessions if we wanted to due to the lease.

Mr. Knuchel: Are you saying we will be able to do concessions inside?

Mayor Andrzejewski: No, but we certainly will do concessions outside. The Captains will not have to cover the cost of their employees - we will only use the grounds.

Mr. Knuchel: What about the Union contracts of the people who work in your facility? Will this in any way affect those contracts?

Mr. Carfagna: I would have to review the exact language.

Mr. Elshaw: Right now on that item – the concessions, revenue, City events held outside Classic Park – I do see a value there but I don't know what we could place on that. As far as the loge, and I appreciate the offer from the Captains – you are giving up a fair market value of \$15,000 – and that is appreciated. But, what would be the City's plans for the loge – basically it is costing the Captains \$15,000 but I don't know what the value is to the City – what would be your plans for the loge?

Mayor Andrzejewski: I do not know if you can put a value on that. The late Steve Guard was the first to bring this up. My plan would be to use it as an economic development business and appreciation tool. We can give businesses the use of the loge to bring in their customers, reward their employees – get acquainted with the City and our people. The other way would be to offer some of the dates to Eastlake residents and have a raffle drawing. The people of Eastlake are paying for the stadium through their tax dollars – this is another way we thought we could get the people of Eastlake on our side – not that they are not now – but, to further enhance the value of the stadium for the residents. I do not know if you can put a dollar value on there. The value to the business community and good will to the residents I cannot put a dollar on but I know it is something we should have had

Mr. Knuchel: How many days do we have?

Mayor Andrzejewski: Two at the most.

Mr. Morley: It is more PR for the Captains and for us - utilizing the loge. It also helps the businesses out.

Mayor Andrzejewski: If they increase their business because they impress the customer.

Mr. Morley: Exactly. Last year our company did a 20 game package and rented out the picnic deck – we could not do it this year.

Mr. Seymour: In the markets I have been in the City has had a suite – they have used it effectively to attract businesses – in one case they gave their annual suite to a business who decided to come to the City. It is the benefit that goes along with making a decision to bring a business to the Community. It is a win-win for both of us. It gets people out to the ball park and helps the City of Eastlake attract and maintain those relationships with the business community.

Mr. Elshaw: I do believe there is some indirect benefit but, it looks like, based on current gate receipts you are looking at – in base rent – a \$73,000 loss in rent. But, on the other hand we are looking at one concert in hand at \$55,000 to \$60,000 plus another one. We look at an overall benefit when based on that. In looking back to the first page – annual rent payment including CRIF and any credits will be revised according to the following schedule. Is that just base rent – how is the CRIF or credits impacted? I just want to make sure we are truly apples to apples.

Mayor Andrzejewski: If it is Level 1 they will give us \$200,000 plus \$13,333 for the plaza plus whatever money we will get for the bridge advertising plus whatever CRIF money we get from the concerts. The CRIF money is included in the base rent.

Mr. Elshaw: Currently we are getting \$273,000 base rent – plus what?

Mr. Condrón: Currently \$36,000.

Mr. Knuchel: Is that \$36,000 included in the base rent of \$273,000?

Mr. Elshaw: No, it is not. It is an additional \$36,000 that we would not be getting but you are saying we would have the CRIF from the concerts.

Mayor Andrzejewski: I do not want to get away from this point. We have to go back to how this all started. It started with the Captains coming to the City and asking for assistance and we looked at it and knew we had to work with them. We are not going to give away the store and do anything that will only benefit the Captains. The reason we did this is because we do not want anything to happen to the team where we are out looking for a team in the next three years with an empty ball park. We felt we would give them a little financial assistance to get their feet back on the ground. Mr. Seymour seems to know what he is doing. We also said we would not do everything – they had to do something on their part to increase attendance and get back their profitability. They have to increase attendance, cut costs and increase revenues. And, to my appreciation and delight they are doing those things. This was started off as a way to assist the Captains to get through some tuff financial years and get back to a little bit more profitability. Mr. Elshaw, if you are trying to balance the numbers where we don't lose anything on paper – I don't think that will happen. I think you will see the City is going to give up a little bit in return for some of those items but we have places to recoup it – in the concerts and other events and if anything would happen we would recoup it with the sale of the team.

Mr. Elshaw: Mayor, I appreciate your comments and yes that is what I am looking at. I am looking at what the City would lose, but also what we stand to gain. In a win-win situation that is what you want. With the base rent plus the CRIF we are looking at an \$110,000 loss – potential – based on the current gate receipts. However, if we can do two concerts we would be at a break even. My question goes back to whether we would consider a three year amendment.

Mayor Andrzejewski: There are four Councilmen here and I would hope the three others would go along with the Finance Committee. Mr. Carfagna and Mr. Seymour, is there some compromise here – can we do four years? Would that be acceptable to Council and the Captains?

Mr. Elshaw: I am asking if we can consider a three year.

Mayor Andrzejewski: Otherwise, we are going to drag on and on.

Mr. Knuchel: I think we have answered just about all of the questions. We are just about at a culmination point.

Mr. Morley: You have to listen to what they are saying – this is what we do – these guys have been negotiating for months – I am giving the Captains the benefit of the doubt and the numbers they showed to the Administration – they came with five. We do this every time. We talk enough to talk ourselves out of any deal. I listened to everything everyone has said. Mr. Elshaw asked the same question six different ways and I understood his reason for every question. But, we do this every time.

Mr. Knuchel: Mr. Morley, if you do not want to do your due diligence.

Mr. Morley: I do my due diligence.

Mr. Knuchel: I have the floor.

Mr. Morley: Do not say that, Mr. Knuchel.

Mr. Knuchel: I have the floor.

Mr. Morley: Do not say that to me. I do my diligence. I listen at every meeting so when at the next meeting I do not have to hear the same.

Mr. Knuchel: I have the floor.

Mr. Morley: Don't ever say that to me.

Mr. Knuchel: I have the floor.

Mr. Morley: You are the Chairman.

Mr. Knuchel: I am. We are here to find a solution to this problem. There are issues with the Captains and there are issues with us. I am tired of being told we drag things out.

Mr. Morley: We do.

Mr. Knuchel: I have the floor. We are bringing this to a culmination. It takes time. Ronald Reagan said "Trust but verify." If we are not going to verify the facts and take the time to verify the facts what we are doing is an injustice to the citizens of the City of Eastlake.

Mr. Morley: Please don't say that to me, Mr. Knuchel.

Mr. Elshaw: I do appreciate the Captains coming here – I appreciate the discussion tonight. I guess I did not realize I asked the same question six times but if I did hopefully in the end we came up with a different answer because I wasn't totally understanding the ins and outs of months of negotiations. To try to understand that in a matter of 15-30 minutes I need to ask the questions and I will do so continuously until I fully understand what the City is looking at. I just wanted to give the perspective to the Captains of what the City's standpoint is – what we are dealing with – we can understand what you are dealing with – I just want you to understand what we are dealing with too. I feel it is my job – within reason – and, I understand what Mr. Morley is saying – but, I do feel I need to understand both ends – it does come to Council for a vote so in order for me to cast an educated vote I need to know this information. I want to know the down side and the up side – what do we stand to gain and what to we stand to lose. I understand the idea is to help out the Captains and I take that into consideration. The reason I talk about a three year deal is we are hoping the economy turns – that is the whole idea of this – to help through this economic downturn and if that is an incorrect assumption then let me know. But that is what I was looking at with the three years. You can look at any number of years but I had to throw it out there and if it is non-negotiable I needed to know that too.

Mr. Lajeunesse: I was going to address some similar thoughts. Mr. Elshaw is right. You have been doing this for six months – we just did it for about sixty minutes. We are just hearing this for the first time. I could probably go with either – 3 or 5 years. We are looking at an economic situation – there are other businesses in the area – are they going to come to us and say we should give them a tax break. I have always been one to question and research – I don't have much of a problem but perhaps we should have one more meeting to discuss more – or maybe it all gets cleared up now. This is all new to me. I thought it was a good partnership but it is something I have heard for the first time.

Mr. Morley: In my experience through negotiating in my job – and no disrespect – if you take the five years out then everything else will usually change. It is not just that you want one item out – they these guys will start looking at things and then they will want more items out. I am fine if we want to go with 3 years and we keep nickel and diming each other until we get to where everyone is comfortable. But, in the real negotiation world that is what happens – you don't just come and say – we want 3 – because they will come back, as good business men

and say if you want 3 then let's take out this or that and we can live with that. That is all I am trying to say. I understand what you are saying, Mr. Elshaw. I do take the diligence to read these items and do what is best for the residents. You guys are all book smart more than me but when it come to common sense I believe I have good common sense.

Mr. Knuchel: There are two different ways to look at it Mr. Morley. I appreciate your way of looking at it and I look at it differently – that is why we have seven people on Council – so we can look at it from different perspectives and our different ways of life.

Mayor Andrzejewski: Mr. Morley makes a good point – in the art of negotiations – they started out wanting this as a permanent thing on the lease – I said no – we want to help out but it has to end at some time or be looked at in five years – nothing can be permanent. Our original thoughts were – are the concerns the Captains brought to us legitimate? We concluded they were. I believed Mr. Condron and Mr. Slocum. It is our job to put together the deals and Council's job to either accept or reject. We put together the best deal to help the Captains through a trying time and also help the City recoup as much as we could – to relieve the pressure on the Captains was the bottom line. Mr. Elshaw, part of the reason is because of the economic downturn – the other part and maybe more than 50% is – attendance has gone down. If the previous General Managers were a little bit wiser to know that the euphoria of the first year or two would drop they would have done some of the things they are doing now and we would not be at this table. The fact is – they did not do it. The new guys coming in are doing things to alleviate that situation. They are doing things on their end and we are helping out a little bit. All your comments were good – as a Councilman I would have asked the same questions you all did. It is what it is – it is the best deal we could do and I ask Council to either accept it or reject it.

Mr. Knuchel: Mr. Lajeunesse and I are representing the Finance Committee this evening. Mr. Lajeunesse, what are your thoughts on moving this forward?

Mr. Lajeunesse: We are missing three of our Council people and one of them sits on this Committee. If we hold this in Committee for another meeting – perhaps we could move it forward to Council-as-a-Whole Committee for further discussion.

Mr. Morley: Whatever you decide – I do not have a problem with the five years but if it is a deal breaker for you guys we can discuss it more. But, I want you to keep in mind if you do change that then they can come back with more numbers. And, if you are going to do that you may as well not move it forward.

Mr. Lajeunesse: We can move it forward and have more discussion at Council-as-a-Whole Committee – I am not in favor of holding it for another couple of weeks. We can move it forward.

Mr. Elshaw: I guess quite some time ago we thought about adding \$1 to the ticket price. I know that is difficult when your attendance is down. If you can't cover your costs you will have to do something with your revenue. Or, you will just have to cut your costs and maybe that is a question we may have to discuss – how do the Captains run more efficiently. Maybe that is not

fair to ask a private entity but you are asking for a change. Overall, I did not have a problem with asking for the 3 year amendment – considering the economy and hoping for a turn. Maybe you could do a renewal up to 5 years. I do understand and respect Mr. Morley’s comments that it could change other items – but, it does not necessarily have to change other items. When I asked if they would consider that – Mayor, is this the final offer – this is it – we are not making any changes – there is no room for negotiation at all on this – is that what I am hearing? Take it or leave it – this is it?

Mayor Andrzejewski: I don’t want to put it as take it or leave it but I think you have to consider that we did spend an awful lot of time – and, as I truthfully have told you – what this started off as is nothing near what you see on that paper. There was a lot of give and take on both parts. I don’t know who made the comment but if you go to a meeting of seven Council people each one of you could say I like those five items but if you change that one I will vote for it. And the next guy does the same – then all of a sudden you have a completely different agreement. We think we have done a good job on something that is fair to the team yet still watches out for the taxpayer’s interest. That is the document we present to you. When you start pulling that apart even a little bit you could start changing different things in the agreement.

Mr. Elshaw: I can appreciate that – I do – I do not want to down play whatever you did over the three to six months in negotiations – I am sure there was a lot that went into that – I am just trying to understand that and I guess I thought it was okay to throw something out for consideration. If that is not okay then I would like to know – that this is it. There is no room for negotiation. Either take it or leave it – vote yea or nay on this as it stands.

Mayor Andrzejewski: I do not know what to say other than I will talk to the Captains tomorrow and give you a definite answer one way or another. What happens if they schedule four concerts a year and all of a sudden our rent is more than we were getting in the original agreement – then what do you do?

Mr. Elshaw: I understand. That is what I am trying to weigh out – I am trying to weigh out what we are losing right now based on potential gains.

Mayor Andrzejewski: What happens if we get a lot of bridge advertising and instead of waiting until next year we get \$67,000 this year in bridge advertising instead of \$35,000 – that is a possibility. There are variables – that is what we considered – I considered a lot of the up-side because I do try to be a somewhat positive person – I look at and say if they control costs and get concerts in here and do more work on the bridge we could make out on this deal.

Mr. Elshaw: I am trying to weigh this all out and I have to go back to our budget where we are \$380,000 deficit spending plus \$900,000 in improvements. I just want to know what we are dealing with from the City’s standpoint.

Mayor Andrzejewski: I could tell you all that Mr. Condron and I did the best job we could in working with the Captains to get the best deal for the residents and also considering the Captains’ plight. We did the right thing.

Mr. Knuchel: Unless anything else comes up.

Mr. Lajeunesse: I am sitting here thinking of certain scenarios that have come up in the past – is it possible just to run a few numbers for us to give us an idea – it is kind of hard. Mayor, you can say you negotiated and I respect all that – but, this is our first time seeing this. You guys have run numbers, you’ve seen the books, you have done all this stuff. When the stadium was planned someone put a piece of paper in front of me that was like scratched like that and said this is our financing – and, I came in at the tail end. So, I see what Mr. Elshaw is talking about – we are not trying to have you go through everything for nothing just because we want to waste your time. I guess it is a matter of us just trying to see things in our minds – some different numbers and different scenarios – 3 years – 5 years – 10 years – whatever.

Mr. Knuchel: What exactly would you like to see Mr. Lajeunesse?

Mr. Lajeunesse: What would happen if you have five years, three concerts and this – or you go to three years – comparable amounts?

Mayor Andrzejewski: I can make these numbers appear any way you want. I can make this the best deal you ever saw. Is that truthful? I don’t know? Numbers can be manipulated – I can give you something you will pass in a minute. But, is it really legitimate? You have to look at – are we doing the best thing for the Captains and the City. Does the City have a chance to recoup some of the leeway we are giving to the Captains? I can answer that honestly and say – yes. Because I think these gentlemen are going to get concerts more than you saw in the past. I think they are going to work with us more so we can both make money. Those are things you cannot put on paper unless I fudge them and I don’t want to fudge them.

Mr. Knuchel: Mr. Elshaw, would you be more comfortable if we could have some kind of projections – something in black and white that we can see – would that increase your comfort level?

Mr. Elshaw: As far as comfort level, I am not sure that would increase my comfort level. It would be nice to see something like that. If Mr. Condron would put something together like that - or the Captains. But, I do not know if that would increase my comfort level.

Mr. Knuchel: Maybe increase your comfort level is not exactly the words I was looking for. Maybe would it give you a better idea of where we would end up and possible solutions to those problems?

Mr. Elshaw: What might be helpful is if I ask a few more questions. Is this the actual amendment? Or, are we talking about a different document – this is “Exhibit A” – is this the actual amendment?

Mayor Andrzejewski: We could have Mr. Klammer or their attorney put it into a side letter but I think it would ready pretty much like this. Yes.

Mr. Elshaw: As an example - “best efforts to host a minimum of two concerts” – I appreciate that and I know you truly will do that – but, what does that mean as far as when we put together this – what is it finally going to look like in the amendment? Is that what it is going to say or are we going to stipulate more? Is there more to it or is this it?

Mayor Andrzejewski: Mr. Elshaw is asking how you would put that wording for the concerts in a formal agreement?

Mr. Carfagna: This amendment has been approved by the top of the Captains organization – we stand behind it 100% and are prepared to move forward on it. Any adjustments – as we said before we view it as one whole amendment which is a product of months of back and forth. If there is to be any adjustment then we have to go back as an organization and I don’t want to say start over but do something and we are not in the position to do that with the season having begun right now – until the fall at the earliest – just due to timing and commitments to the Club. In terms of the legal language this is viewed almost as a letter of intent – the City’s attorney and the Captain’s attorney will get together to come out with a formal agreement.

Mr. Knuchel: We will have the City’s attorney and the Captain’s attorney get together with their attorney and draft a side letter similar to what has been done before – we will come back in two weeks when everyone can be here and look at the language. Mr. Lajeunesse?

Mr. Lajeunesse: Yes, that is what I meant in what I said before.

Mr. Knuchel: We will hold this in Committee pending receipt of a formal document.

Mr. Lajeunesse: This has nothing to do with anyone – I know you and those associated with your organization – they are fine people – but, I have gone through similar things and we need to see the final product in detail and what it will entail.

Mayor Andrzejewski: Would you like to see Mr. Condron put together some scenarios?

Mr. Lajeunesse: Yes, five years will be fine but I would like some idea.

Mr. Elshaw: I think that would be helpful. Right now I think I have asked the questions I needed to ask to understand. As far as financially I understand the loss and as a partnership what we both stand to gain on this – I understand that. That is what I was trying to get at. If you run the numbers I don’t know if I will get more of a comfort. I think the questions I asked give me the comfort that I need for this. But, a more formal document would be very helpful I think in understanding how this will all settle out.

Mayor Andrzejewski: And, when you vote on it you will vote on that formal document.

Mr. Knuchel: We will hold this in Committee for further review in about two weeks from tonight. The Mayor will talk to the Law Director about the formal document. The quicker we

can get this nailed down the better. Mayor, I will wait to hear from you to formally announce when the next meeting will be.

There were no further questions or comments.

FUND TRANSFERS:

GENERAL FUND TO FUND #301 “BOND RETIREMENT FUND:” \$335,000

Mr. Condron: This transfer would allow for the payment of the June 1st interest.

Upon review, the Committee agreed to move this matter forward for passage at the next regular Council meeting.

GENERAL FUND TO FUND #304 “CALLABLE BOND FUND: \$125,000

Mr. Condron: This in our budget for the first transfer of the year – we are looking for the bond payout this year so we want to gather up all our funds. The Captains alluded to the June 30th naming rights money. With that in mind if we are going to do one we may as well do the other one that was scheduled and get that ready for the bond payout later in the summer.

Mr. Knuchel: We are looking at maybe putting more in there if it is available?

Mr. Condron: Okay.

Upon review, the Committee agreed to move this matter forward for passage at the next regular Council meeting.

RENTAL AGREEMENT: CITY PARKING LOT

Mayor Andrzejewski: We are going to have a fruit and vegetable market in the corner of the City owned parking lot with a 100’ by 50’ tent. If he goes into October it may come out to more than \$12,500 so we wanted Council to approve this. He will pay us \$500 a week for renting on Thursday, Friday, Saturday and Sunday.

Mr. Morley: Will that interfere at all with the parking during the Captains games?

Mayor Andrzejewski: He will have it in the corner of the parking lot – I wish I could tell you we fill that up every game- the answer is no. He will be at the corner near the BP Station. The lease has been approved by Mr. Klammer.

Upon review, the Committee agreed to move this matter forward for passage at the next regular Council meeting.

BID RECOMMENDATION:

HD SUPPLY WATERWORKS: SDR PVC PIPE: SOUTH RIVERVIEW PROJECT:

\$15,772.40

Mr. Knuchel: When we last discussed this matter Mr. Gwydir was to conduct a survey to see of the piping was adequate to meet the needs of that area. As of this point – our Council Clerk

spoke with him earlier in the week and he said he had not done that. It is my understanding Mr. Condrón that we have to either yea or nay this?

Mr. Condrón: I think there is a price differential from when it was recommended – the price may go up.

Mr. Morley: The price was contingent on an order date no later than March 23 – which is already passed – and a ship date no later than April 23. Will the numbers be the same?

Mr. Condrón: Mr. Semik has a call into them.

Mayor Andrzejewski: Mr. Semik said he did that but had not yet received a call back. It would probably be best to hold this.

Mr. Knuchel: We have to either reject or accept the bids. We are past the 30 days.

Mayor Andrzejewski: If he gets in touch with the vendor and the vendor agrees to extend through April.

Mr. Knuchel: One question dealt with the cost of the pipe – the other was is the pipe an adequate size to take care of that area. Also, we were to receive word from Mr. Gwydir.

Mayor Andrzejewski: Assuming Mr. Gwydir would get back to us by the meeting?

Mr. Knuchel: I do not know if we can move forward at this point in time without the survey being done, the specifications for the pipe – I am not comfortable with that. Mr. Condrón, we are already past the time where we have to reject the bids, correct?

Mr. Condrón: I think we took them before March.

Mr. Knuchel: I am going to say we have to move this forward to reject the bids.

Mr. Morley: The bid opening was March 3, 2009.

Mr. Knuchel: With Mr. Klammer not here, I do not know where we can accept that bid anymore.

Mr. Elshaw: I am not sure how you can move to approve.

Mr. Knuchel: How much is the cost for re-advertising the bid?

Mr. Condrón: About \$200.

Mr. Morley: Could we discuss this during the Council-as-a-Whole Committee meeting?

Mr. Knuchel: There are two different items here – Mr. Gwydir was not willing to give me a definite answer on the size of the pipe – that is my problem.

Mr. Lajeunesse: Is there any reason why the survey has not been done?

Mr. Knuchel: I did not speak personally to Mr. Gwydir and he asked to be excused – he stated he did not have the survey done and he had nothing to add to this conversation tonight.

Mr. Elshaw: If the Committee rejects these bids and something comes back into Committee I would be asking questions. There have been questions from residents in the area – going back and forth on the need for this. We held two or three meetings on this – the overall consensus at that time was to move forward with something but I think there were still some outstanding questions. One resident has recently emailed and asked if we were pulling the proper permits and that they would be checking into that. I did email the Administration and our Service Director and City Engineer – I do not know if we have had a chance to have that question answered. Also, we talked about the responsibility of DiMilta – how much of this is caused by DiMilta. I do not want to put words into our City Engineer's mouth – I wish he was here to explain this stuff. It would be helpful if he could answer these questions – and our Service Director. We also talked about whether this was caused by something the City did or something that was done with the Erie Road reconstruction that caused additional flooding to the area. These are questions that are being raised by the residents of the area. We never really got the total cost on this project. At the time I think we talked about \$50,000 to \$100,000. I would like to know that – if it is a lot less that helps. In the end and this does not have to be answered tonight because our Service Director is not here and the City Engineer or Law Director are not here. But, those are the questions I would like to have answered.

Mayor Andrzejewski: That is fine – I wish they were here. When we had that meeting with all the residents we left it with the residents being in favor of helping out the people there with their water problems. Without mentioning names you are always going to have that one – she will never go for this project – never. Because we get personal feelings there – that you are doing this to my property. As far as permits – that was an unfair question. Of course they are going to get all the necessary permits but there is no reason to get the permits now when the project isn't even moved forward. All necessary permits will be taken out. What you are getting from that one particular resident is every reason in the world not to go through with this. We fixed the flooding problems for people off of 332nd Street, we are fixing problems on Mondomin and Edison – why is it any different for North and South Riverview – whether it is 3 or 10 people. If there is a water problem and we can fix it we need to do it knowing that a couple of residents are never going to go for this – never. I will get the City Engineer and the Service Director to do this to get this going. We have to come to a conclusion somewhere down the line – either we do it or we don't.

Mr. Knuchel: I think we are all in agreement that we want a conclusion to this and we do need the answers to our questions.

Mayor Andrzejewski: Just don't let one resident who is absolutely against this project. I get the same emails from that person.

Mr. Elshaw: I know I sent them to you. I forwarded every email I have on this. I understand the results of our two or three meetings on this – and, I do understand the consensus at the end – however, the resident asked what are the permits that are required – she mentions an environmental permit that must be pulled.

Mayor Andrzejewski: Why?

Mr. Elshaw: I don't know – that is why I am asking if that is the case.

Mr. Knuchel: You never got a clear answer.

Mr. Elshaw: And your answer is yes we will take care of all the permits. Why couldn't we just respond to her and say that. I guess I just want to know what is involved.

Mayor Andrzejewski: We will do that and then she will want us to guarantee that the backflow preventer will work 100% of the time in every conceivable instance.

Mr. Elshaw: I think that particular resident is worried about the impact to her property. If we happen to do something to help someone else will it make her property worse? She must be by the backflow preventer and if the river backs up she is afraid.

Mayor Andrzejewski: Is the backflow preventer going to work 99.9% of the time – yes.

Mr. Elshaw: I understand you cannot guarantee anything – you cannot guarantee concrete and how long that will last. I understand that. I guess they are trying to understand what is involved, what are the permits, what is the permit process, what impact there may be on their land.

Mayor Andrzejewski: How are you going to find that out?

Mr. Elshaw: Don't you have to explain how this all works?

Mayor Andrzejewski: He already did – we said the project will not harm anyone. How do you convey that to the resident other than to just say it. Why would we do a project that would harm anyone?

Mr. Elshaw: I guess the other difference is that – I respect the Skinners and what they want to do – they are asking for our help to alleviate their flood problems – I have been down there many times and I know Mr. Knuchel and other Councilmen have been down there. It is in his Ward and I understand. I understand what help they wanted. The difference is it is in a flood plain – there is natural flooding in that area too. So, what we are trying to understand is how much are we trying to alleviate. We can never – according to our Engineer – we can never alleviate all the flooding concerns down there. I guess those are the questions that are coming up from a portion

of the residents down there – why are we just helping out just a few people - you cannot help the person across the street and I understand that – we cannot do everything. But, they are trying to understand the cost. If we are going to help just a few people down there. Why is it the City's concern? Is there something that increased the natural flooding down there that the City now has an obligation to alleviate? That is what they are asking for. These are the questions and if you come back with the right answers it may not be a problem but we need to understand that. That was the conclusion – I think the overall consensus was to move it forward. We had a large number of residents participate at the meetings. I think everyone got letters inviting them to the meeting. I think it was a good representation of that area but I think the questions were still outstanding as to what is DiMilta's responsibility in this – how much was the City's responsibility and they want to understand why we would be spending \$50,000 to \$100,000 and I am glad that is not the case but that is the last I heard that it was that amount.

Mr. Knuchel: We have two issues – one are the deliverables we would need before we can move forward – the permits – whose responsibility is this – what caused it and the total cost.

Mr. Lajeunesse: Mr. Guard worked on something similar on North Parkway. He had extensive time in talking to the residents. Is that something Mr. Gwydir should do? Personally go down to the neighbor. I know that was done a lot on North Parkway.

Mr. Knuchel: We had three meetings – he was at three meetings. We were at all those meetings. They had ample time and opportunity.

Mr. Elshaw: I am just trying to prepare you for the future – you can move to reject these bids and I am good with that and if that is all you want to discuss tonight I can respect that. But, in the future I know you are going to come back with something other than that and you will say we need to do this right now because we have been negotiating this for six months and in five minutes you need to understand it and we need you to move on this quickly. I'm just trying to be prepared.

Mr. Knuchel: We have discussed this during several Finance Committee meetings and we have asked for the same deliverables and we have not received them.

Mayor Andrzejewski: What would you do if the people in the area where there are water problems were just as vocal as this person who does not want to see this happen? Who has to deal with the people – I do – not Council. And, if this gets rejected and we have heavy rains this summer and two or three homes get flooded out who will be dealing with it – me. And, I will say we had a solution but one or two vocal residents there have stopped the process.

Mr. Lajeunesse: If we have been working on this for several Finance Committee meeting we probably could have had this done and over with. Who is at fault? It is not us – it is the people that have not delivered what we asked for.

Mayor Andrzejewski: No, every time we were ready to move forward with something someone comes up with another reason – permits were never brought up at the meeting.

Mr. Knuchel: Yes, they were.

Mayor Andrzejewski: Not at the meeting where she was so vocal.

Mr. Morley: At the previous Finance Committee meetings we asked about stuff.

Mr. Knuchel: Permits were discussed at the last meeting.

Mayor Andrzejewski: I will talk to Mr. Gwydir about the size of the piping and get whatever answers we need on these permits.

Mr. Knuchel: I will have the Clerk prepare legislation for rejection of bids and the acceptance of the bids but without all the deliverables we are not going to accept these bids.

Mayor Andrzejewski: It is getting to the point where I am done with it. Because we are spending too much time on this and I have a lot of other stuff to do.

Mr. Knuchel: Have you got the response we needed and when we needed to get it? You are the Mayor.

Mayor Andrzejewski: Fine, and I will lay the law down.

Mr. Knuchel: Do what you need to do. We will have legislation prepared for the rejection of the bids.

Mayor Andrzejewski: When I tell somebody to do something I expect it to be done because I am not going to be the Service Director also.

Upon review, the Committee agreed to move this matter forward for rejection of the bids at the next regular Council meeting.

RELEASE OF RESTRICTIONS: JFK SENIOR CENTER

Mayor Andrzejewski: We have been working on this for three years – the Congressman put an amendment into a bill to release the deed restriction on the 12 acres at JFK – right now all we can do with that property is use it for recreation. We finally got it approved and we agreed to pay \$30,000 – the property is appraised at \$400,000 - \$500,000. We would like to put this to an end – I have an agreement from the GSA which would release the deed restrictions for the \$30,000. Then we have the right to do with the property whatever we choose to do. We are asking to get rid of the deed restrictions – the \$30,000 is in the budget.

Mr. Lajeunesse: Is this the same property that the cost of the deed restriction was \$300,000? How did it go from \$300,000 to \$30,000?

Mayor Andrzejewski: We did not want to pay the \$300,000 and it was a lot of hard work for the Congressman to work with the GSA to come up with the \$30,000.

Mr. Lajeunesse: How did we come up with the \$30,000?

Mayor Andrzejewski: We gave the number of \$30,000 to the Congressman and he included it in the bill.

Mr. Lajeunesse: We could not have gotten it any lower?

Mayor Andrzejewski: No.

Mr. Lajeunesse: How did you arrive at \$30,000?

Mayor Andrzejewski: We had to be reasonable. We tried for \$3,000 but we were told we could not insult them – we had to come up with a reasonable number - \$30,000 was agreed on.

Mr. Lajeunesse: It just amazes me how they can go from \$300,000 to \$30,000. To me, maybe \$15,000.

Mayor Andrzejewski: It was agreed by everyone last year when I presented this – \$30,000 was okay with everyone – we put it in the budget – you approved the budget with the \$30,000 in it.

Mr. Knuchel: So, Mayor, you are saying this is the lowest and the best.

Mayor Andrzejewski: Yes, and the property is worth between \$400,000 & \$500,000.

Mr. Knuchel: Are there any further questions?

Mr. Lajeunesse: I will probably have some at the Council-as-a-Whole Committee meeting but I am fine with moving this forward.

Mr. Elshaw: I am glad this came down from \$300,000 to \$30,000. Mayor, you are well aware of how I feel about the property. I am in favor of clearing the deed restriction for future development. It is in the plans that are being developed in our Master Plan – good ideas out there. I am in favor of that. I think there is some concern that you are aware of with environment issues. I just want to make sure that is cleared. I do understand in reading correspondence from a Council member and our Law Director - there may be environmental concerns beyond the Phase I study. I just want to make sure those concerns are alleviated for my own comfort level. I guess the way I view it and it may be a stretch, but if the environmental concerns are to such an extent that the property could be deemed worthless then I guess there would be a concern with spending the \$30,000. However, in reading the response from our Law Director and inserting my own thoughts also, I understand the City is responsible for any environmental concerns whatsoever on the property anyway whether we remove the deed restriction or if we don't remove the deed restriction. It is still our responsibility for the cleanup and I understand that and I think it may be a stretch to feel that – I am trying to understand how the property would be deemed worthless because if we have to do a cleanup there would have to be some value at the end - no matter

what we do. If we have to take care of all the problems on that property and once you go there you can't say – no, not interested – we are not going to remove the easement so don't worry we forgot about all those environmental concerns if any were there. If there are any environmental concerns I want to be assured that we are okay with any environmental concerns and that it would not make the property worthless at any time.

Mayor Andrzejewski: There are no environmental concerns, period. The place was a barracks. It was not where the missiles were put underground. This was the barracks. What everybody keeps alluding to is the school property. We have a Phase 1 report with no environmental concerns. The Army Corps of Engineers came in here and looked at it themselves and they have not gotten back to me with any environmental concerns. They told me it is government property – if we are releasing the deed restrictions we want to make sure our hands are clean – they could not find anything. I am waiting for a report which from the Government will take a long time. When she was here she said not to worry about it – there was nothing she found. I do not know where these environmental concerns are coming from - it is a barracks. The only thing we could possibly find is at one time somewhere along the line there may have been gasoline tanks which have long been removed. So, there is no seepage into the water system. The Army Corps of Engineers also told me that they would not have a concern about that anyway because we have City water sewers going there – there is no ground water. We have owned the property since the 1960's – since then if there were any environmental concerns – which there are not – we would be responsible for that. Mr. Klammer stated in an email today that we would have to fix those or whoever we sold the property to would know that and take responsibility for it. I think this is another instance by a Councilman to hold up something we have been working on for 2 years at the last moment. You all got the book – it does not say there are any concerns about that property – any environmental issues.

Mr. Knuchel: Our Law Director communicated with us saying he was sorry he could not make the meeting:

“Council President/Mayor:

Again, I may not make it tonight. I understand the issue of the Nike Site is on the agenda. There has been no memo addressed to me for my opinion although I've been asked a couple of questions apparently based on a recent memo from Councilman Zontini. I would like to be available to answer any question. Since I may not, I would simply explain that the issue is removing the deed restriction. As I understand the property has been titled to the city for some time. Everyone can and will understand that a deed restriction is just that a restriction on the use of the property. Any environmental concerns existing on the property remain the obligation of the present owner, in this instance, the city. As such, should there be any present environmental concern, it would rest with the city.

Should the city decide at some point sell all or a portion of the property, the environmental diligence would be a subject of those packages. Environmental concerns are typical in every real estate transaction and it can certainly be expected that the parties could manage their way through any such concern.

I hope this provides some useful guidance in case I don't make it. Thanks.”
Joseph Randolph Klammer, Esq.

Mr. Morley: I thought they did do some soil testing on that one report – I thought Mr. Boyd said the same thing in his presentation.

Mr. Lajeunesse: I just wanted to remind – Mayor, I was told six years ago by a former Mayor and a Recreation/Service Director that this would be taken care of in a matter of months because they had people who knew people who could take care of this. Just because someone says something does not mean it is automatically done and over with. I am not saying you are saying something that is not – someone else may have told you something that is not exactly accurate – I would like to see the information that clears this land from any problems it may have.

Mayor Andrzejewski: You got that thick book – did you read it – where does it say there was any environmental concerns?

Mr. Lajeunesse: Did they say that was final? Did you not say that you may get a confirmation?

Mayor Andrzejewski: No, I said the Army Corps of Engineers contacted me late last year and said – just to be sure we will do our own study – and she told me when she did the study that even though it is not out yet we did not find anything – okay? This is the Federal Government. We are lucky if we get that report by the end of this year. Here is a point and Mr. Klammer says it very well – this is from your Law Director who we pay to make these decisions – we own the property – if there are environmental concerns which there are not but if there were we are responsible – this \$30,000 is to remove a deed restriction so that we can do something else with the property if we so desire – that is all this is.

Mr. Knuchel: Is there a time restriction on the \$30,000?

Mayor Andrzejewski: There has been for months – the GSA keeps calling and saying we need to clear this from our books – what is the hold up – you got the amendment – you got the ability to do it – what is the hold up with your City.

Mr. Knuchel: Are there any other questions or concerns about this issue? Mr. Lajeunesse, do you want to move this forward or hold it?

Mr. Lajeunesse: Sure, you can move it forward.

There were no further questions or comments. The Committee agreed to move this matter forward for passage at the next regular Council meeting.

RECOGNITION OF THE PUBLIC

Kris Krajnyak, 1278 Waverly, Eastlake

Ms. Krjnyak: Along the lines of your questioning I did not hear an exact answer as to the general sales receipt – they only said from 0-\$1.5 million – taking that it means the rent goes

from \$273,000 down to \$200,000 – is that correct? So, with your calculations with the \$13,333 you came up to \$110,000 decrease – what you were looking at the cost gain difference – what we would gain from the concerts.

Mr. Knuchel: That \$110,000 less did not include the concerts.

Ms. Krjnyak: My question is how close are we currently to \$1.5 million – I would like to hear from them.

Mayor Andrzejewski: You are closer to the first level. The first two years you were at level 3 – that would be \$250,000.

Mr. Morley: Right now they have only played seven games – it could be 3 million games.

Mayor Andrzejewski: In the first and second year you were in the \$1.75 million to \$2 million. I think we are actually over the \$2.25 million.

Ms. Krjnyak: Obviously it is less because the euphoria has gone down.

Mayor Andrzejewski: It has been that and I don't believe they had capable General Managers since General Manager #2. So, it is possible to get up to the \$275,000 level and I think the other thing we did not talk about is Cleveland people like a winner – if this team suddenly goes on a 15 game winning streak you will see people going to the stadium – they don't like a loser – the other part of this equation is hopefully the team wins and attracts people.

Mr. Elshaw: Earlier I was trying to go down the list for the minutes so when people read these on line they know what the different levels were – if the total gate receipts were between \$0 and \$1.5 million the rent would be \$200,000; \$1.5 million to \$1.75 million the rent would be \$225,000; \$1.75 to \$2 million the rent would be \$250,000; \$2 million to \$2.25 million the rent would be \$275,000 and with every additional \$250,000 an additional \$25,000 would be added to the rent. We were trying to compare apples to apples. Trying to understand what was just base rent. What base rent is now compared to what it would be on the new schedule and it is expected to be \$200,000 and we are currently at \$273,000 – so, there would be a loss of \$73,000 plus the CRIF at \$36,000 and we would be narrowed down with a loss of about \$33,000 – we are somewhere in the ballpark of a \$110,000 loss on rentals and the makeup would be the concerts at \$55,000-\$60,000 per concert. They expect a minimum of two a year and they already have one – that would be an additional \$120,000 – so, in the end – if that happens – we might be at breakeven – hopefully – maybe a little bit higher.

There were no further comments.

The meeting was adjourned at approximately 8:52 p.m.

dac

