
Ashland City Council

MINUTES FOR THE SPECIAL SESSION OF COUNCIL April 24, 2007

Council President Glen Stewart called the meeting to order at 7:00 PM

Note: The only thing that will be discussed tonight is what is on the legislative agenda and what I am going to do is ask for the Roll to be called for Council.

ROLL CALL

Ward 1:	Robert L. Valentine	Present
Ward 2:	Robert M. Valentine	Present
Ward 3:	Ruth Detrow	Present
Ward 4:	Paul Wertz	Present
At-large:	Glen Stewart	Present

PLEDGE OF ALLEGIANCE

We have some people that have traveled a long way to be here tonight for this piece of agenda and this particular item.

Representatives from Novatex, North America, Inc.
Chris Schmid
Hans Struckmeier Sr.
Hans Struckmeier
Lothar Struckmeier
Armin Struckmeier

We also have representatives from CIC, representatives from Economic Development.

LEGISLATION

Ord. 28-07

Item (a) **AN ORDINANCE AUTHORIZING CERTAIN LAND OWNED BY THE CITY OF ASHLAND, OHIO. TO BE SOLD TO THE COMMUNITY IMPROVEMENT CORPORATION OF ASHLAND, OHIO AND THEREAFTER LEASED AND/OR SOLD TO NOVATEX NORTH AMERICA, INC.; REPEALING ORDINANCE NO. 81-06; AND DECLARING AN EMERGENCY.**

Move for non-reading in full by Paul Wertz, seconded by Ruth Detrow.

Ayes: Robert Valentine Ward 1, Robert M. Valentine Ward 2, Ruth Detrow, Paul Wertz, Glen Stewart.

Comments:

Evan Scurti, Economic Development: Just a quick recap of the project. As you are all probably aware of the Novatex project. We are happy to see the progress in the Business Park. The equipment is moving into the building. It will be operational here soon. What you are going to hear tonight is the CIC proposal (Community Improvement Corporation) to not only buy a building off of Simonson, that is not coming before you for legislation and that is a separate piece in this project in trying to buy the building. What is before you, they are proposing to buy the land off of the City and just repealing the previous arrangement where the City was going to lease and then sell the land to Simonson. It is a little complex but now is crystal clear to us. It is just a quick recap of what has happened here. Ten months ago we received the first call from Hans Struckmeier, and he told me about Novatex's opportunity, they are a German-based company. They told me about the opportunity to buy some of Hospira's equipment as they are winding down operations; and will continue the operation of that equipment to produce their Baby Bottle Nipple line and to continue to produce that preferably here in Ashland, since the workforce is here. We quickly got a project on our hands. He needed two things pretty quick.

1) Building- needed to put the machinery into an existing building.

2) American Consultant- Chris Schmid was contacted, great Consultant and partner with the Company.

We started working on the project, thought we had a building for Novatex to locate into. The situation just didn't work out. The tenant in the building could not leave as they thought they could. There were going to try and relocate their inventory to another Ashland facility. It just wouldn't work out and they had to stay in the building, so Novatex and Chris quickly engaged Simonson to start work on a building. They quickly put up that building; it is the one we see today. Now we are at this point today, this relationship has gone very well with Simonson and I will let him explain that. But for a number of reasons, construction costs, and just the overall project, it makes sense for our nonprofit agency, the CIC to now step in, buy the building and lease it back to Novatex and help them further their business. We think it makes sense for everyone to get the land purchased which also makes great sense.

Hal Sheaffer: I started in December after the building started in August and I had a call from Evan and a call from Chris and essentially the cost of the building and the monthly payment that was originally proposed wasn't going to be working so Community Improvement Corporation, which I am treasurer, we set down and met with Armin and Hans and Chris and tried to come with a finance plan that met the original criteria which was basically a lease of \$25,000.00 per month given the actual cost of construction. I think it is significant to say that the appraiser hasn't found any comparable manufacturing building built like this within the last 30 years in Richland, Ashland and Wayne counties. So this isn't the standard light warehouse manufacturing facility. So basically the other part of our role, is the regulation, the Bank and regulations say that the Banks can lend 80% of this market value. Market Value is the real estate based upon square footage of land, not the actual cost. In this building there are huge utility costs and extra costs to make this building substantial for presses, boilers and heavy duty electric.

There are enormous costs in this building that aren't necessarily real estate value costs. The financing was put together to pay for this involved the Ohio Department of Development, they are doing a 166 Loan, and it is an Ohio Department of Development Grant. An Improvement Corporation is putting funds in from the Railroad days. It took five Banks in participation was Sutton as the lead Bank and First Merit, National City, Huntington and Farmers and Savings Bank so, and the City will carry a small balance of the land. So it took all of those parties to put the financing together above and beyond the structure of the building and beyond the actual operation of the company.

Robert L. Valentine Ward 1: Is this the land we are talking about, both of those?

Glen Stewart: There is one that the agreement is part of the purchase and the other is an option. The left hand part is an option to buy at a future time.

Robert L. Valentine, Ward 1; I talked about something else down the road; I know it was when I read something in paper. I didn't misunderstand it, I just read what was said in the paper and I wanted to know where did that come from. I called Glen and found out what the situation was. I have been talking for at least a year, this is the opportune time to at least pass it on if the rest of the Council agrees with me and that is that I know we are not talking about a lot of money. That money does eventually come in to the land. I would like to have a fund. Couldn't the finance director come up with the terminology of the fund?

Mayor Strine: I think that would be up to Council, I agree Bob. We have talked about that and I would like to do that too. We have some legal things we would have to pay off before we could do that. I agree, we need to do that.

Robert L. Valentine Ward 1: We could still set up the fund. If Council is in agreement to it.

Anna Tomasek: It is all Council's decision.

Glen Stewart: But we cannot consider it tonight Bob. I think there is a lot of legitimacy in making sure that the sale of our investments that those funds do not just dribble away.

Any other comments or questions on the Ordinance this evening?

Mayor Strine: I would just like to take the opportunity to thank the Struckmeier family for coming to Ashland Ohio and the citizens of Ashland appreciated it and we will do everything we can to make your investment a good one. Thank you very much.

Glen Stewart: It is a unanimous Thank you from across the board up here. We appreciate it. We tried with CIC, Economic Development, the Banks and others to make sure that this thing came together and I have been involved in some great projects and this is a great project in the perspective of where we are at today. And it has been really, really a community effort. I hope it is a model for more community efforts like this. This can be, and is, starting to be one of those things that compliments or actually verifies that Ashland is someplace special. I mean that from deep inside.

Any other comments?

Move the Ordinance be passed on the first reading by Paul Wertz, seconded by Robert L. Valentine Ward 1 to invoke Section 113.01 of the Codified Ordinances as the distribution of this Ordinance has satisfied the requirements of said Section and that a further reading be dispensed with at this time.

Ayes: Robert L. Valentine Ward 1, Robert M. Valentine Ward 2, Ruth Detrow, Paul Wertz, Glen Stewart.

Move to suspend the rules, 3 separate meetings, 3 separate nights, by Paul Wertz, seconded by Robert M. Valentine Ward 2.

Ayes: Robert L. Valentine, Ward 1, Robert M. Valentine Ward 2, Ruth Detrow, Paul Wertz, Glen Stewart.

Move the Ordinance be passed by Ruth Detrow, seconded by Glen Stewart.

Ayes: Robert L. Valentine 1, Robert M. Valentine 2, Ruth Detrow, Paul Wertz, Glen Stewart.

The Ordinance is passed.

Glen Stewart: I want to thank you all for coming out this evening. As I promised it was going to be a short meeting but a very important meeting for all of us involved.

Motion to adjourn meeting by Glen Stewart, moved by Robert M. Valentine 1, seconded by Paul Wertz.

Ayes: Robert L. Valentine 1, Robert M. Valentine 2, Ruth Detrow, Paul Wertz, Glen Stewart.

Adjournment at 7:12 PM

Submitted by
Valarie F. Bishoff
Clerk of Council