
Ashland City Council

MINUTES FOR THE REGULAR SESSION OF COUNCIL January 6, 2009

Council President Paul Wertz called the meeting to order at 7:00 p.m.

ROLL CALL

Ward 2:	Robert M. Valentine	Present
Ward 3:	Ruth Detrow	Present
Ward 4/President:	Paul Wertz	Present
At-large:	Stephen Stuart	Present
Ward 1:	Robert L. Valentine	Present

Note: Throughout the minutes, Robert L. Valentine and Robert M. Valentine are designated as to their ward representation, W1 and W2.

PLEDGE OF ALLEGIANCE

PRESENTATION OF MINUTES: none

Anna Tomasek: Our guests for the presentation are coming from Cincinnati and Columbus and they have not arrived yet.

Paul Wertz: We will move on until they arrive.

LEGISLATION:

Ordinances: none

Resolutions: none

WARD REPORTS:

At-Large: Stephen Stuart
No report

Ward 2: Robert M. Valentine

- (a) I received some calls and planning commission meeting had a lot of people from up by the College in attendance. They wanted me to go to the meeting. I had told them there was no zoning involved in that meeting, so I figured let them go do what they have to do and I told them it has to come before us anyway before they can do anything.

Mayor Stewart: Not for platting.

Robert M. Valentine - no I understand that Glen. I am talking about switching zones. They were just concerned about a few things. They were concerned about type of fence closest to property. Aesthetically, what is it going to look like? And I guess what they have told me is they have gotten no answers. Maybe after last night, maybe they will get some answers.

Ward 1: Robert L. Valentine

- (a) I have received a couple of emails regarding the Liquor Permit request and I also had a call from someone over in Countryside about a piece of property and about some leaves. I checked it out, my wife and I could not find anything. Everything seemed to be okay.

Ward 3: Ruth Detrow

- (a) I do not have anything except Mr. Bostic is here and he will probably speak during comments or questions from the audience rather than now.

Ward 4/President: Paul Wertz
No report

OLD BUSINESS:

Robert L. Valentine W1: I don't know if this is old business or not. But I went through this when we got this inside the city. I was really impressed Jerry with Water Distribution crew. I am sure we had other things too. But I thought that was helping people out. I thought this was very nice.

Cherie Helterbride Bailey: I thought it was commendable as a whole team.

NEW BUSINESS:

- (a) **Liquor Permit Request** – New B, D2 – Gerald Bruce Wilkinson, DBA Pump House Grille, 400 Orange Street, Ashland, Ohio 44805.

Gerald Wilkinson: The Liquor permit is, all we were looking for was Wine and because of the way the State has them laid out here, relegated to certain permits. This is something we turned in more than one year ago. It was by the request of an awful lot of our customers. They simply wanted wine. We asked if there was a permit so the public could bring in their own and there was not a provision for that from the State. So this was the next step for us. I can say, we are not opening a bar. You won't even be able to get a glass of wine unless you are eating dinner. It is really just simply an addition to what we already do at the Pump House Grille. I can tell you this. I have owned three restaurants and three Liquor licenses. I ran two bars in those restaurants over the years and never did we have a problem. Liquor licenses are nothing more than responsibility. They are the responsibility to the person who holds them and the responsibility of the people trained to serve the alcohol and the responsibility of the people who come in to use the product to drink. So if all three people do their job, liquor licenses are just another piece of the restaurant business. That is how we look at it. It is very professional.

Robert L. Valentine W1: Well you know perception is something, the old perception reality. Perception of Pump House Ministries, and I think that perception at least with the people who contacted me was very negative. It didn't seem to really get into the picture.

Gerald Wilkinson: I agree with you as far as we have received negative comments. We have received threats. I think I probably hold some kind of record for the Time Gazette's Blog. 40 comments positive and negative mix. Before I applied for this license, I did due diligence. I spoke to an awful lot of people. I spoke to a half a dozen Pastors in the Ashland ministry that I am a part of. And the ones that I spoke with, not one of them said don't do this Bruce. We have a very conservative Pastor on our payroll and he was the first one that I went to. And he agreed that it is a piece of what we do there and if we put in the proper stopgaps and things like that, it is okay. Scripturally, we can argue until the cows come home whether the Bible says it is okay to drink or not to drink. Equal amount. So I think it depends on what persuasion you are from. What denomination and what your belief structure is as far as that. It doesn't affect the way we cook our food. It doesn't affect the way we serve people. If you go to Pizza Hut, they have a bar in there. It doesn't affect the pizza. You choose to drink or you don't choose to drink.

Robert L. Valentine W1: Well you have the Junior High School and you have St. Edwards. There used to be a rule that was a 500-foot rule.

Gerald Wilkinson: St. Edwards serves beer. St. Edwards has a liquor license.

Robert L. Valentine W1: St. Edwards has a Liquor license?

Robert M. Valentine W2: No they don't. You can get a temporary one when you do a fund raiser. It is a one-time thing.

Gerald Wilkinson: I don't know if that rule is in effect or not. I don't know how far the Wagon Wheel is. This is not something I am going to lose sleep over as far as whether we get the Liquor license or not. I take a lot of hits for a lot of things and this is another one that turns this into a can of tuna.

Stephen Stuart: It is not our rule to decide whether or not you get the Liquor license. That is not what we do. But from another aspect. I have the utmost respect for you, you have done so much good for so many people in this community, but I truly believe that the backlash of what you are going to experience from this, far, far exceeds the benefit of being able to serve wine for a few people. When you have the word "ministries" as a prominent role in your title, I am disappointed that you are seeking a Liquor license.

Gerald Wilkinson: Can I ask you, what the word "ministry" has to do with that?

Stephen Stuart: You are a Christian based organization.

Gerald Wilkinson: Yes I am.

Stephen Stuart: You are there and have done so much to serve people who have real needs. Many of them who have abuse problems. I am speaking very personally Bruce. I just think that if you step back and say, okay, what are the pluses and minuses to be able to serve wine to a few people that might request it on a Friday night versus potentially endangering the support base that you have from churches and from other people in the community because of this issue? I believe in what you do.

Gerald Wilkinson: I know you do and I appreciate that.

Gerald Wilkinson: This is one of those things that I am liable to when it is all said and done, say no thank you. I have another meeting on Friday with the ministerial and the Chaplain and talk some more about this. For me this is not a Biblical thing or a spiritual issue for me. It is for some. Many people just like to use that because that is all they have to use. It is their only weapon. If I thought it would be the difference between keeping the Pump House alive and shutting it down. Either way, positive or negatively, I would immediately make a decision on it. If I thought this was what was going to keep that Pump House Grille open and all the people it employs and what not, I would be jumping up and down fighting for this thing. But I have taken a pretty quiet stance and listen to what other people have to say, the pros and cons of the whole thing and we value that. I find it interesting the phone calls that we get. As a matter of fact at 4:00 this afternoon, we wrote down a questionnaire. The first question is what is your name when you call. Those who won't give us their name, we say we have nothing more to say. Because of the amount of people who just; an email I received the other day, a woman just whipped on me and I said, look if you want to criticize what I do, you could at least tell me who you are. I cannot get that out of people. If people really want to come to us and say look, this is who I am, this is what I believe in. I spent all day listening to people, that is what I do. So I would more than happy to chat with anybody, like yourself. You know, I value what you have said. It is important to me. Because you know me better than most people know me. So the value of that to me is huge. I really take umbrage to the people who just say, you shouldn't be doing this because you are a ministry. What is that? I mean, the stuff we do in our community, we generate huge amounts of benefits for people in our community as far as that goes. I am not willing to let it be damaged by something like this, if I believe that it will damage it.

Ron Bostic: As being a resident of the City of Ashland, I have had the opportunity many times to donate to Pump House as people come to pick up stuff to take to the ministry. Now, as far as my religious belief, it has nothing to do

with it. Bruce does not realize how many red flags he threw up around town. There are more red flags than he can imagine. I think what he destroyed was ministry, for the simple fact is, when he started it, he wanted a place for recovering alcoholics; he turns right around and sells them liquor. It is a red flag to me. I can assure you this, if he gets that liquor license, I personally will not in any circumstances donate anything for the Pump House. I want him to know that up front. And anybody that I know, it is not a ministry anymore. It can't be a ministry when you sell alcohol beverages. Whether you are a Protestant, Episcopalian or a Baptist or whatever. Any kind of ministry, you represent God. Alcohol is not that. It is just not that. I hope if he does get his license, that Ashland does not support him in any way anymore. And I have not called you.

Mayor Stewart: Bruce, may I ask a question? You indicated that you called to find out about just wine on the premises and there is a permit on our list that is wine only for on premises consumption until 1:00 am.

Gerald Wilkinson: That is what I filled out and the application said that but when the lady called, they said they changed the numbers to B1's and B2's and things like that. That is what she told us. That is all I wanted.

Mayor Stewart: This is all I have to go by too. The permit is actually wine and pre-packaged drinks which gives you more latitude than I think you intend to want or need.

Paul Wertz: And according to what this says, the wine only license is like \$150.00 dollars cheaper.

Questions or comments?

Mrs. Wilkinson: I would just like to say, what we do also there is cater. We do a lot of weddings and we do a lot of graduation parties, holiday parties, those kinds of things which people ask for the wine and the champagne. So that is one way that we can continue to employ people and we can continue to generate income which helps to feed the ministries. I would also like to say that the ministry is multi-faceted so the Pump House Grille is like a business, but we also treat it like we would anything else and we watch over everything responsibly and in a controlled environment. We would never risk any of the people that we serve that we love and care for there. We would never put any alcoholics or drug addicts or anybody with any kind of problem in management or serving any kind of things like that. We would be responsible with that. That is how we run things. We would use them in other areas. We would try to help them in other ways. We would steer them in another direction.

Robert L. Valentine W1: Well I think if you would have, like you said, groups and such, you could qualify for one day.

Gerald Wilkinson: I believe you are only allowed a couple of those per year. I did ask about that as well. I don't know exactly, but it is two or three in a twelve-month period. Is it okay for me to chat some more? I have been here for 12 years in Ashland; I am not from Ashland, I am from Baltimore. I came here to go to the Seminary, worked at the University and we decided to stay because we believed we, Mary Lou and I and a whole group of folks had some things to offer to help the community. I always have to wonder what is burning on 400 Orange Street. We started the Pump House ministries for a purpose and it was to serve the people who were the underserved in the community. I will be the first to admit that I am probably the most non-traditional church organization that you will see in Ashland. We have people who come from all over the country and all over the world to see what it is that we do because they have heard what a Heretic I am. What we do closely resembles a business as far as the little operations that we start up in order to generate income for people. The Pump House was founded on the principle of being self-funded. Very, very little of our funding comes from anywhere but on the property. Almost none. In the comparison of what we do on the property and the amounts of dollars that we generate. Because there is enough of a drain on all of your decisions already and on all of the other facilities in our community, all of the dollars that we generate also stay in Ashland. I gave the Mayor a three page of information about all of the things that we would have done over the last few years and the amount of dollars of tax money that has generated for the community. I have a copy; do you think they would like to see that?

Mayor Stewart: I think that would be beneficial. I don't have mine up here obviously.

Gerald Wilkinson: How do I do this? This whole Liquor thing just might be a good reason to talk about this kind of stuff. You name it. What you are looking at and I know this is not part of your meeting and I apologize for that, I should have brought it earlier. One of the things about the Pump House is, we are extremely misunderstood and if you come right down to it, even generous donors really don't know a whole lot about who we are and what we do. That is probably my fault because I haven't done a lot of jumping up and down and screaming saying "look at everything we have done". Mrs. Detrow knows because she has been around a lot and she sees a lot of things that we do and we chat from time to time. And the Mayor came and I explained a whole lot of that to him when he first found his way into office. These are the kind of things that go on at the Pump House that makes a huge difference. This paper came out and was entitled, should we stay or not? Because to be honest with you, I am not quite so sure it is worth it. Of the misery on my family and a few other people of what we put up with to pull this stuff off. We are not very traditional. What I mean by that, we don't go through all the Churchy looking things. We pull off things that everybody else says you can't do that. We employ a lot of people. There are things in there that are no longer running. Work force re-entry program has a big dollar sign next to it. That was a company that was in our factory before it burnt. Shortly after, they went bankrupt and left. I can tell you phenomenal things that go on here and tens of thousands of people that we have helped, some are over and over again the same people. We run the only Men shelter in our county. Most folks don't even know we have a men's shelter. We fully fund that ourselves. The food pantry that we do, 90% that we produce and send out in the food pantry, we buy. We do not fish in Associated Charities pools. We gather all of the food ourselves the best we can. We don't have a lot of big local food drives because it would diminish what she is able to do. So you see, the Pump House Grille was designed never to really make money, it was designed to train people in the food business because when it all breaks down, and the last frontier of employment is food. There is always a place to get a job in the food industry if you know how to do it. That is what we train people to do. The alcohol whether we serve it or not, really doesn't matter a hill of beans, we were just trying to make people happy, that is all.

Paul Wertz: We have two choices we can make and one is to request no hearing or the other is to request a hearing so is there any more discussion? Do you want to make a motion?

Robert L. Valentine W1: One thing, I never heard any negatives as far as you are concerned. I know people who I have talked to and I have been in the community a long time, have been very positive. But this is something and maybe it is the times or anything else and all at once, what is this? You see. That is my point on perception.

Gerald Wilkinson: I thank you for that.

Ruth Detrow: I would just like to emphasize what you said a minute ago. City Council has very little to do with people having a Liquor License or not. The application is with the State Board of Liquor Control; it is not with City Council. And they do say to us, okay Bruce has applied for a Liquor License, do you want to have a hearing on it or not? In the past, several times we have had hearings and it is the biggest amount of fussing around for no appreciable gain of anything we do. The State Board of Liquor Control, I believe is the one, they have the hearing and we can take witnesses; we all remember a couple of years ago, we had a hearing and we really thought that maybe this time it would make a difference and it was a bar that was a very rough bar and there were many complaints from the neighbors. It was just a renewal. We asked for a hearing and even with that, the State Board of Liquor Control does what they want to do and what they want to do is grant licenses. That is just what it is. This City Council is not the one who gives permission. Even though it might appear that way. We don't give permission at all and we have no control. At one time, we had a Mormon member of Council and of course, traditionally they absolutely oppose any kind of alcohol and he finally just gave up and we just went ahead and passed it every time because we all knew, it doesn't make a bit of difference what we do. Not a bit.

Gerald Wilkinson: How about on a personal level, if you don't mind me asking. If at the Pump House Grille; what do you think about that? People having a glass of wine there with dinner?

Ruth Detrow: My personal feeling is, that when I go out to dinner, I enjoy a glass of wine with my dinner. I think it is probably a mistake for you to have a Liquor License there because of the perception of the Pump House in the community, I believe, is that of a conservative, I would have guessed, anti-alcohol organization and I think you are

going to disappoint people if you go ahead with the Liquor License, but that is just my feeling and well, that is what all of us have been giving, our feeling. And it makes no difference at all.

Gerald Wilkinson: Actually it does to me. Glen what do you think?

Mayor Stewart: I think it stains the image that you built the Pump House on personally.

Gerald Wilkinson: Mr. Wertz? The same opinion?

Paul Wertz: Yes. I do to.

Gerald Wilkinson: Then cancel it. But please, Mr. Newspaperman, will you put in there that the reason I am going to withdraw my application is because I value what these people have to say. Personally. Yes. Because Ruth spoke the truth. They give licenses out. And I know that I can get a license, with enough money you can get a license. The reality of it is, I value what these people have to say because they are in the community where I try to make a difference and that is what they do.

Paul Wertz: I have had at least 12 calls. And they have all been negative.

Gerald Wilkinson: Actually, all of ours have not been negative and even in the Blog in the Times Gazette, we have people waving a big flag, go for it now. I don't know who they are. I new I would get flack from it because I get flack on what color shirt I wear. Believe me it shows up in the paper.

Robert L. Valentine 1: I haven't had the opportunity to hear you before. This is probably the first time, but I value your decision.

Paul Wertz: I do too Bruce.

Gerald Wilkinson: Thank you. You know, I don't think this needs to be a big deal for those who say, oh alcohol is the killer of the universe, because it is not, it is the people who pick up the drink. It takes this, you know chatting with the people who matter. People in position who say, "Bruce, think about it this way". And I have been pacing back and forth the last two days thinking, what is the right thing to do. So you need to tell your donors they owe me \$ 600 dollars for the Liquor License that I applied for, okay? See what you can work out for me?

Mayor Stewart: I might suggest Bruce; we don't have the authority to withdraw.

Gerald Wilkinson (Bruce): Well I do. I might let it teeter out there a little bit longer just to torture a few people but that's all right. You don't have to put that in there either. The paperwork that I gave you, we should chat about that sometime, because it is really good information.

Valarie Bishoff, Clerk of Council: I just wanted to say, Mr. Wilkinson has to be the one to withdraw the request, we are not requesting a hearing.

Gerald Wilkinson: Yes, they said that to me at the time.

Paul Wertz: Thanks Bruce.

Robert L. Valentine W1: Do we have anything to do at all?

Paul Wertz: No he just looked through it.

Mayor Stewart: If you want, Paul or I can check with the Law Director to see if there is any action. Council has two options; I don't know under these circumstances what we do personally. So Rick will be back and I will check with him.

Robert L. Valentine W1: We are not questioning what you are saying. We are doing what we are supposed to be doing.

[Presentation : Ohio CAF \(Capital Asset Financing\) with Dave Conley from Baird Company \(Debt Financing Firm\).](#)

Anna Tomasek: It is my distinct honor and privilege tonight to introduce Mr. David Conley and also Mr. Robert Johnson. They have come up during this winter storm. Mr. Johnson has come up from Cincinnati and Dave Conley, from Columbus. Robert Johnson is the leader under the Center for Local Government. It has been in existence for about seven years and in the State of Ohio, three years. Relatively new program. We are going to talk about tonight, the Ohio Capital Asset Financing Program. And Mr. Dave Conley is a financial advisor and underwriter. When I originally worked with him, he was with Seasongood & Mayer, an underwriting firm and now he is with the Baird Company in Columbus. So gentlemen, the floor is yours.

Mayor Stewart: Anyone that wants to leave, you can. You are welcome to stay but you are not compelled to stay.

Robert Johnson: Good evening everyone, my name is Robert Johnson. I am the Executive Director for the Center for Local Government. We are the sponsor for the program you are going to learn about tonight. I am going to give you just a couple moments background of the Center so you can see whom we are. Again, we are non-profit organization located in Cincinnati. We have been around for 18 years. We are a membership driven organization. We have 47 local governments that are members in southwest Ohio. And the Center's mission is just to help those governments operate as best they can. Whether it is information sharing, training or collaborative programs. And on collaborative programs that kind of leads me into Ohio CAF. Ohio CAF started about six years ago just for Center members in southwest Ohio. It went for a couple of years and was very successful but for two reason we chose to take the program statewide. One reason was the center membership wasn't as big to support doing financing on a regular basis and we wanted to do financings on a more regular basis to help our governments, but also the benefits that our local governments were getting in southwest Ohio, we want to share that with governments in the State of Ohio. So that is the reason why we took the program Statewide. Our underwriter for the program is R.W. Baird; David Conley will explain the program to you in just a moment in detail. It is a good program. The Center for local government does not do business or partner with very many companies and in fact there are two in our existence. We partner with R.W. Baird on Ohio CAF and we partner with USI Midwest, they are brokerage consulting Health Insurance Company. We have a health insurance collaborate down in southwest Ohio for governments combining their health insurance together, but that is another story. That is a real short and sweet synopsis on the Center, again, it is our program and the Center is the sponsor for R. W. Baird. With that welcome David Conley.

David Conley, R.W. Baird: Hello everyone. For truly riveting stuff, I will tell you, after the drive here on the ice and then hearing the conversation going on just before we got here, I could use a drink. So here is the presentation:

Robert Johnson has given a nice overview of the Center for Local Government. (passing out literature tablet). I want to take a little time to go through the program. The reason that I am here to sort of draw a line why I am standing in front of you today. I am an expert in government finance. I have been in finance for governments for 20 years. I know I look like I am 25 but I am just a bit older than that. I have been involved with Local Governments for quite some time. In the last three weeks, I have been contacting a fair number of my clients to talk to them about the Economic Stimulus package that will be coming from the federal government down to the state level to get them prepared to ask our Governor for funding to support local projects. I contacted your finance director who I have known for quite some time to see if the City of Ashland has in fact started to move forward and to look at if there is some opportunities for you to receive funding from the Economic Stimulus Package to help support job growth in the City. And it came out in that talk about it as we did, she mentioned to me some financing needs that she had for smaller projects and I told her about this particular program and that is what led to her inviting me to come out to meet with you this

evening. So that is why I am here. One thing led to the other. The Ohio CAF program is designed to do one thing and one thing only and that is to let you borrow money less expensively than you would otherwise borrow money at. Unless you have lots of extra money laying around and if you are like most of my clients, you don't, the Ohio CAF is an appropriate way for you this year, maybe even into the future to save money for borrowing. The City has two smaller leases that are outstanding, \$400,000, \$500,000, somewhere around there that will probably save you a great deal of money if you refinance those through this program. It was created and designed by me for this sole purpose. So let me walk you through it briefly so you can have a basic appreciation for what we are dealing with. Robert described to you that it is a cooperative, so basically you partner with other governments to borrow money at the same time and as you partner with the other governments, you share the expenses, so lets say your Bond lawyer, if you do a transaction by yourself, your Bond Lawyer probably charges you 5,000 dollars lets say for example for the legal fees. By yourself, you pay \$5,000 dollars. When you partner with five other governments; lets just say that you are all borrowing the same amount of money evenly, you each pay 1,000 dollars for the 5,000 dollar total. This program works the same way for all of the expenses. It divides them up in those particular governments. Page 1, are the professionals that are involved in the program. The Center for Local Government is the sponsor. They are responsible for making sure that I do my job. I represent basically, I am hired by other governments like you to run the program on their behalf and Robert and his Board make sure that I do the job well. Below my name on the list are the other people that work with me to help make sure we do everything the right way. Peck, Shaffer & Williams out of Cincinnati is the Bond Counsel. They do the legal work. You will hear me talk about this in a second but you are allowed to use your own law firm to do your Bond Counsel work if you would like to do that; the only challenge is, you have to pay for two law firms. The program is designed to save money. We have one firm that provides the services and you will share that fee with others. If you use another law firm you have to pay the built in fee for the law firm plus an additional fee, but you are allowed to do that if you would like to. Bricker & Eckler is the legal counsel for our firm and Huntington National Bank is the trustee. They are responsible for organizing the payments and making sure everyone is together. Page 2, I would like to start with the mechanics of the program so that you are pretty clear how it operates. It is very simple; any government in Ohio, other than School districts can participate. As long as you are able to issue debt as a limited tax general obligation bond or an unlimited tax general obligation bond and as a city you would be allowed to issue bonds. Each government individually issues a bond. This program is nothing more than you issuing a bond along with another village or a township or maybe even a fire district, a library district. Individually, you issue bonds, you sell them to the Huntington Bank, The Huntington Bank aggregates the bonds together and then we sell, Baird sells, one large Bond issue to investors in the marketplace. So lets say I have five governments, each of them borrowing a million dollars. You sell the million dollars each to the trustee, the trustee aggregates it together, I sell a 5 million dollar Bond issue in the marketplace because it is a larger bond issue, I am able to get a lower interest rate; and that might sound real familiar to you because recently the city did a note issue that was at the advice of Council and others by aggregating it together and making it larger, you were able to get a better interest rate for that financing. Well the same holds true for bonds so instead of doing a 250,000-dollar lease, you add it to the group that is doing 4 million and before you know it, you are able to get the same interest rates as a large transaction. Believe it or not, that is it. There is no smoke, no mirrors, and no tricks. It is just a straight forward bond issue to a trust, the trust puts the bond issue together, sells one transaction on the market, we take the interest rate for that one transaction and pass it along to each of the governments based on how long you decide to borrow in the program and you can borrow anywhere from one year to twenty five years as long as it meets with the life expectancy test that the Finance Director certifies to Council. Those are the mechanics. Plain and simple, not real challenging. Page 3, we have already covered the subdivisions that are eligible. The reason school districts are not eligible is simply the school districts have a different Fiscal Year than all of the other governments of the State and they have a whole set of financial challenges that frankly you wouldn't want them in your financing program. It is a very difficult role for some districts today, as you probably know. Page 4 outlines roughly the kinds of things that you can finance. Just to give you some ideas of things that we financed in the past. You can personally finance anything that is legal to be financed. A Capital improvement can be financed under the program. That page speaks for itself. Page 5 is usually the two most prominent things that we see governments use the program for. Special assessments because usually special assessments are smaller in nature. Do you guys do a lot of Special Assessments?

Anna Tomasek: We have not. But the sidewalk program, we are trying to decide on that.

Dave Conley: I wouldn't be surprised to see this community need a Special Assessment program in the future. Special assessments are usually smaller financings and because they are smaller, we have 7-8 % interest rates on those on

top of the expenses. This program is perfect for those. It saves you time, saves you money. Also if you have older bonds outstanding. Lets say you have 500,000 dollars of a bond issue that used to be 3 million or 4 million and the interest rate on the that is 6%, because it is so small, investment bankers are not going to be banging your door down to refinance it because it is a small transaction. A lot of governments like to refinance and clean up the smaller transactions in this program. So it just simplifies the process.

Mayor Stewart: May I ask a question? Does that indicate that a bond can be turned over at any time?

Dave Conley: An existing bond?

Mayor Stewart: Yes.

Dave Conley: If it is a callable.

Mayor Stewart: If it has a first call date, then you are up the creek?

Dave Conley: Yes, if; lets say the call date is 2011 or 2012, if it has not already been refinanced, then you can use this program to refinance it. If it has, then you are stuck. You have to wait until you get to the call date. That is called an advance refunding vs a current refunding. Page 6, the benefits of the program, remember this program was designed by governments, so when the Center for Local Government hired, they said the cities and the counties that were members, said "we need to make sure that this thing is safe, simple and inexpensive. That is what we did. It is a very simple program, it is not fancy, and there aren't big fees in it. It is designed to be inexpensive and simple so we made sure that the IRS saw it and that they didn't have concerns about a not for profit like the Center for Local Governments sponsoring the program. They issued a letter saying that it would not jeopardize the not for profit tax exempt status and additionally, it completely surprised all of us involved. They added a comment that they thought it was a good idea. Using this type of approach to lower the cost of governments financing. This program does not use SWAPS and derivatives which may be terminology you have never heard of or you may be very familiar with it. But there are other pooled programs that exist across the country that use SWAPS and derivatives to accomplish the financing mechanism. There are certain inherent risks associated with those instruments in order to create programs. We have opted not to use that in this program. Not necessary. We wanted to go with something that was simple and straightforward. You do not have to do an official statement and you don't have to do a bond rating which is another part that is very beneficial. It keeps the cost low. We do one official statement for the big Bond issue. The individual bond issues don't require an additional statement which saves money, saves time, and works very well. And this program only offers a fixed interest rate. I am not sure how many governments really want variable interest rates. But we opted not to. There are programs in existence that are designed to be variable rate based. I can never find a good reason for a government to borrow on a variable rate. That is just my opinion. Fixed rate only. So if you need a variable rate, this is the wrong pick for you. So basically those are the highlights of the benefits. The 2nd page we talked about just the fees. You pay the fees at the time of closing and that is it. There are no annual administration fees. You don't get any type of invoices later down the road. And that is by design. Again the program, the competing programs that exist have fees at the time you do the transaction and then every month, you get another fee for administration of the program which you can't really determine where they are going. Obviously the expenses are lower because you have economies of scale and you share those with people. You can pay this off like a regular bond if it is longer than 10 years. And you can do it without any termination fees or cancellation fees. So there is no trick. You know, get you in and then if you want to get out, charge you 100 grand to let you get out. That doesn't apply.

Stephen Stuart: You're saying, if it is longer than 10 years?

Dave Conley: If it is longer than 10 years. A regular bond issue which this really has a 10-year window. So if you sell a 20-year bond, you could pay it off with a 10-year call date. So every bond usually has a ten-year call date. If it is less than 10 years, then you wouldn't be able to pay it off early, but if you had the cash, you could put the cash. I am not advocating arbitrage, but if you have the cash, you could put the cash in a bank account, in the bond retirement fund, that fund could earn interest that will likely be higher than the interest that you are paying on this and you would watch each other. Or you could take your cash by treasuries for an escrow and that escrow would then pay the bond

payment. So there are ways to accomplish it if you want to pay it off. And then lastly, you cannot use your own bond counsel if you have an existing relationship which most communities have a relationship. There are really only three Bond Law firms, Bricker & Eckler, Peck, Shaffer & Williams and Squires, Sanders and Dempsey and so if you wanted to use your own counsel you can, just know that your cost might be a little higher than someone else's because you will have to pay extra bond expenses. But our particular lawyer in the program provides all the paper work that you need to participate. No limit on the amount you need to borrow. The program saves you more the least amount you finance which sounds kind of strange but a community borrowed 100,000 dollars the other day, the City of Middleburg Heights and their Issue expenses were 370 bucks. The Bond Counsel fee was like 100 dollars which will never happen in a normal transaction. So the smaller your transaction, the more you save. The break even point is about 4 million 7 hundred thousand dollars in terms of expenses so if you were to borrow 4.8 million dollars, your expenses on a standard loan basis would be the same as using those programs. The program uses the financial benefit. They are even at that point; one is not more expensive then the other one. This would still be easier. You can finance from 1 to 25 years, rates are fixed for the life of the loan. The terms are just the repayment, terms are very simple. Every six months just like a regular bond. Lets look at page 10. Page 10 shows the current interest rates for this. On a one-year basis, you are looking at 3 %. We show the interest rates including all of the expenses. So if Anna wanted to double check and go down to the bank and say hey, what kind of interest rate would you charge for a five year loan including all the expenses she would be able to make an apples to apples comparison. These are pretty attractive interest rates and what we have decided to do because some governments have better credit than other governments. For example, your credit is better than most of the governments in the state. And for that reason, if you are in a program, lets say you are in a program with someone who has slightly worse credit than you. If they borrow for five years and you borrow for five years. I would adjust it where your rate would be 3.52% and that other government might be at a 3.55%. So we make an adjustment so that your credit isn't penalized. We had communities that were worried that other communities were piggybacking with their good name. So we have made adjustment so that doesn't happen. But do remember it is a cooperative and you are sharing expenses with your neighbors. Very attractive interest rates, we update the interest rates weekly. They are published on the website so that you can go to the website every Monday and see what the rates are. We will actually email you the website. We are that confident in the program. We share the interest rates for the world to see. And all the competitors out there look at it and realize that they cannot do any better than that. www.ohiocaf.org. Page 11 is the history where interest rates have moved since mid December. Rates are coming down quite a bit. This is a good time to do something if you are going to do it. And honestly back in October of last year, the market did some really strange things. I am glad we have a market today. I thought I would be changing careers. Pages 12 and 13, 14 shows you the last few deals that we entered. The governments that have participated in those transactions. How long they financed for, what their interest rates were. The expenses that they incurred. What the pages don't show you is that in a lot of these cases, for example the village of Germantown, they have 1.8 million. That 1.8 million is made up of about 6 different projects. So some of the projects were 100,000 dollars. Other projects were 500,000 dollars and we just aggregated them together to simplify the list. I would say that we financed probably 75-80 transactions so far. We have summarized them in aggregate form. The other thing we noticed is a lot of repeat customers who is a testimony to the way the program works. So once people use it, they come back because they like the way that it operated. You have all the facts here on the previous programs. We have a group that is organized right now. This will be your group of partners. This is the current group of applicants that we have. And they are scattered all over the state. We are expecting to fund this particular group.

Robert L. Valentine W1: You mainly deal with entities within a county but not with counties do you?

Dave Conley: No counties are allowed to participate as well. They just take a little longer to come up.

Robert L. Valentine W1: Seasongood and Mayer, is that something similar to you?

Dave Conley: Seasongood is Bond underwriting firm that is no longer in business. I was a partner at Seasongood. A great old firm founded in 1887 and its 117th year I retired and its 118th year they got bought by a bank called Roe Bank of Canada (RBC). There have been a lot of transitions in the financial industry in the last couple of years. I left and went to Baird and re-created what Seasongood used to be. Baird is privately owned. We created this particular program. A list of applicants right here where we funded in March, which this would be the group you would partner with. So if you had a couple of hundred thousand dollars, it would be added to this. We would be doing a 5 million

dollar bond issue and aggregate. You would get the benefit from the shared expenses of this particular group, not to mention the fact that you will be able to get the same interest rates that a 5 million dollar bond issue would get in the market. You would benefit a great deal. We have a pretty good listing of clients across the state that use it. Currently, it is mostly municipalities and townships that are using the program. Counties are slowly coming up the learning curve on programs like this. But I wouldn't be surprised to see them starting to use the program a great deal this year. I think this year is going to be an interesting year for most governments because they are going to try, they have no choice, and they have to find a way to save money. Last year, people suspected things might be tough and they have to be a little bit more creative to save money. This year, I don't think you could get by without doing it. This program is just one way, it is not necessarily creative way, it is just a better way to save money and I think most communities will in addition to cities will look for that opportunity.

Anna Tomasek: The ideal candidate is the city of Ashland has a note that will come due at the end of February which is our Pumper Truck for \$250,000 dollars. So that would make this program to review how we continue rolling notes or the option of going into this program for the Pumper truck.

Dave Conley: Yes I would suggest that if you wanted to lock in the interest rate on the truck, this would be the way to do it. You should know that, again most of the projects that we finance are exactly that; pumper trucks, expansions to fire stations. I was pointing at the ceiling here when I was talking to Robert. Roofs of City Halls and steps and things of that nature. It's the smaller projects that you used to spend cash for. When budgets get tight, typically when you have a little bit of money, you have cash that you spend on the smaller capital improvements and things of that nature. But as money gets tight, you start borrowing for things like this and other things that might be \$100,000 dollars. Page 17, how do you borrow money? Very simple. Your Finance Director or the Mayor simply goes on the website, it is all electronic; we have created this to be as inexpensive as possible because we don't make much money doing the program. Go to the website, fill out the application; application takes about 10 minutes, very simple. We call the Finance officer or whoever filled out the application and verifies that they actually did it and it is not a prank, believe it or not, we get some pranks. Once we do, you either instruct us to have your Bond Counsel prepare the Ordinance to participate in the program or just use the standard Ordinance for the program. What most governments will do, is ask us to send the standard Ordinance to their own Bond Counsel; their Bond Counsel reviews it, signs off on it and passes it on to you, you would pass the Ordinance at a traditional Council meeting and assuming you do things on an emergency basis, it would become immediately effective, we would put you with the rest of the group and have everyone else do the same thing. I would then send out my estimate for interest rates about a week before we sell bonds, make sure that the Finance officer is okay with those interest rates. Basically we give everybody a week to go shopping. You go out to the local Bank, do whatever you need to do and then on the day of pricing, you basically give me your word you are going to stick with us on pricing unless something unusual happens; we set the interest rates on a date certain, at the end of the day you are given the rates and you have one last chance to say, okay, we like those or no we don't like those. And if you say yes, you sign off, about 10 days later, we close and send you the money. Honestly that's it. We have had two communities decide that they didn't like the interest rate on the day of pricing, one got out all together because we were pricing on the day the market melted down. In September, they didn't like the interest rate and they had the flexibility of waiting, which most governments didn't. And in another case, we actually had a government, after we priced the issue, tell us that we are going to go back to the bank one more time to see if they can beat the rate on the program, which we don't want you to do because at that point, could make the whole thing fall apart. But they went to the local bank, the local bank said "we can't do that rate", so they actually came back. So in a nutshell, that is exactly how the process works. The information that we need is all on the website and outside of that, I would be more than happy to answer some questions because I don't want to take up any more of your time.

Mayor Stewart: I heard Anna; we have a note due in February. This package is going to sell in March.

Dave Conley: Timing. What I would suggest, the note comes due in February. What a lot of governments will do is if you have the cash on hand is to simply advance the cash from the general fund and then reimburse yourself once we close this transaction. So you would pass an Ordinance that basically says it is your intent to reimburse yourself, from the general fund or some other fund that you can legally make a loan from and then borrow it and once the program closes, reimburse the general fund. So few of these don't have that flexibility where they can afford to do it and then in that case, we suggest that you just roll the note for a month or two months. A lot of cases, whomever owns that

particular note, they would be willing to extend the maturity, so if you call them and say, “will you just continue to carry this note for 30 days?” And in most cases, they will agree to do it. I know your credit very well. The people that buy your notes and bonds have been buying your notes and bonds for 75 years.

Anna Tomasek: If Council wants to go with this program, we could advance the money from our Capital Improvement Fund or change the date on them to extend it.

Dave Conley: It would probably be easier to just advance the money for 30 days.

Questions or comments?

Ruth Detrow: I am thinking that this is a sweet deal for Huntington Banks.

Dave Conley: In terms of what?

Ruth Detrow: In terms of, they get all of the business from this fund.

Dave Conley: The only thing Huntington gets paid to do. The purchase of the bonds and then the resale is all just more of minuscule process. They don't make a profit by buying and selling like we would in a normal bond transaction, so they are acting as a trustee. So they in essence have a shell corporation when the bonds are sold into and then they are sold out the other side.

Anna Tomasek: And the City of Ashland uses Huntington right now as our Trust. So it would be no different.

Dave Conley: So Huntington gets paid to act as a trustee but they aren't making money on the purchase or the resale of this. Because of the way the program comes together, the governments that hire all the professionals to do the program beat us to death over our fees. There won't be a single person in this program that will tell you they think they are making any money doing it. The main reason that we operate the program, the Huntington, Baird, Peck Shaffer and Williams, Bricker and Eckler is that this gives us an opportunity to (a) Help governments in an area that they need help and that is why I felt strongly about any program that worked with the Center and (2) It gives us a chance for you to meet us and see the kind of work that we do so that one point in the future when you do something bigger than \$500,000 dollars, you just might think to call us and say hey, you guys we need help with this particular transaction. So we are very up front and honest about that. We want to impress you so that you have the opportunity down the road to say, David Conley, lets get him back in here. We are here to do a good job for you. Our fees, it is an unusual set up. Our fees are designed to move based on how big the program is. So if we have three governments for 3 million dollars, we all have agreed to make our fees as little as possible, to make the program viable. If I had 50 governments at 50 million dollars, we would have a little more room to make a profit in the transaction. All of these transactions as you look through here, have been around 5 million dollars. I think the last one was the biggest one. So to date, we still haven't really made a great deal of money doing the program. But it has worked very well. We are happy with the results of it. I think you will be happy with the results of it. Feel free to call any of the governments that are participating. I think they will tell you that it's the real deal.

Robert Johnson, Center for Local Government: I would just like to add, our members are governments like Ashland. The governments that use this program save money save those tax payer dollars. That is where the Center really likes it.

Mayor Stewart: And is there a cost to be a member?

Robert Johnson: Of the Center? We are a membership driven organization. But to be a member of the Center you have to be in southwest Ohio in the 10 county area. We are not a statewide organization. This is the one Center program that is statewide in nature.

Dave Conley: And a membership isn't required. It sounds strange. But there really is a method to the madness. In his members, because there are only 40, would never be able to have a regular, ability to borrow under this program if it were just for their members, so you have to make it big enough where you always have at least 10 governments that can participate in it. It benefits their individual members to have it available to every government in the state.

Paul Wertz: So basically, your fees are, if we borrow 1 million dollars, the fees based on that 1 million dollars is for the whole year, not just for one time?

Dave Conley: One time. You pay it at the closing. Like a regular bond issue. When the bond issue closes, they all come out. Everyone always asks... "What are the fees?" And the fees vary based on for each individual government based on how many governments we have. If I have 7 or 8 governments or smaller than if I have 3 because you are dividing amongst the different participants. We divide it based on: How much you borrow; we divide it based on how long you are financing. So if you go to a 1 or 2 year financing, the expenses are less than if you are doing a 20-year financing. We also divide it based on the credit, credit quality. So if you have really bad credit. And by the way, if you have really bad credit, you cannot participate. So we go through a screening process, if your credit isn't good enough, which is below an A3 rating. You guys are way beyond that. But if you have below an A3 rating, we very politely suggest that you finance your projects a different way so that there is never a problem risk wise. So if someone defaults, we don't want that to be problem to you, so we are very strict about the credit side. We also allocate the expenses. The lower credit, it will get a higher expense for the rating fee, or if we use bond insurance which that is slowly becoming an antique craze. All of that will get allocated more toward the worse credit and less for the better credit. So, the least expensive would be someone borrowing for a year or two years that have really good credit and they are borrowing a smaller amount. Smaller transactions.

Paul Wertz: Any more questions or discussion?

Dave Conley: Feel free to go to the website. Any questions, don't hesitate to call us.

Mayor Stewart: Good presentation. Thank you.

Anna Tomasek: Thank you very much for coming.

NEW BUSINESS cont'd:

Ron Bostic: Over the past year in 2008, we have seen tremendous change in our city and as I drive down the streets, I have wondered, "why is 4th Street a one-way street now? The city, chief of police and chief of Fire Department, it becomes a hazard to them. Why can't we open these one-way streets up now to a two-way street for economical reasons. There is nothing on 4th Street anymore. Hospira is gone, houses are all torn down then you go on 3rd Street, half the houses are torn down and it is a one-way Street. I was asking, if it is not a safety issue, that would someone consider making those two-way streets?"

Mayor Stewart: We will bring that up in our next traffic committee meeting Ron. We have a Traffic Committee made up of the Fire Chief, the Police Chief, the City Engineer, myself, Ellie Grubb participates, Jerry Mack.

Paul Wertz: I think 4th Street though if you make it two-way, the school would be a concern because of the school buses. If it was two-way traffic, it might be an issue.

Mayor Stewart: I think that may very well contribute to why the entire street is still that way Ron. We will discuss it.

Comments of questions from the Audience: Items that are not included on the Agenda.

None.

Mayors Comments:

(a) Just a general tidbit, we are working feverishly on the budgeting process. There is nothing significant to share. If any of you want to stop in and chat about the progress individually, you are welcome to do that. I am not prepared to go public with anything at this point and time. It is a struggle.

Motion to adjourn meeting by Paul Wertz, moved by Robert M. Valentine W2, seconded by Robert L. Valentine W1.

Ayes: Robert M. Valentine W2, Ruth Detrow, Paul Wertz, Stephen Stuart, Robert L. Valentine W1

ADJOURNMENT AT 8:10 P.M.

Submitted by
Valarie Bishoff
Clerk of Council