

Lorain Port Authority
Board of Directors
Regular Meeting
Tuesday, February 12, 2019, at 7:00 p.m.

Board of Directors: Mrs. Cook; Messrs. Bansek, Davila, Kusznir, Mullins, Nielsen, Sommers and Zgonc

Staff: Tom Brown, Executive Director
Yvonne Smith, Accountant
Tiffany McClelland, Economic Development Specialist
Kelsey Leyva, Office Manager
Michael Brosky, Esq., Legal Advisor

Guests: Rick Payerchin

I. Roll Call

A. The meeting was called to order at 7:03 p.m. by Chairman Brad Mullins with roll call indicating a quorum present.

II. Pledge of Allegiance

III. Disposition of Meeting Minutes

A. December 11, 2018, Regular Board Meeting: With no questions or comments by the board, Mr. Kusznir moved to accept the meeting minutes. Mr. Sommers seconded the motion. Motion carried.

IV. Report of Officers

A. Chairman

1. Correspondence:

a. Alzheimer's Association Request: Ms. Leyva explained Ms. Kelsey Ott is the coordinator for the Cleveland Chapter of the Alzheimer's Association. They want to have their annual walk at Black River Landing this year on September 21. They're requesting to use the site a day early, on September 20, to begin set up. Normally they arrive at 5 or 6 a.m. for the race to start at 8 a.m. The site would remain open to the public September 20 while the group sets up a few tents. Mr. Brown said as long as no other event is going on he has no issue. Mr.

Mullins asked if any other events were scheduled. Ms. Leyva said a wedding reception may take place September 21 in the evening, but nothing is scheduled for September 20. She added the Association wants to attend the March meeting to present their sponsorship packages. Mr. Nielsen moved to allow the group to set up a day early free of charge. Mrs. Cook seconded. Motion carried.

- b. US Maritime Captain Training Course: Mr. Brown said the instructor of the captain training course was in a bind last year with the construction going on at the Lorain Sailing & Yacht Club, so the Port allowed the class to meet in the Train Station. The group donated \$250 following their use of the building. This year, the group is asking for the same arrangement and Mr. Brown said he didn't feel comfortable moving forward without consulting the Board. Ms. Leyva explained the class is requesting 24 days at no charge. Three of those dates are currently booked by the Lorain Historical Society for its Indoor Yard Sale and one is booked by Lorain City Schools for its Art Show. Mr. Mullins asked if the students paid for the captain course. Ms. Leyva said yes, around \$1,000 per student. Mr. Mullins said in that case, he believes the group should pay for the building.

B. Executive Director

1. Lorain Sailing & Yacht Club Merger and Sublease: Mr. Brown said three different documents were included in the board packet. The City owns the property, which is leased to us and then subleased to the Sailing & Yacht Club. Mr. Brown said he sent the documents to Mr. Dan Given with the city and is hoping to set up a meeting. He said the easy part is the Yacht Club's request to complete building renovations as he sees that as adding value to the site. The merger with the Westlake Yacht Club changes the terms of their lease, which would need to be approved by the city and by our board. At our last meeting, there were objections about a liquor license. The packet also included a letter requesting an extension to the lease. Currently it ends in 2022 and they're asking for another 5 years and

the ability for an automatic extension in 2027 to 2034 for a bank loan. Mr. Brown said he doesn't see the city getting excited about that. He wanted to contact land owner, which is the city, first. We're a conduit. We can have a special call or handle this in March if necessary.

2. Marina Expression of Interest (EOI): Mr. Brown said the Strategic Development Plan Committee has previously met to discuss the Marina Development Agreement entered into in 1988. It expires December 31 of this year. He sees an expression of interest as the way to go with this type of project. Groups large and small have expressed interest. There will be about 5-6 weeks to submit a proposal. The EOI is like a nonbinding RFP. We would set up a committee and decide who to negotiate with. Then the lease and agreement would be put in place. In speaking with developers, this is a process they're interested in. Mr. Mullins asked about potential prospects. Mr. Brown said about 6. One is smaller, one is an operator and three or four are development groups. People are noticing waterfront property. Mr. Mullins asked about giving notice to Spitzer or Mr. Jim Andrews at Jackalope. Mr. Brown said the Spitzer group is aware the port is seeking interested developers/operators, and any sublease ends when the original lease ends. Spitzer wanted an extension to stay, but we're going to go through the process respectfully. Mr. Zellers asked what happens after the proposals come in. Mr. Brown said a committee meeting would take place and we would have interviews to start negotiating. Mr. Zellers said he would like to be involved. Mr. Mullins agreed that was a good idea.
3. Rockin' on the River Contract Extension: Mr. Brown said this year, Mr. Bob Early gave notice to exercise his two-year extension option. Mr. Brown is in favor of moving forward with the extension. Mr. Earley is energized and excited about this year. He and his wife Sandy pretty much have the season built out. This is the last year on the current contract. Mr. Nielsen moved to approve the extension. Second by Mr. Bansek. Motion Carried. Dates on the contract will be corrected and sent out.

4. Record Retention Schedule Update: A goal when Mr. Brown started was to purge the mountains of paperwork. Staff has gone through more paperwork and is looking to dispose of more. Mrs. Smith said staff put together a list to set a new retention schedule. Once this is approved by the Historical Society and State Auditor's Office, we won't have to ask permission unless they deem it necessary. We have a lot that will likely not need permission to be destroyed. We're moving to electronic storage, but certain items are required to be on paper. Mr. Sommers moved to approve the update of the record retention schedule. Mr. Zgonc seconded. Motion carried.

V. Economic Development Director

- A. Ms. McClelland said she had nothing to report.

VI. Report of Committees

A. Contract Management Committee

1. Able Rents Stage Top Agreements: Mr. Brown said until we move forward with a new tent, there is really only one group willing to put it up. We adjusted the agreements last year and everything worked perfectly. Able Rents has it down to a science. Ms. Leyva said there were no major changes. There are three agreements: one for install, one for tear down and one for storage. The main difference is an increase in wage for their employees. The quote was up \$1,179, the difference in was \$1,320. Mr. Zgonc moved to approve the agreement with Able Rents. Second by Mr. Bansek. Motion carried.
2. American Fireworks Contract: Mr. Brown said we went out for proposals last year and only received one back which was from American Fireworks. They provided a great show. He explained the company is offering the same rate of \$20,000, but the number of shells would decrease. The other option is increasing the budget by \$2,000, and we would receive the same number of shells as in 2018. We could lock in that price and shell count for three or four years. Ms. Leyva said the increase in price was due to tariff increases and this is the first price increase since 2015. Mr. Zgonc said he

believed it was necessary to go out for proposals. Mr. Mullins said he previously proposed that, we went with a different vendor and it was a disaster. Mr. Zgonc said he doesn't want to pay an extra \$2,000 for the same show. Ms. McClelland said the show will be different from year to year, but the shell count will remain consistent. Fewer shells means a shorter show. Mr. Bansek asked if we can refuse a bid. Mr. Brosky said it depends. Ms. McClelland reminded the board that she went out for proposals last year, spent hours giving tours and then received one back. That same company, American Fireworks, is now offering a multi-year contract. Mr. Zellers said the strategic plan wanted us to streamline operations. He supported the staff's decision to go with American Fireworks and moved to approve the multi-year deal at \$22,000. Mr. Brown said American is top notch company. They work well with everyone and submit all permits. So many compliments last year. They do Waterfront Winterfest and Roverfest. He wants to lock the price in for three years. Mr. Nielsen said American has provided the display more often than not. This year it will be on July Fourth. Mr. Brown keeps reminding the city of that date. Mr. Zellers moved to make an amendment to the resolution, so it extends for three years. Mrs. Cook seconded. Motion carried with one no.

Mr. Mullins presented:

A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO ENTER INTO A CONTRACT WITH AMERICAN FIREWORKS FOR PROVISION OF PROFESSIONAL PYROTECHNICAL SERVICES FOR THE JULY 4, 2019, 2020 AND 2021 FIREWORKS DISPLAY.

Mr. Zellers moved to approve Resolution No. 2019-05. Mr. Bansek seconded. Roll call vote as follows:

Ayes: 8

Nays: 1

Abstain: 0

Resolution Passed

3. MTC Horticultural Services 2019 Ground Maintenance Contract: Mr. Brown said last year we signed a contract with MTC Horticultural Services which contained two additional one-year options. This is year two. We are satisfied with the level of service and want to extend the contract an additional year. The rate would stay the same. There are some peripheral issues such as Victory Park that will be negotiated separately. Mr. Mullins asked if the resolution covered 2019 only. Mr. Brown said yes. He planned to come back to the board again next year as MTC has the option of saying no. Mr. Zellers said he would feel comfortable giving the staff the ability to move forward in 2020 if MTC agrees. Mr. Mullins agreed. Mr. Bansek moved to amend the resolution to include 2019 and 2020. Mr. Kuszniir seconded. Motion carried.

Mr. Mullins presented:

A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO ENTER INTO AN AGREEMENT WITH MTC HORTICULTURAL SERVICES FOR PROFESSIONAL SERVICES RELATIVE TO THE 2019 AND 2020 LAWN MOWING AND GROUNDS MAINTENANCE OF LORAIN PORT AUTHORITY PROPERTIES.

Mr. Kuszniir moved to approve resolution No. 2019-06. Mr. Bansek seconded. Roll call vote as follows:

Ayes: 9 Nays: 0 Abstain: 0 Resolution Passed

4. TPI Efficiency Electricity Rates: Mrs. Smith said she has been working with Nick from TPI Efficiency. They actually shop around for the best electricity rates. Three companies provided options for rates for one, two or three years. Nick recommends three-year deal with Freepoint Energy Solutions at 5.55 cents per kilowatt hours. Mrs. Smith also checked a website called ChooseEnergy.com and the closest they could come was 6.11 cents per kilowatt hour. Mr. Mullins asked what we spend now and what the savings will be. Mrs. Smith said she didn't know that information

offhand. MR. Brown said the Port is currently using TPI to find electricity rates. Mrs. Smith said the current rate contract ends in March and the new one would start in April. Mr. Mullins said he would still like to know the cost difference or dollar savings. Mr. Zellers said his company uses TPI. He checked on the rate provided and it's solid. He's comfortable using them, but he also wants a dollar amount. Mrs. Smith said the previous rate was .06031, so the new rate is cheaper. Mr. Zellers asked for a dollar amount at the next meeting. Mrs. Smith said the annual savings is \$1,556. Mr. Davila moved to approve the contract with Freepoint. Mrs. Cook seconded. Motion carried.

B. Strategic Development Plan Committee

1. Mr. Sommers said no meetings have been scheduled.
2. Mr. Brown said the levy committee will get going soon. He has tentative dates set for functions and a plan to present.

C. Marketing and Public Affairs Committee

1. Mr. Bansek said he has nothing to report.

D. Grounds Maintenance and Capital Improvements Committee

1. Mr. Nielsen said he had nothing to report.

E. Financial Planning and Audit Committee

1. 2019 Permanent Budget: Mr. Davila skipped forward on the agenda to discuss the 2019 Permanent Budget. He said he has some concerns. Total expenditures are more than \$1,000,000, which is about \$128,000 more than our revenues. He feels we need to revisit this because the expenses should not exceed revenues. Mr. Davila said he sees money is dwindling or going down. In 2015 and 2016 we were solid with more revenue than expenses. Our reserves have gone down. His concern is we're not presenting a budget equal in revenues and expenses. Mr. Brown said he could present a balanced budget, but the organization fell way behind on upkeep and maintenance of our facilities. In 2018, we invested more in maintenance. This budget as presented is conservative on revenues. We haven't included them because an exact dollar amount

hasn't been finalized. The other item is, we can cut down some numbers on the expenses side. We don't usually spend even what we project. Last year, in October or November, we projected a carryover of about \$330,000-350,000. At the end of the year we carried over \$502,000. There's a balancing act in government finance and Mr. Brown said he is confident we will not "break the bank." He said we can cut out projects and he can provide a balanced budget next week. Mr. Mullins reiterated the carryover is a half million. He asked about the board's appetite and what they're comfortable with as far as a carryover amount. As long as we're growing or improving the aesthetics and facilities, Mr. Mullins can see spending the money. He said a few years ago things were looking shabby. Mr. Nielsen mentioned the boats and the lack of preventative maintenance. Parking lots are the same way. Mrs. Smith said additional monies also went to the creation of the economic development arm of the Port. Revenues will be added in as Ms. McClelland and Mr. Brown close deals. Mr. Nielsen said he doesn't like to see expenses outweigh revenues, but he understands getting caught up at the facilities before it's too late. Mr. Mullins said he agrees it needs to be a balanced budget, but we have to be realistic and able to address maintenance. Mr. Davila said he believed all requests for donations or pay raises should go to a budget committee before we make any expenditures. Mr. Brown said everything we spent last year was in the budget. Legally we can't spend it if it's not in the budget. We came in under budget. We were aggressive on capital and maintenance last year and we ended the year better than we thought. Budgets are dynamic documents. Mr. Brown said he is more than willing to cut back expenses, but some projects may come up and our ability to react will be limited. Mrs. Smith said a current project estimated at \$75,000-100,000 in revenue hasn't been added in yet. Once we know the figure, we can make an amendment. Mr. Zellers doesn't understand the need for a balanced budget. If we have a surplus that's grown over the last few years and deferred maintenance items, why does the budget

need to be balanced? Mr. Davila said he noticed our income has gone down some. He also wants special items and additional revenue like what Mrs. Smith mentioned to be noted somewhere so the committee knows. Mr. Davila isn't comfortable approving the current proposed budget. Mr. Brown said a motion to take the budget to committee is always available. That option was available this past month after drafts of the budget were sent to committee members. Mr. Mullins suggested adding in anticipated revenue line item to the budget. Mr. Brown said he wasn't comfortable reporting possible revenue without a signed term sheet, despite his confidence in the project. Mrs. Smith cautioned against adding in the anticipated revenue. She recalled the year when Black River Landing was constructed. The amount of money we received was significantly less when the Steel Mill didn't pay its taxes and the Port was forced to cut 25% of the budget in October. She is cautious to put money in before we know for certain. Mr. Mullins suggested at least forecasting. Mrs. Cook asked about how the auditors review the budget. Mrs. Smith said whatever we pass is what the budget is. She said she likes being conservative. Mr. Mullins asked if the budget balanced at all. Mrs. Smith said yes, it balances, but in 2019 we are predicting more expenses than revenues. We had a carryover of \$502,000 going into 2019. For 2020, we're predicting a carryover of \$374,000. That's a drop of \$128,000. Mr. Zellers said additional revenue sources should be the main focus of the board. Mr. Davila said the budget isn't set in stone. Mrs. Smith said actually it is set once it's approved. Then it can only be changed by an amendment approved by the board. Mr. Davila said amendments can be made later if necessary. Mr. Davila moved to send the budget to committee. Second by Mr. Kuszniir. Motion approved.

2. 2018 Annual Financial Report: Mrs. Smith said there are several handouts to follow along for her report. On page 15, starting with special revenue, we have USEPA Brownfield Hazardous Grant, Marine Patrol and the Fireworks Fund. The total revenue is \$151,325, but notice in Marine

Patrol, there's a transfer in of \$10,667. That's noted in a different place within the report. Total revenues minus transfers is \$140,685. Pages 6, 7 and 8 are the combining report. Fireworks fund is empty. Expenditures start on page 20. The column on the far right totals all special revenues. Pages 1 through 3 are governmental-type funds. Special revenues roll into the overall report. You can dig as deep as you wish. The next thing is page 23. It shows the advances and the transfers between the funds. It should zero out at the end. The last page is the notes to the financial statement. It goes over how we were created, the different fund types and what they mean. It's to help everyone better understand the financials. Special Revenue funds by nature are grants or there are special stipulations on what it can be spent on. Marine Patrol we match 25% and they pay 75%. USEPA we don't have to match at all. Mrs. Smith invited anyone with questions to call her. Mrs. Cook moved to approve. Mr. Kuzsnir seconded. Motion passed.

3. January 2019 Financial Statement: Mr. Mullins asked for the highlights. Mrs. Smith said we only received revenue in the general fund and in the USEPA Brownfield Grant fund. We're well within budget and doing well. Mr. Davila moved to approve. Second by Mr. Kuzsnir. Motion carried.
4. Advancement of Funds to USEPA Brownfield Assessment Grant Fund: Mrs. Smith said each year there's a portion of the Brownfield Grant that we pay and later get reimbursed for. She is asking for approval for an advancement from the general fund to the USEPA Brownfield fund, so she's covered when the payment takes place. This is good for the year.

Mr. Mullins presented:

A RESOLUTION TO APPROVE AN ADVANCEMENT OF FUNDS FROM THE GENERAL FUND TO A SPECIAL REVENUE USEPA BROWNFIELD ASSESSMENT GRANT (HAZARDOUS SUBSTANCE) FUND.

Mr. Kuzsnir moved to approve Resolution No. 2019-07. Mr. Sommers seconded. Roll call vote as follows:

Ayes: 9

Nays: 0

Abstain: 0

Resolution Passed

5. Then and Now Certificate: Mrs. Smith said there were no then and now certificates that require board approval.

F. Bylaws and Personnel Committee

1. Mrs. Cook said the committee recommended giving the Executive Director authority to adjust the staff salaries beginning in 2019. Mr. Nielsen moved to accept the recommendation. Mr. Sommers seconded. Motion carried.

VII. Other Business

- A. Ms. Leyva said the Mayor's Address is coming up on Feb. 28. Board members have reached out via email to RSVP. She's asking again to update the attendance list. Mr. Mullis can no longer attend, but Mr. Zellers is planning to attend. Mr. Sommers is attending separately.
- B. Celebrity Bar Tender date at the Mexican Mutual Society is Friday, April 12 from 6-9 p.m. It's a fundraiser for the club and a good way to promote the levy.
- C. Mr. Zellers asked about the Mayor adopting a child. Should we send a card? Mr. Brown will handle it.
- D. Mr. Zgonc asked if there would be a dedication at Victory Park. Mr. Brown said he has some ideas and wants to plan something near Memorial Day. He's working with the landscape company to add it to our maintenance schedule.
- E. Mr. Kuszniir asked to be added to the Strategic Development Plan Committee. Mr. Mullins thanked Mr. Kuszniir for his interest. Mr. Mullins will update committee assignments and send it to the full board.
- F. Mr. Zgonc added the website is not up to date. Mr. Brown said Ms. Leyva is working on the website. Mr. Zgonc said he knows staff is working hard. Mr. Brown said he appreciates the notice. Ms. Leyva said anyone who notices any necessary updates should send an email to her directly and she will fix the website immediately.
- G. Mr. Zgonc asked about the Strategic Plan. Mr. Brown said we're eyeball deep. To provide a quick report, Mr. Brown said four different deals are in

the work right now. We're negotiating with the city regarding the TIFF agreement. We're in the process of doing a lot of year one, quarter one. Mr. Brown said he can provide a better report next month.

VIII. Public Comment

A. None

IX. Executive Session

A. Purposes of Property Disposition. Mr. Davila moved to enter executive session. Second by Mr. Zgonc. Roll call vote as follows:

Ayes: 9

Nays: 0

Abstain: 0

Motion Carried

Motion by Mr. Sommers to exit executive session. Second by Mr. Kuszniir. Motion carried.

Mr. Bansek moved to give the executive director authorization to enter into a Letter of Intent (LOI) on the south 14 acres of Black River Landing, pending legal approval. Second by Mr. Zgonc. Motion carried.

X. Adjournment

A. There being no further business to come before the committee, Mr. Davila moved to adjourn. Mr. Nielsen seconded. Meeting adjourned at 9:09 p.m.



Brad Mullins, Chairman



Tom Brown, Executive Director