

ADDENDUM TO AGENDA

MENTOR CITY COUNCIL

June 7, 2016

7:00 P.M.

NEW LEGISLATION:

ORDINANCE NO. 16-O-60:

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH BOLDT CAPITAL, LLC, AND/OR LAKE MENTOR PROPERTIES LLC AND/OR THE LAKE COUNTY OHIO PORT AND ECONOMIC DEVELOPMENT AUTHORITY AND/OR THE BOARD OF EDUCATION OF THE MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT RELATIVE TO THE LAKE HEALTH AND WELLNESS PROJECT, AND DECLARING AN EMERGENCY

ORDINANCE NO. 16-O-61:

AN ORDINANCE AMENDING PART ONE, TITLE FIVE, CHAPTER 151, OF THE CODIFIED ORDINANCES OF THE CITY OF MENTOR, 2006, AS AMENDED, THE SAME RELATING TO EMPLOYMENT POLICIES, AND DECLARING AN EMERGENCY

COUNCIL CHAMBER

City Manager
06/07/16

City of Mentor

ORDINANCE NO. 16-O-60

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH BOLDT CAPITAL, LLC, AND/OR LAKE MENTOR PROPERTIES LLC AND/OR THE LAKE COUNTY OHIO PORT AND ECONOMIC DEVELOPMENT AUTHORITY AND/OR THE BOARD OF EDUCATION OF THE MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT RELATIVE TO THE LAKE HEALTH AND WELLNESS PROJECT, AND DECLARING AN EMERGENCY

WHEREAS, Boldt Capital, LLC, Lake Mentor Properties, LLC, the Lake County Ohio Port and Economic Development Authority and the Board of Education of the Mentor Exempted Village School District desire to construct a Health and Wellness facility at the northwest corner of Market Street; and

WHEREAS, ownership of a parcel of property necessary for the project is vested in the City of Mentor and the purchase of said parcel must be completed for the project to continue, and whereas said parties intend to extend an offer for same to the City of Mentor, an agreement has been reached between Boldt Capital, LLC, Lake Mentor Properties, LLC, the Lake County Ohio Port and Economic Development Authority and the Board of Education of the Mentor Exempted Village School District relative to making an offer to purchase the parcel from the City of Mentor.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MENTOR, COUNTY OF LAKE, STATE OF OHIO:

SECTION 1. That the Council of the City of Mentor City agrees in principal to the terms, attached hereto as Exhibit "A", proposed by Boldt Capital, LLC, Lake Mentor Properties, LLC, the Lake County Ohio Port and Economic Development Authority and the Board of Education of the Mentor Exempted Village School District relative to an offer to sell the parcel to one of more of them and it hereby indicates that it will cooperate in preparation of formal agreements to reach that goal.

SECTION 2. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this ordinance were adopted in an open meeting of this Council and that, except as otherwise provided by Section 121.22 of the Ohio Revised Code, all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public in compliance with all legal requirements.

SECTION 3. That this ordinance is hereby declared to be an emergency measure necessary for the preservation of the public peace, health, welfare and safety of the inhabitants of this city, and for the further reason so as to meet contractual deadlines; WHEREFORE, this ordinance shall take effect and be in force from and immediately upon its passage.

President of Council

PASSED: _____

ATTEST: _____
Clerk of Council

Letter of Intent

This Letter of Intent outlines the proposed terms for the sale of a parcel located at the Northwest corner of Market Street and Munson Road (the "Parcel") from the City of Mentor, Ohio (the "City"), a municipal corporation and political subdivision organized and existing under the Constitution and laws of the State of Ohio, to the Lake County Ohio Port and Economic Development Authority (the "Port"), a port authority and body corporate and politic duly organized and validly existing under the laws of the State of Ohio. The land parcel is to be used, along with additional land to be contributed by the Board of Education of the Mentor Exempted Village School District (the "School District"), for the development of an approximately 85,000 square foot health and wellness center (the "Project") to be owned by the Port and leased to Lake Mentor Properties, LLC in its capacity as lessee and construction agent of the Port (collectively, the "Developer") and to be master leased by the Developer to and operated by Lake Hospital Systems, Inc. ("Lake Health").

The Project will not only lead to economic development in the City of Mentor in the form of increased employment and real estate taxes, but will also benefit Mentor Public Schools by (1) the creation of a center for the evolving wellness initiatives for faculty and staff members and provision of related programming, (2) relocation of the Cardinal Clinic to the new facility and expansion of its service to the employees of the School District and Mentor Public Library, (3) provision of access to the aquatic center for the School District's swim team for practices and meets, and (4) creation of an opportunity to have career technical students and other students interested in a medical career to participate in internships and other experiences at the new facility.

Parcel	An approximately 4.0 acre parcel located at the Northwest corner of Market Street and Munson Road in Mentor, Ohio (Parcel # 16-C-086-0-00-016-0) (see attached Exhibit A)
Purchase Price	One-Hundred Fifty Thousand and 00/100 dollars (\$150,000.00) per acre, or Six hundred thousand and 00/100 dollars (\$600,000.00). The purchase price was arrived at using the comparable land sale of a 5.68 acre parcel on Bellflower Road for \$850,000 (or \$149,648 per acre). This comparable land sale is being used due to its B-1 Community Service zoning. This zoning classification represents a compromise between the buyers' contention that it should be valued as R-4 Single Family Residential and the City's contention that it should be valued as B-2 General Business.

Purchase Price Adjustments	The Purchase Price shall be adjusted as follows:	
	<u>Base Purchase Price</u> (see above)	\$ 600,000
	A. <u>13.8% Discount</u> (consistent with discount to Penske Automotive on recent land purchase)	\$ (82,800)
	B. <u>Mentor Incentive Grants (MIGs)</u> - price reduction related to Lake Health's agreement to waive its right to MIGs associated with the project (subject to clawback provision if increase in payroll taxes associated with the Project is less than \$36,716 per year) (see attached Exhibit B)	\$ (110,000)
	C. <u>Wellness Center Discounts</u>	
	a. <u>Corporate Fee Savings</u> - price reduction related to Lake Health's agreement to provide the City a 50% discount on its annual Corporate Fee (savings of \$3,500 per year for 18 years - see attached Exhibit C)	\$ (63,000)
	b. <u>Enrollment Fee Savings</u> - price reduction related to Lake Health's agreement to provide City of Mentor Employees a 75% discount on one-time Enrollment Fees (see attached Exhibit C)	\$ (17,656)
	D. <u>Pool Usage Opportunity</u> - price reduction related to Lake Health's agreement to allow the City to utilize the Project's lap and leisure pool for structured swim lessons (see attached Exhibit D)	\$ (151,216)
	E. <u>Land Swap</u> - the School District will contribute / transfer an approximately 4.3 acre parcel located between Munson Road and the School District's Administration Building to the City (the "Swap Parcel," as depicted on attached Exhibit E). The Swap Parcel will be carved out of a larger parcel and is valued at its prorated share of the larger parcel's assessed value, per the County Auditor.	\$ (300,930)
	<u>Purchase Price After Adjustments</u>	\$ (125,602) *
Adjustments C through E are optional to the City. With respect to Adjustments C and D, the City has the option to accept <i>both</i> reductions or to forego <i>both</i> reductions, in which case the City would receive cash rather than the benefits offered by Lake Health. With respect to Adjustment E, the City has the option to accept the Swap Parcel as valued or to receive cash instead. * The final Purchase Price After Adjustments would be established after the City selects the Adjustments they prefer.		

Contingencies	<p>The sale of the Parcel from the City to the Port shall be contingent on the following:</p> <ul style="list-style-type: none"> • Negotiation of a mutually satisfactory purchase and sale agreement for the Parcel; • Developer providing the Port with the necessary funds (the Purchase Price After Adjustments, plus closing costs and prorations) for the Port to complete the purchase of the Parcel; • Use of the Parcel for the Project as proposed and approved by the Mentor City Council at their January 5, 2016 meeting. If, following the Closing described below, Developer fails to construct the Project on the Parcel, the Port and Developer shall be required to re-convey the Parcel to the City for the Purchase Price. In such event, Developer shall be responsible for paying all costs of closing relating to the repurchase of the Parcel by the City and for conveying the Parcel free and clear of all liens and encumbrances other than those affecting the Property as of the sale of the Parcel by the City to the Port. • The City's agreement to work with the Developer, Port and School District to create a separate parcel on the west side of the Project site (the "Overflow Parking Parcel," as depicted on attached Exhibit F) to provide for overflow parking for school and City special events, as contemplated in the Development Agreement between the Parties dated January 7, 2016. The purpose for creating this separate parcel is to create separation from the Project for operations and liability issues associated with the overflow parking.
Closing	<p>Closing shall take place simultaneously with the issuance of bonds by the Port to finance the Project and the purchase by the Port from the School District of the additional land to be used for the Project. Closing is currently anticipated to take place in October or November of 2016.</p>

The parties have executed this letter of intent with the intent that the terms and conditions hereof shall form the terms and conditions of a future purchase agreement between the City and the Port. Until such time however as such purchase agreement is approved and executed, this letter of intent is and will remain non-binding on the parties hereto. Only at such time that a mutually acceptable purchase agreement is duly approved by the board of directors of the Port and the City and executed by the parties thereto in accordance with such authorizing legislation shall such purchase agreement be binding on the parties.

(Signature page to follow)

CITY: CITY OF MENTOR, OHIO

By: Kenneth J. Filipiak

Its: City Manager

Date: _____

**PORT: LAKE COUNTY OHIO PORT AND
ECONOMIC DEVELOPMENT AUTHORITY**

By: Mark Rantala

Its: Executive Director

Date: _____

DEVELOPER: LAKE MENTOR PROPERTIES, LLC

By: James R. Kleinfeldt

Its: Manager

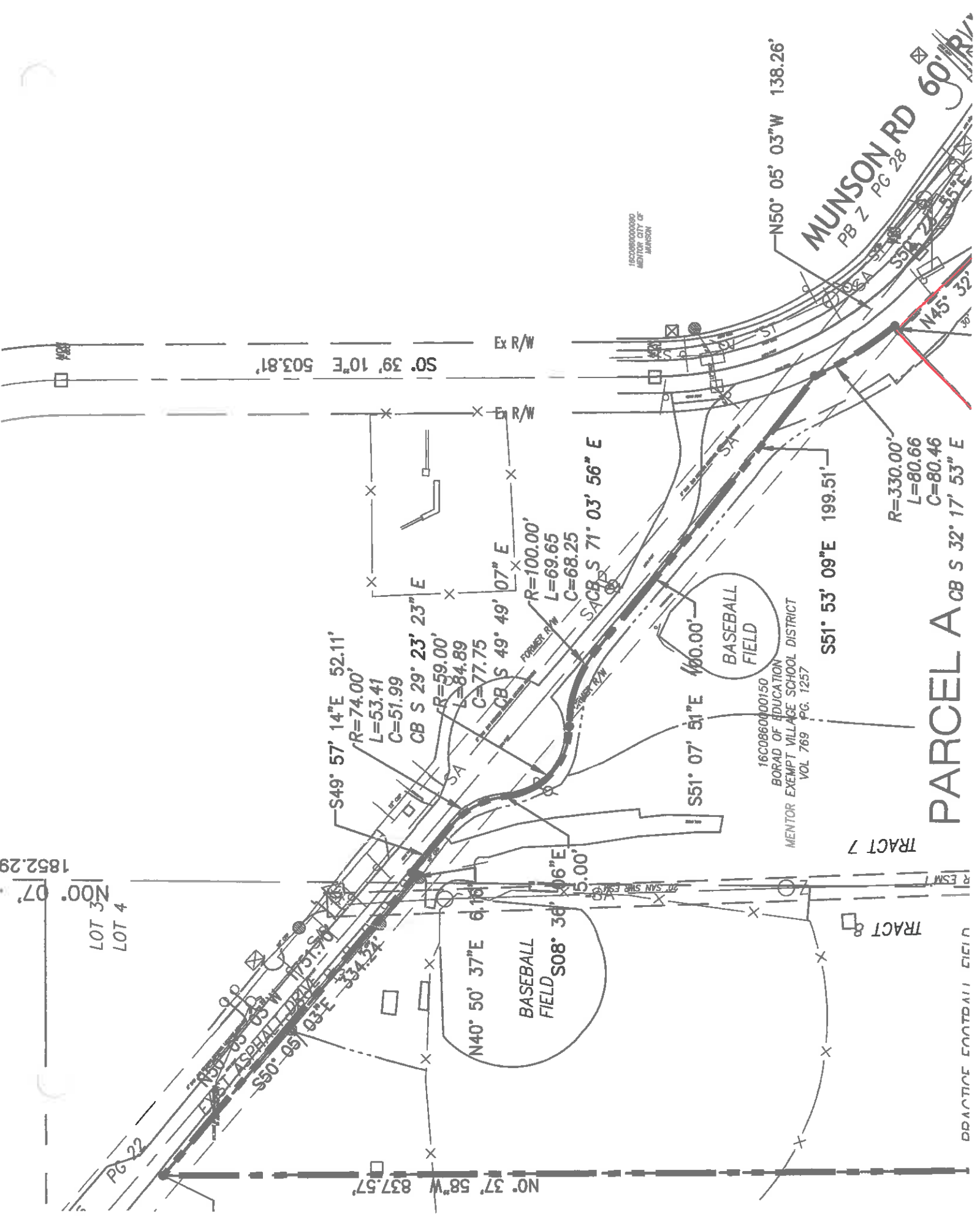
Date: _____

**SCHOOL DISTRICT: BOARD OF EDUCATION OF
THE MENTOR EXEMPTED VILLAGE SCHOOL
DISTRICT**

By: Daniel L. Wilson

Its: Treasurer

Date: _____



PARCEL A

MUNSON RD 60' R/W
PB 2 PG 28

16C086000150
BOARD OF EDUCATION
EXEMPT VILLAGE SCHOOL DISTRICT
VOL 769 PG. 1257

BASEBALL FIELD

BASEBALL FIELD

FOOTBALL FIELD

TRACT 7

TRACT 8

LOT 3
LOT 4

1852.29

50' 39' 10" E 503.81'
Ex R/W

S49° 57' 14" E 52.11'
R=74.00'
L=53.41
C=51.99
CB S 29° 23' 23" E

R=59.00'
L=84.89
C=77.75
CB S 49° 49' 07" E

R=100.00'
L=69.65
C=68.25
S49° 57' 14" E

R=330.00'
L=80.66
C=80.46
CB S 32° 17' 53" E

N50° 05' 03" W 138.26'

S51° 53' 09" E 199.51'

N45° 32' 17" E

S51° 07' 51" E 100.00'

N40° 50' 37" E 6.16'

S50° 05' 03" E 334.24'

N50° 05' 03" W 1751.50'

S50° 05' 03" E 334.24'

N0° 37' 58" W 837.57'

EXHIBIT B -- PAYROLL TAXES

Payroll	# of Employees	# of FTES	Total Payroll	Payroll Taxes	Discount	
					Rate	PV
Current Mentor Facilities (to be consolidated in new H&W Center)	75	46.01	\$ 4,285,411	2.0% \$ 85,708	6%	18 \$ 928,015
Total Payroll for new H&W Center (if located in Mentor)	150	84.67	\$ 6,121,227	2.0% \$ 122,425	6%	18 \$ 1,325,564
Increased Payroll (if project comes to Mentor)	75	38.66	\$ 1,835,816	\$ 36,716		\$ 397,550

EXHIBIT C – ENROLLMENT FEE DISCOUNT

Lake Health Medically Based Wellness Center Proposal to City of Mentor

Public Rates

RATES	SINGLE	COUPLE	FAMILY
Enrollment Fees (One Time)	\$175	\$225	\$250

MONTHLY DUES			
Membership Dues (per mo)	\$50*	\$75*	\$100*

*Rates not finalized

General Employer Discounted Rates

RATES	SINGLE	COUPLE	FAMILY
Enrollment Fees (One Time)	\$87.50 (50% Discount)	\$112.50 (50% Discount)	\$125.00 (50% Discount)

Annual Corporate Fee for employer with over 200 employees: \$7,000

MONTHLY DUES			
Membership Dues (per mo)	\$50*	\$75*	\$100*

*Rates not finalized

City of Mentor Proposal (Conditioned on successful resolution of land issue)

RATES	SINGLE	COUPLE	FAMILY
Enrollment Fees (One Time)	\$43.75 (75% Discount)	\$56.25 (75% Discount)	\$62.50 (75% Discount)

Annual Corporate Fee for City of Mentor (based on 350 employees): \$3,500

MONTHLY DUES			
Membership Dues (per mo)	\$50	\$75	\$100

*Rates not finalized

City of Mentor Savings off General Employer Offer:

- Corporate Fee Savings (Based on Lake Health 18 year lease): \$ 63,000
 - Enrollment Fee Savings
(based on 350 employees-200 single/75 couples/75 family): \$ 17,656
- TOTAL SAVINGS: \$ 80,656**

EXHIBIT D – POOL USAGE

Lake Health Medically Based Wellness Center

Pool Usage Opportunity

(Conditioned on successful resolution of land issue)

Lake Health will allow the City of Mentor to utilize the lap and leisure pool for structured swim lessons. Consistent with the following courses offered in the city outdoor pools:

Learn to Swim Courses:

- Parent & Child
- Preschool
- Level 1 – Introduction to Water Skills
- Level 2 – Fundamental Aquatic Skills
- Level 3 – Stroke Development
- Level 4 – Stroke Improvement
- Level 5 – Stroke Refinement
- Level 6
- Junior Lifeguarding
- Lifeguard Training Crash Course

The aquatics area (except the warm water pool) will be available for the above courses during the following times at no cost to the City:

City of Mentor - Pool Usage		
Months	Mar 1 - May 31	3 months
Hours		
M-F	2:30 pm - 6:00 pm	3.5 hours / weekday
Sat	8 am - 10 pm	2 hours / Saturday

Based on the City of Mentor teaching more than 2,000 participants each year in your outdoor summer swim program at \$25/class (*Source: City of Mentor Learn to Swim Webpage*) – This offer would provide the city the opportunity to generate between \$25,000 - \$50,000 of NEW revenue each year. Over the 18 year lease Lake Health will have for this facility, this could amount to a NEW revenue opportunity of \$450,000-\$900,000 for the city.

In terms of capital cost avoidance, the benefit to the City is calculated as follows:

Total Hours / Year - City of Mentor				
	Hours / Day	Days / Week	Weeks / Year	Total
M-F	3.5	5	13	227.5
Sat	2	1	13	26
Total Hours / Year				253.5

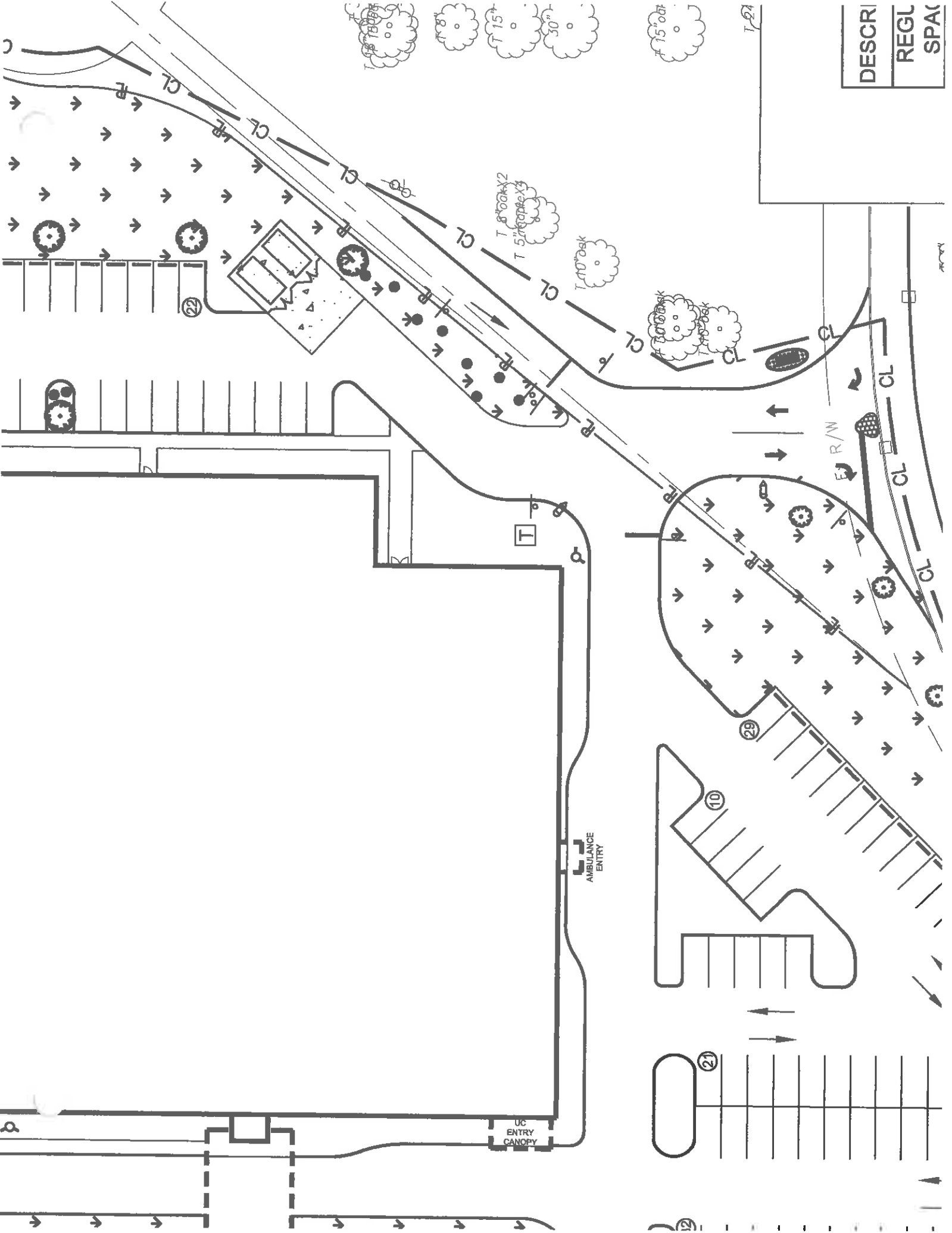
EXHIBIT D – POOL USAGE

Total Hours / Year - Medical Wellness Facility				
	Hours / Day	Days / Week	Days / Week	Total
M-F	16.5	5	52	4290
Sat	15	1	52	780
Sun	10	1	52	<u>520</u>
Total Hours / Year				5590

Rent Calculation for City of Mentor Pool Usage	
Capital Cost of Lap and Leisure Pool	\$ 2,850,000
<u>Percentage of Hours Dedicated to City of Mentor</u>	<u>4.53%</u>
Capital Cost Allocated to City of Mentor	\$ 129,244
<u>Development Cap Rate</u>	<u>6.50%</u>
Annual Rent Allocated to City of Mentor	\$ 8,401
<u>Term of Lease / Agreement (years)</u>	<u>18</u>
Total Value - City of Mentor Pool Usage	\$ 151,216



DESCR	REGL	SPAC
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COUNCIL CHAMBER

City of Mentor

City Council
06/21/16

ORDINANCE NO. 16-O-61

AN ORDINANCE AMENDING PART ONE, TITLE FIVE, CHAPTER 151, OF THE CODIFIED ORDINANCES OF THE CITY OF MENTOR, 2006, AS AMENDED, THE SAME RELATING TO EMPLOYMENT POLICIES, AND DECLARING AN EMERGENCY

WHEREAS, Council Clerk, Elizabeth Limestahl, is moving on to new employment effective July 21, 2016 and the Council, by Charter, requires a clerk and therefore; Mentor City Council has recommended changes to Chapter 151 of the Codified Ordinances of the City of Mentor relative to Employment Policies.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MENTOR, COUNTY OF LAKE, STATE OF OHIO:

SECTION 1. That Part One Title Five, Sections 151.13 of the Codified Ordinances of the City of Mentor, 2006 as amended, be and the same is hereby amended to read in such a way that existing language to be removed is shown as ~~stricken~~, newly added language is shown as **bold** and language to remain retains the existing font and format:

151.13 COUNCIL/COUNCIL EMPLOYEE POSITION LISTING AND PAY RATES.

<u>POSITION TITLE</u>			
Legal Administrative Clerk/ Acting Clerk of			
Council	Non-Exempt Exempt	2,002.64 2,515.60	Bi-weekly

SECTION 2. That the adjustment of wages set forth in bold for the Acting Clerk of Council in the herein ordinance shall be effective as of the pay period beginning June 13, 2016.

SECTION 3. That the funds necessary to pay the amount hereby authorized for the contract are available in the City treasury and are hereby appropriated in the current fiscal year.

SECTION 4. That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council and that, except as otherwise provided by Section 121.22 of the Ohio Revised Code, all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public in compliance with all legal requirements.

COUNCIL CHAMBER

City of Mentor

City Council

06/21/16

ORDINANCE NO. 16-O-61



SECTION 5. That this ordinance is hereby declared to be an emergency measure necessary for the preservation of the public peace, health, welfare and safety of the inhabitants of this City and for the further reason so as to facilitate administration and daily operations, WHEREFORE, this ordinance shall take effect and be in force from and immediately upon its passage.

President of Council

PASSED: _____

ATTEST: _____
Acting Clerk of Council