

Bay Village Shoreline Special Improvement District, Inc.

REGULARLY SCHEDULED BOARD MEETING 10/19/2022, 5:00 pm

MINUTES

A meeting of the Bay Village Shoreline Special Improvement District, Inc., was held October 19, 2022, in room 117 of the Bay Village Public Library. The meeting was noticed publicly in accordance with law. The meeting was called to order at 5:00 pm and adjourned at 5:50 pm

Board member attendees:

Kevin Butler, Amanda Gordon, McDonald Hopkins LLC, Legal Representatives (via Zoom)
Kathryn Kerber, Project Manager, City of Bay Village
Edward M. Smith, 23718 Cliff Drive, Chair
Carolyn Young, 29039 Lake Road, Vice Chair
Jeff Foster, 329 Kenmore drive, Secretary
Thomas Kelly, Councilman, City of Bay Village (via zoom)

Excused:

Andrew Seger, 23416 Lake Road, Treasurer

Other attendees:

Chris Day, KS Associates
AJ Pettiti (via Zoom)
Colleen Schelzig (via Zoom)
Gina Crawford (via Zoom)

Link to the Zoom recording:

https://us06web.zoom.us/rec/share/cbMujzU2VHnufCXryos8xkERB5PaAEobwLsLBun_yo mAH39zFNfl1AXGiBVclQ.DAnBBAZjaj9d8l8k

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Items discussed:

1. Call to order by chair, Ed Smith
2. Roll call of directors and declaring a quorum
3. Review of Agenda
4. Review & Approval of Minutes of September 20, 2022 meeting
 - a. Unanimous approval
5. Discussion items
 - a. Discussion on sharing of McDonald Hopkins legal fees not already covered by the City of Bay Village
 - i. The following was circulated among board members and with M-H counsel between meetings. This is worth including in the minutes as it walks thru a hypothetical situation that helps folks understand in more detail these potential costs:
 1. What if we say that the realistic potential for SID-financed lake-front projects in Bay Village is around \$5,000K. If we were to take the \$9K of outstanding legal expenses and spread it across the \$5 million, it would be a cost of about \$1.80 per \$1k spent on the

projects. This would be around 0.18% of the construction costs. For Carolyn Young's project at \$300K the contribution to cover the outstanding legal expenses would be \$540.

2. Amanda has estimated that the fees for the financing would be about 0.25 %. If we added this to the 0.18% for outstanding legal fees, we would be at 0.43%. Let's say we round this up to 0.50% with the incremental 0.07% going to cover the incremental legal fees specific to the work being financed.
 3. So, to me 0.5% (0.25% plus 0.18% plus 0.07%) would be a reasonable number for SID participants to expect to pay to access the financing.
 4. The outstanding question would be "How do Kevin Butler and McDonald-Hopkins recover their outstanding \$9,000?". I think the recovery would be through the individual projects as they close on their financing. Certainly, there is some loss due to the time value of money over the period in which projects materialize, but the non-financial benefit that MH gets is an intimate understanding and processing of the SID process and a series of successful SID financings for a well-known lake front community like Bay Village. It's not my money but to me, it sounds like a reasonable tradeoff for opening the door to additional fee-paying SID clients.
- ii. After further discussion, Kevin noted that 2% is a good number to carry from a budget standpoint for legal and bank fees. The best thing for the board to do is set a policy for applications to formalize how these costs will be re-couped for lending and financial support.
 - iii. Jeff questioned whether it is best to set a percentage fee as the cost for legal services will be similar whether the project is higher or lower in cost, thus a set fee may be more appropriate.
 - iv. Additional discussion should be made by the board and a policy should be established. Ideally all costs would be shared and distributed evenly across multiple projects going to market.
- b. Review of Draft Petition for the Carolyn Young parcels and initiate next steps
- i. The Young's are still weighing whether to formalize their application or not.
 - ii. Kevin noted that there may be (2) Lakewood projects that could potentially be grouped with the Young's in order to get more favorable interest rates, which are currently around 4.85% over 15 years.
- c. Review of any other petition and initiate necessary actions
- i. AJ Pettiti has submitted a letter of interest. Their project is an armor stone revetment with an estimated cost of about \$750k. A neighbor to the west, Dr. Haller, is also considering joining together into a single project.
- d. Other business
- i. Ed distributed a list of lakefront property owners that was prepared by the BV Mayor's administrative assistant. Board members are to review and provide comments to Ed for any corrections they know of.
 - ii. Chris day from KS Associates shared the following points of interest:
 1. In the approval process, ODNR approvals are currently taking the longest due to project back ups and staff shortages. Total permit approval times for all stages are running 12-18 months.

2. There is currently a bill pending in the statehouse that would eliminate the need for submerged land leases. This would eliminate one lengthy component of the approval process.
 3. Emergency permit approvals are currently being limited to those that are considered an eminent danger.
6. Next Meeting:
 - a. On the schedule of meeting the 3rd Tuesday of the month, the next meeting will occur on Tuesday, November 15, 2022 at 5:00 pm in person, room 117 at the Bay Village Public Library.

End of minutes