

DAYTON LEGAL BLANK, INC., FORM NO. 10148

Held Monday, April 21, 2003

**CALL TO ORDER:**

The special council meeting was called to order at by President of Council Jon Snyder.

Mr. Snyder: Will the Director of Finance please call the roll?

**ROLL CALL:**

1. The following members of council responded to roll call: Foltz, Kiesling, Lindower, Magel, McLaughlin, Osborne and Snyder. Also present were: Mayor Rice, Director of Administration Held, Director of Law Batista and Director of Finance Herr.

Mr. Snyder: May I have a motion to read by title only, the second reading of Ordinance No. 61-03?

2. Mr. McLaughlin moved and Mr. Foltz seconded to **read by title only, second reading** of Ordinance No. 61-03. All members present voting:  
Yes: Kiesling, Lindower, Magel, McLaughlin, Snyder and Foltz.  
No: Osborne.

**Ordinance No. 61-03 - Second Reading**

Ordinance No. 61-03 authorizing the Mayor of the City of North Canton, through the Board of Control, to enter into an agreement for the purchase of the premises known as Arrowhead Country Club, located at 1500 Rogwin Circle SW in the City of North Canton, Stark County, Ohio (Permanent Parcel #56-08084) at a cost not to exceed \$4,200,000.00.

Mr. Snyder: As I've spoke to the majority of you - and my explanation to move this along, what would seem more expedient than the normal. It will still require three readings and a 30 day moratorium after the Mayor signs the legislation, should it receive affirmative votes tonight and next Monday night. The process is being done that way for two reasons. Number one, the Arrowhead people are holding their meeting on May the 4<sup>th</sup> I believe, tentatively, to have their members vote on whether to accept the original offer or this present offer that we're offering and it's proffered in Ordinance 61-03. And consequently it's pretty difficult for them to vote on something that has not had at least three readings of council. As you know, it has to have three readings, the signature of the mayor and a 30 day moratorium period. That was the primary reason for this movement, as I told you last week to move it in. So that is the reason. We are not fast tracking the legislation for any other particular reason. But that's the way it is. And I don't if there's anything that has to be said other than I've continued all week to receive positive feedback from both my own constituency of the 4<sup>th</sup> Ward and people in general that I've seen when I've been about the city all week. I had a lady in my ward on Heatherwood, who is in her 80's, who's been a 50 year resident and abutting property owner to Arrowhead Country Club for those 50 years, and feels very strongly the city should have it and feels very strongly that the city should continue it as a municipal golf course. And as I cautioned her, we have not made totally that decision as of yet and what will happen in the future we don't know exactly, but we're working. But she again voted and told me or she actually told me, she didn't vote, she actually told what a wonderful addition to the city it would be, as well as people I've talked to throughout my daily trek through the city. But if there's any comment I'd like to keep orderly, go around the horn. Mr. Foltz, you have anything additional you'd like to add?

Mr. Foltz: No. As I said last week, and I think it's a wonderful asset to protect and maintain for our city residents. And you know I'm just thankful that I can vote on this and help bring it in the city.

Mr. Snyder: Thank you. Member Lindower.

Mr. Lindower: I questioned the early meeting that was called on - the special meeting called for this vote, till I fully understood that the owners of Bob-O - or I'm sorry, Arrowhead, obviously want to make sure that the City is onboard before they approach their members and I fully agree with that. I don't think - it's the same issue that we face with Bob-O-Link, we don't want to sign a CEDA agreement up there with it being locked up into a binding contract as far as the builders, and I feel the same way with Arrowhead. So I'm totally in support.

Mr. Snyder: Thank you sir. Member McLaughlin.

Mr. McLaughlin: Had I been here last week, I would of voted yes on it. I'm for it 100 percent. I think it's going to be a great addition to the City of North Canton we - whether it's a public golf course or whatever we do with it. I think there's some potential for water in there and some other - maybe some gas and whatever, but I think it is a great addition. If we don't act now we're never going to do it. So I say let's get it on.

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Mr. Snyder: Okay, thank you. Member Kiesling.

Mrs. Kiesling: Yea, I'd just like to - the water issue I think, you know the water underneath is definitely an important issue that really we haven't talked a whole lot about. And the only way to be real sure about our rights and drilling and keeping it to ourselves is to own it and at this point I think it's pretty important that we do.

Mr. Snyder: Member Magel.

Mrs. Magel: I'm think along the lines as Member Lindower. This is a special council meeting and I don't recommend that we have special council meetings all the time. There's a reason for this one. If I were, I think, I've proven myself tonight to be a stickler for rules. And if I were one of the members voting on their side, I know I would of asked for three readings and so that's why I'm doing that. Also, I don't think you need to know my opinion on...

Mr. Snyder: I appreciate that. Thank you.

Mrs. Magel: on ...inaudible... We've spoke too many times how much this could benefit the city.

Mr. Snyder: Thank you for that. Mr. Osborne.

Mr. Osborne: Thank you Mr. President. Well I object to this accelerated voting schedule. I did not find out about this accelerated schedule until Thursday around 2:00 - Friday's a holiday. So I strongly object to this accelerated schedule. I've been trying to do a little research. I'd like to read you something from the latest PGA magazine, April edition, called Wake Up Call. Bear with me here. For nearly two decades the golf industry basked in the golden age of unbridled growth and prosperity, productivity, profitability and popularity had reached historic highs. A poll conducted at the dawn of the new millennium identified a record 45 million Americans who call themselves golfers and ranked golf and NASCAR racing as two of the fastest growing television spectator sports in popularity. But has the golden age of golf lost its midas touch? Today golf is surrounded by a team of doctors trying to diagnosis its ailments and restore the health and wealth and double digit annual growth to which the game grew accustomed throughout the 1980's and 1990's. Golf's symptoms seem small individually. Rounds played have declined annually for the past three years, falling 3.1 percent nationally from 2000 to 2002. While rounds played over the past decade have grown at a rate of 17 percent, total golf facilities have growth at nearly twice the pace for the same period. Equally troubling the number of ...inaudible... 8 to 24 rounds per year and avid 25 plus rounds plus annually, golfers have both decreased and those remaining ... and avid are playing fewer rounds. In 1991, according to the National Golf Foundation Survey, there was 6.13 million ...inaudible... golfers and 5.3 avid golfers, the segments that produce a lion's share of annual rounds played. By 2000 the ...inaudible... golfers segment stood at nearly 7.4 million and the avid segment claim nearly 6.3 million golfers. But in 2001 the numbers had dwindled to 5.6 million ...inaudible... players, a loss of over 1.7 million and 5.9 avid players, a loss of more than 300,000. What is the impact of losing millions of rounds played annually from these all important golfer segments? Inaudible... and avid golfers playing fewer rounds translates to loss of revenue across the board - green fees, lesson and caddy fees, golf cart revenue, ball equipment and merchandise sales, food and beverage, hotel rooms at golf destinations, etc. The estimated annual loss to the golf industry is about 2.77 billion per year - yes, billion. I have a copy of this article, it goes on and on to explain the decline in the golf industry. But to despite what I just read, there was an entrepreneur that wanted to buy the golf course. This has been kept secret. He wanted to maintain the golf course as it was and that's the only reason the city has jumped into this ball game, they want to maintain the status quo - green space, keep it a golf course. This gentleman will also continue to pay taxes if he had a chance to buy it. But obviously he wasn't going to pay the kind of money that the city has thrown at the Arrowhead Golf Course. I have talked to numerous golf course operators, municipalities in the area and they're appalled at what we're paying for the property. I have asked for the release of the earlier bids and I was ridiculed in executive session - you can ask, but you're not going to get. I believe there's a public right to know here. We're buying this golf course without seeing any of the financials on this property. The other bidders got the financial information. We have no knowledge of how that operation has been run over there. I have requested both of these items in writing from the Law Director. Something else that's not being told to the public, there will be tax increases. There's already discussion of a park levy. A few weeks ago we were talking about increasing the EMS levy because it's not supporting the EMS fund. Next year we will be looking at a water rate increase because we will have to start paying back the loan on ten million or the six million that we've borrowed so far and we're looking at an additional four million when we expand the capacity of the water treatment plant. And then we have the layoffs that were announced at Hoover just last week. Now I've talked to two individuals who were impacted by those layoffs and the press did not get the full story, but the employees did. The bulk of those layoffs will hit Hoover Company here in town. And when I told one employee who was about to turn 65 and he will obviously take the buyout, I estimated at least 200 layoffs, he said and even more. If anybody's gone to look see - and Mrs. Baughman brought this up here at our last meeting, Bob-O-Link, it was just purchased. It's a comparable property, it's actually a little bit more in acreage. The sale data from the Auditor's Office show I think it's 2.45 million. Why are we paying 4.2 million? As I read last week the city should of just stepped back, let the natural give and take of the market place settle things out. We have zoning in place now. We have even stronger zoning that's going to be effective here, probably by late June, that will limit the use of the property. It's always been a golf course, that's all it can ever be. If that fails, if the city cannot fight and defend its own zoning, we have eminent domain. As far as taking the

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property for water, I have a lot of concerns about a piece of property that's had chemicals thrown on it for 60 years and I do believe the EPA would as well. I spoke with them last October about a number of issues, also the fact that there's been gas wells there. Now the fact that the gas well is there is not significant ... itself, cause the aquifer where the gas is stored is deep below the water aquifers, but the fact that you've penetrated all these various strata, layers, can allow migration of anything. This is an inflated price. The city has destroyed any semblance of a free market out there. And quite frankly if I was Arrowhead Country Club, I wouldn't negotiate with these lower bidders either if I was going to have somebody come racing in and give me some exorbitant price for this property. I'm going to pass copies of this article, here's the magazine it came from. I've made color copies for everybody to enhance your read - readability. That should be enough.

Mrs. Magel: Thank god, I wouldn't be able to read it if you didn't do that.

Mr. Osborne: You could read that in about 30 minutes Mrs. Magel, it's only 12 pages.

Mrs. Kiesling: Is that all?

Mr. Osborne: Thank you.

Mr. Snyder: I guess it's my turn - two things.

Mr. Lindower: Here, you can have these extra ones.

Mr. Foltz: Inaudible...demand...

Mr. Snyder: In 1999 Arrowhead Country Club was appraised by MAI appraiser at 3.5 million - 1999. In the year 2002 it was appraised by a different MAI appraiser, land only, 4.1 million. It was a - the building by the estimates of the Honorable Janet Creighton's office, I think is one million dollars. Mayor, am I correct at that one million, 1.2 - something in a million dollar figure? So that package alone, without the chattels that we're purchasing, estimates the value at at least 5.2 to 5.3 million dollars. The chattels themselves I would think would be worth at least \$100,000.00. So that's 5.4 million dollars. So I don't feel the city is paying more for the property than what the property is worth. It was sold - it was offered for sale by a sealed bid. Every person that did bid and whoever they may be, it's really inconsequential to me - if I'm buying a house I'm not interested in what somebody else is bidding on the house, I'm interested in what I feel I can pay and what I feel the property is worth - had the right to bid any number they wanted; the city happened to be the high bidder. And relative to the operation of Arrowhead Country Club, we are purchasing the land, the chattels and the buildings that improve the land only. We are not purchasing Arrowhead Country Club. So the amount of business they did is really none of our business and they're not willing to give us that business. And Mr. Batista will tell you, we have attorney representing us and he when called the attorney for Arrowhead and asked that they simply laughed. They are not a publicly traded company. They have no reason to give us - and the public, believe it or not, is not entitled to that information no more than the public is entitled to your tax return and your savings account or W2 you received for the year 2002. That's not public knowledge. That's private knowledge only given to the people who have a right to do that. And it doesn't really impact the actual cost of the property, that's done through what is - with the most scientific way that is known to man and through appraisal. It's not foolproof. Possibly the property might not be worth that. But it's the most generally accepted way to buy and sell property is to select an appraiser and determine - and he has determined the appraised value. There's only one market value on any property and that's if you had a sign that said auction, and what somebody is willing to pay at an auction will establish it a true market value of any property, because that is the property value. But I don't think the city is overpaying. The city is not buying a golf course. The city is investing in the future in 1. - in 104 pristine acres of land and a clubhouse, a swimming pool and the ancillary buildings. The building at Bob-O-Link cannot be compared to the same. It possibly might be a 106 acres, but the configuration and the improvements are totally different. Not being golfer Mr. Osborne does not consider that. However, I don't want to get into a long argument. I feel - my vote is yes, we will buy the property. I will stand at my bosses on November the 5<sup>th</sup> or 6<sup>th</sup>, whatever day is the election, the people I work for everyday here in the city will determine if I had - I did my fiduciary duty and did the right thing. If they didn't then unfortunately they will vote me out. But I will stand behind my own record, I will stand on the time and I will stand behind the purchase of Arrowhead Country Club. That's all I have to say.

Mr. Osborne: Mr. President, I have one follow up.

Mr. Snyder: Please.

Mr. Osborne: The financials were provided to the other bidders. Also, the county has this appraised in the year 2000: land at 999,700; buildings, 1,259,600, for a total valuation 2,259,300. Also I might add that I have picked up the financials for the Legends golf course in Massillon and also Good Park, Akron's municipal golf course, I will have those detailed for everyone next week. But I will tell you just on a cursory view, you're looking at operating expenses of nearly a million dollars, and both of those golf courses do not break even. So whether the city decides they're going to operate it themselves or whether they're going to get a management company, you're going to continue to exasperate an already losing situation here for this - for residents.

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Mr. Snyder: Mr. - any other comment? Mr. Foltz.

Mr. Foltz: Yea, just to follow up Jon and hopefully you can wrap things up. As I alluded to last week, recreation does not make money - it does not make money, but it provides a wonderful service to our residents and our tax payers in this city. When you put a tennis court it doesn't make any money. When you put up ball fields they don't make you money. When you install basketball courts, the bathroom that we're going to improve down at Price Park, the walking track, the playground equipment, does not make you money. But what it does is it bring up your property value for all your neighborhoods because you have nice recreational areas and that's why people move in the neighborhoods that have - your schools, your services and recreational areas, it's that simple. Second point - everyone's seen the stock market lately the last two, two and a half years, its bottomed out. If I'm going to make one investment right now that's going to have any type of return it's in land - it's in land, and this land is in North Canton. I don't see where any property in North Canton has ever depreciated. I see its appraised value go up higher than most areas here in the county if not one of the highest. You can't go wrong. If we're paying 4.2 million dollars for a golf course, that land is going to do nothing but appreciate - I'm 100 percent certain of that. Thank you.

Mr. Snyder: Thank you.

Mr. Osborne: I'd like to follow up Mr. McLaughlin's comments. I don't care if it appreciates to 100 million dollars...

Mr. McLaughlin: Excuse me.

Mrs. Kiesling: You mean Mr. Foltz.

Mr. Osborne: unless the city's going to flip it and resell it, that increase and appreciation does us no good.

Mr. McLaughlin: Take my name out of that if you would sir. You said Mr. McLaughlin and I didn't make the comments.

Mr. Osborne: Oh I'm sorry. But like I said, no matter how much it appreciates, unless you're going to turn around and resell it and recoup a profit, that makes no difference. And there's no comparison between investing in real estate and investing in the stock market.

Mr. Foltz: Okay.

Mrs. Magel: Except for returns.

Mr. Foltz: I'll leave that alone. Let's adjourn.

Mrs. Magel: Inaudible... money.

Mr. Snyder: Alright, I'll call the question. Is there a motion to adopt the second reading of Ordinance No. 61-03?

Mrs. Magel: Let's end on that one.

Mr. McLaughlin moved and Mr. Foltz seconded to **adopt the second reading** of Ordinance No. 61-03.

All members present voting:

Yes: Lindower, Magel, McLaughlin, Snyder and Foltz.

Abstain: Kiesling.

No: Osborne.

Mr. Snyder: There being no other business to come before this body I'll entertain a motion to adjourn.

Mr. McLaughlin: So moved.

Mr. Osborne: I have one final comment here if we're going to go around the room.

Mr. Snyder: Oh, you can. Please.

Mr. Foltz: Can we do that at special meetings Jon?

Mr. Snyder: No, but if he has one we'll listen to him. I'm sure he has ...

Mr. Foltz: We haven't heard from member Osborne all night.

Mr. Lindower: Keep it short.

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Mr. Snyder: Go ahead Mr. Osborne, if you've got something to say before we adjourn.

Mr. Osborne: I would dare say if there wasn't an abstention by Mrs. Kiesling, we'd be voting this on emergency. I know they have to have six votes to vote on emergency. They know they don't have it so they're accelerating the three readings.

Mrs. Magel: That's not even legal for the purchase of land.

Mr. Snyder: Thank you. Is there a motion to adjourn? Do we have...

ADJOURN:

Mr. McLaughlin moved and Mr. Foltz seconded to adjourn the special council meeting. All members present voting:

Yes: Magel, McLaughlin, Osborne, Snyder, Foltz, Kiesling and Lindower.

No: 0

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PRESIDENT OF COUNCIL

ATTEST:

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CLERK OF COUNCIL