

**MINUTES
OF THE
SPECIAL MEETING
OF
LAKEWOOD CITY COUNCIL
HELD IN COUNCIL CHAMBERS
12650 DETROIT AVENUE
April 30, 2018
6:30 P.M.**

Special Meeting of the Lakewood City Council called to order at 6:37 PM by Councilmember O’Leary.

Present: David Anderson, Thomas R. Bullock III, Meghan George, John Litten, Samuel T. O’Leary, Daniel J. O’Malley, Tristan Rader

Also Present: Mayor Summers, Finance Director Pae, Robyn Minter Smyers, Tracey Nichols, George Papanreas, Rustom Khouri III, Law Director Butler, Rob Cahill, Planning & Development Director Sylvester, and 20 members of the public

PROPOSED ORDINANCE 27-18 - Authorizing the execution and delivery of an agreement by and between the City of Lakewood, Ohio, a municipal corporation and political subdivision in and of the State of Ohio (the “City”), and Carnegie Management and Development Corporation, an Ohio corporation (Carnegie”), related to the development of City-owned property at the southwest corner of Detroit Avenue and Belle Avenue, and authorizing and approving related matters.

Discussion of Court Ordered Temporary Restraining Order

Mr. O’Leary announced that on Friday a new motion was filed in the case of Edward Graham et al vs. City of Lakewood at al requesting a temporarily restraining order against the demolition of the property at Lakewood Hospital. Late this afternoon the Court granted that motion. He explained that the temporary order does not restrict Council from deliberating or voting on matters related to the hospital property. He expressed his intention to have Council move forward with earnest deliberations.

Director Butler further explained that the City received the Court order late today which prevents the City from taking any action that would raze Lakewood Hospital. The City has filed its brief in opposition and will file additional documents as necessary. He advised Council to continue its deliberations. He stated that the Court was misled to believe that a vote of Council tonight would result in the demolition of the Hospital tomorrow. He explained that the project timeline calls for abatement to begin no earlier than September 2018 and demolition to occur no earlier than December 2018. He expected there to be additional activity in the case within the next few weeks.

Mayor Summer stated that the Court was misled regarding the imminence of demolition and that demolition will be a multi-step process carried out over many months in the future. He expressed a feeling of obligation to press forward with redevelopment discussions as is expected by the public.

Ms. George disagreed with the Mayor's assertion that the Court was misled. She asked the Carnegie team how this temporary restraining order may affect the development of One Lakewood Place.

Mr. Papandreas responded that the temporary restraining order does not impact the project so long as the initial schedule is kept on track. He stated that the critical issue is that Carnegie receives a development-ready site by spring 2019.

Council discussed the carrying costs for holding and monitoring the Hospital site. Mayor Summers listed the categories of costs including insurance, security, basic maintenance, and utilities. He also noted the risks of having a large vacant building in the City. Mayor Summers expressed his desire to manage these costs well so they can be turned into tax-yielding dollars. Council asked for more precise figures of estimated carrying costs.

Mr. Rader expressed uncertainty that the temporary order will be dismissed and asked Director Butler what would happen if it was upheld.

Director Butler responded that it would be inappropriate to discuss legal strategy in an open meeting. Mr. O'Leary offered time to discuss this matter in executive session.

Mayor Summers stated that it is unacceptable to obstruct and delay the development process without a credible alternative use for the site. He stated that there has been no proposal in the past three years to operate a hospital on the site or for any other use of the site.

In response to Councilmembers' questions, Director Butler provided background on the original Graham vs. City of Lakewood lawsuit filed in 2015. He clarified that the temporary restraining order does not prevent Council from deliberating or voting on Ordinance 27-18 and that the appellants did not seek that. He answered other questions regarding the preliminary injunction.

Mr. Bullock remarked that it is a mistake to think that saving the building is the same as saving the hospital. He stated that the old Lakewood Hospital was old, expensive to maintain and too big. He stated that the market has spoken more than once that an inpatient hospital on the site is unfeasible. He stated it would be a lost opportunity for the City to not pursue opportunities at the site.

*****PUBLIC COMMENT*****

Dean Dilzell – 1276 French Ave.

Mr. Dilzell expressed several concerns about the development. He stated that the public does not know how much the hospital is worth as either a hospital or empty building. He expressed

skepticism about the City's return on investment calculations, the costs, the number of units for sale, and the number of units generally.

Edward Graham – 1286 Chase Ave

Mr. Graham asserted that the City of Beachwood has a lawsuit against Mr. Papandreas for failure to collect income tax from its employees from 2012-2014. He asked Council to consider this. He urged Council to vote against Ordinance 27-18. He stated that the Ordinance gives carte blanche to the administration to enter into the agreement with Carnegie without proper input from Council.

Mr. O'Leary defended the process and pointed to other developments in the City that have followed the same model such as Rockport.

Mr. Papandreas made a statement addressing Mr. Graham's allegations about income tax impropriety. He stated that it was incorrect to associate the allegations with him personally.

Mr. O'Leary and Ms. George expressed disagreements about the characterization of the Rockport development process and how similar and different it is to One Lakewood Place.

Steve Skantros - 1437 Parkwood

Mr. Skantros urged Council to approve the term sheet in order to allow Carnegie to appropriately market the project and attract the retailers it needs to make the project a success. He remarked on the opportunities the project would bring to Lakewood including good jobs, new retailers and construction jobs.

Ian Andrews – 14701

Mr. Andrews spoke on behalf of Lakewood Alive expressing eagerness for his organization to be a positive and productive partner in the development process and explained his vision for this partnership. He emphasized that the City is truly lacking Class A office space and that by offering it the City can be more competitive and be home to new employers.

Dave Wondolowski - 3250 Euclid Ave Suite #250

Mr. Wondolowski spoke as a representative of the Cleveland Building and Trades Council. He advised Council that Carnegie could walk away the longer it takes to deliberate due to rising costs of materials. He stated that the building trades are seeking to invest in the project as equity stakeholders.

Captain Steve Eggert – 902 Beach Rd.

Captain Eggert criticized the City's decision to close Lakewood Hospital, stating that it was closed despite being profitable. He argued that MetroHealth offered to operate the hospital but that the City sent them away. He said it was dangerous to the health of the population to close the hospital.

Tom Einhouse - 1064 Sylvan

Mr. Einhouse spoke of his experience serving on the citizen-led advisory committee for this development. He praised the process and the quality of deliberation. He noted that the proposals brought forward by other developers required much greater community investment and that the amount being asked by Carnegie is not uncommon. He expressed confidence in the Committee's choice of Carnegie.

Sean McDermott – 1490 Arthur

Mr. McDermott spoke of his experience serving on the citizen-led advisory committee for this development. He remarked that the terms of the term sheets are favorable and fair to all parties. He spoke well of Carnegie, that it is an eager partner looking to serve Lakewood.

Jay Carson – 13938 Lake Ave

Mr. Carson expressed excitement about the development. He stated that any other inner ring suburb would dream of this opportunity. He acknowledged that details must still be worked out. He stated that this opportunity can't be dismissed because of spite in the community regarding the closure of Lakewood Hospital. He encouraged Council to please move forward.

Pam Wetula – 11813 Clifton Blvd.

Ms. Wetula remarked on the previous election in which the public decided a referendum on Lakewood Hospital. She stated that voters were misled and did not have the full facts when voting. She criticized the planned development, particularly its focus on retail. She also criticized the choice to partner with Carnegie specifically.

Coletta Graham – 1286 Chase Ave

Mrs. Graham questioned why the historical façade of Lakewood Hospital is not included in the new development. She criticized the focus on preserving the Curtis Block and criticized the Lakewood Historical Society for not helping to step in. She complained about the growth of condominiums in the City.

Mayor Summers responded, stating that it was always the intention to somehow have the new development reflect the historical elements of the Hospital building. It was never promised that the façade would be kept.

Tara Peppard – 1278 Edwards

Ms. Peppard criticized the overall decisions of City leadership, particularly the closure of Lakewood Hospital, which she spoke about at length. She criticized campaign strategies used during the last election, stating that they resulted in the public being misled about Lakewood Hospital.

One Lakewood Place

Director Sylvester delivered a presentation on the substance of the project and addressed questions that came to him in advance. He provided a recap of what has already been discussed and the process up to this point. He provided a list of the 13 public meetings on this topic since

August 2015. He summarized the project's major upcoming milestones and timelines. It will be three years before the first certificates of occupancy are issued.

He discussed the privately owned public space that is expected to be part of One Lakewood Place and addressed questions that came up about it at the last meeting. The Planning Department researched how other cities are managing these spaces. The City expects that it will use the Zoning Code to regulate this space. Director Sylvester expressed confidence in the success of the space so long as it is well designed, welcoming and vibrant and an operations and maintenance plan is in place. He presented the estimated cost of the public space to be between \$2.5 million and \$4 million.

In response to a question he received he discussed the differences and similarities between a term sheet and a development and use agreement. He assured Council that material deviations in the development and use agreement away from the term sheet will go back to Council.

Ms. Nichols presented answers to questions she had received from Council.

She addressed a question regarding whether it is typical to include grant funds in return on investment analyses. She found that the City and State do not include grant funds in return on investment analyses.

She discussed the added levels of complexity were the community gathering space to be publically owned. She stated that potential tenants may have concerns because they would not have a direct remedy if something about the public space was problematic for them.

She discussed the additional costs the City would bear were it to outright own the public plaza. She provided examples from Cleveland.

Discussion:

In response to a question by Councilmember Rader, Director Sylvester discussed the costs of the public space to the City should the City own it outright, including maintenance, programming, construction and liability.

Mr. Papandreas remarked on Carnegie's vision for the public space and its many considerations.

Ms. Nichols stated that the cost of the public space would increase and the timeline would be extended if the City were to bid it out as a separate job.

In response to a question by Councilmember Litten, Ms. Nichols replied that the property tax status of the plaza would be determined based on its use.

Mr. Papandreas remarked that the plaza will add value to the project which in turn will command higher rents and result in higher tax revenues.

Council, the administration and Mr. Papandreas discussed the relationship between the building trades and Carnegie. Councilmember O’Leary remarked that Carnegie’s willingness to employ organized labor set them apart from the other respondents.

As a result of Councilmember question and discussion, the following features of the proposed development and the plaza were clarified:

- Public plaza will be at a minimum twice the size of the existing green space in front of the hospital building.
- To prevent Carnegie from changing the proposed use of the plaza in the future the City can restrict its use in the planned development process
- The benefits of having Carnegie own the plaza verses leasing it were discussed
- Carnegie is prepared to partner with Lakewood Alive and the Chamber to coordinate with existing events downtown

Councilmember O’Leary expressed his hope to move forward with a vote on Ordinance 27-18 next Monday in order to allow Carnegie to market the development.

Councilmember Anderson proposed an amendment to ordinance 27-18 that would require Council, Thompson Hine, and Ms. Nichols to see the final draft of the development agreement before it is executed.

Motion by Councilmember Anderson, seconded by Councilmember O’Leary to insert the following language to the end of Section 2:

“However that the dev agreement shall be delivered to council prior to its execution by the Mayor in order for Council to have at least one public meeting on its terms.”

It was clarified by the Law Director that the above referenced public meeting would not culminate with a vote on the development agreement.

Councilmember Rader expressed his preference that the development agreement to come back to Council for a final vote.

Ms. Minter Smyers and Ms. Nichols remarked on the variety of ways in which communities approve development agreements and assessed that this process is typical. However, the level of detail in this term sheet is atypical.

Councilmember Bullock and Mayor Summer expressed support for the proposed amendment.

On the motion:

Yeas: Anderson, Bullock, George, Litten, O’Leary, O’Malley, Rader

Nays: none

Motion adopted. Ordinance 27-18 amended.

Councilmember Rader read into the record outstanding questions that he would like discussed at a future meeting including questions about ADA and the Curtis Block, LEED certification, capital being brought to the project, and the results of the appraisal.

Councilmember Bullock asked colleagues to speak up if they have any major outstanding concerns or issues that need to be resolved prior to a vote.

Councilmember O'Malley expressed his comfort with the proposal based on his reading of the term sheet and his discussions with residents.

******PUBLIC COMMENT******

Celia Dorsch 1536 Chesterland Ave

Ms. Dorsch expressed support for the proposed development. She stated that she knows many in the community who support it as well.

Pam Wetula – 11813 Clifton Blvd.

Ms. Wetula asked when a more accurate visual depiction of the development will be presented to the public.

Director Sylvester responded that the visual is a concept and a starting point. The upcoming Planning Commission and ABR process will refine the concept and put a personalized Lakewood touch to the project.

Councilmember O'Leary remarked that the process is dynamic. What will ultimately be delivered is the best product possible that the market will support.

Mr. Papandreas replied that the concept being shared is in response to a detailed RFP to address certain objectives and the developer's vision. It is not intended to be a final design.

Nancy Vaughn – 14909 Clifton

Ms. Vaughn criticized the City's decision to close Lakewood Hospital. She suggested that the City put the public use of the plaza into the property deed.

Motion by Mr. O'Leary, seconded by Mr. Anderson to adjourn the meeting.

Motion adopted. All members voting yea.

Meeting adjourned 9:20 P.M.

Approved: _____

CLERK

PRESIDENT