



Monroe Council Minutes
Regular Meeting
September 28, 2021 – 6:30 p.m.
233 South Main Street, Monroe, Ohio

Pledge of Allegiance

Mayor Frentzel opened the regular meeting of Council at 6:30 p.m. with the Fire Department Honor Guard leading in the Pledge of Allegiance.

Roll Call

Council members present: Tom Callahan, Jason Frentzel, Keith Funk, Anna Hale, Christina McElfresh, and Ben Wagner.

Mrs. Hale moved to excuse Mr. Hickman; seconded by Mrs. McElfresh. Voice vote. Motion carried.

Approval of the Minutes

Mr. Funk moved to approve the Council Minutes of September 14, 2021; seconded by Mrs. McElfresh. Voice vote. Motion carried.

Visitors

Law Director Callahan performed the ceremonial swearing-in of Scott Rauh as Firefighter/Paramedic/EMT and Zachary Bernard as Fire Lieutenant.

Paul Lane, on behalf of the residents on Lebanon Street, thanked City Council for lowering the speed limit on Lebanon Street.

Mrs. Patterson introduced Caleb Bell, Attorney at Law with Bricker and Eckler, who will discuss the Energy Special Improvement District Presentation. Mr. Bell participated remotely.

Mr. Bell advised that he is a member of the Board of PACE Nation a national trade association that focuses on energy efficiency financing. In 2018, the U. S. Department of Energy appointed him as a PACE advisor. The I-75 Energy Special Improvement District was formed by joint collaboration of Monroe and Liberty Township. Generally, PACE financing is available to industrial, commercial, and small business proprietaries that seek to put renewable improvements like solar or energy efficiency improvements like HVAC systems, air conditioning, roofing, etc. in their buildings. This is a public/private partnership because the City uses the same mechanisms as it would if it were assessing sidewalks. Ohio has been extremely successful with this as we have funded \$500 million in these types of improvements. Nationally about \$3 billion has occurred. The most recent modification is, in part, why we are speaking with Council this evening. House Bill 444 makes it easier for programs to grow within counties even when they



are not adjacent to each other. For example, Fairfield is not adjacent to Monroe, but can be part of the same program. Other counties within Ohio have taken advantage of this. Around the country it is used for non-profits, residential, and even governments in certain states. About five years ago there were concerns about the use of PACE for residential. As far back as 2015 there were concerns with how homeowners were working with contractors for home improvement. That is out there, but the reality for Ohio is that this program is used for industrial, commercial, and small business uses. As a property owner it is considered a self-help. Where someone owns a small business or a historical building and they utilize contractors they know to do the things they want and ask for the government's assistance in doing the assessments. The reason why we are here today there are active projects in Butler County, particular in Fairfield. They would like to be part of Monroe/Liberty Township ESID instead of there being several programs across the County.

Mr. Bell explained PACE financing is used for two different purposes. It can be used for an existing building perhaps a rehab. It can also be used as a tool for building a brand new building. Both of those applications are available in Ohio.

Mrs. Patterson advised that we have some historical buildings in town where maybe they would need to replace their HVAC, new windows, or expanding their restaurant this fits in a lower interest rate. It would be the same if we had new hotels near our Interchange as it is a better interest rate.

Mrs. McElfresh asked how exactly does the financing work. For example, if I own a restaurant how does the financing work. Mr. Bell advised maybe they have \$1 million of improvements. That property owner would approach the ESID and have professionals identify the scope of the project. Their contractor would evaluate the energy metrics. You want to see a more efficient building. In order to finance that they would work with the property owner to identify a capital provider. It could be the property owner's own bank, through a public source like a port authority, or private source. The property owner would work with the provider of their choice with certain terms. The ESID would approve those terms and it would be forwarded to City Council who would approve or reject those terms. Based on Council's decision they would work with the county auditor for assessments.

Mrs. McElfresh asked if they would be in the first position. Mr. Bell explained that it is just like other assessments and is a tax lien item. If you are a bank they typically have a mortgage. PACE assessments cannot be accelerated. Banks tend to get comfortable with PACE assessments because they only have one year of payments in front of them. They have a very strong position because they have a mortgage on the entire asset.

Mayor Frentzel sought confirmation if it is the existing mortgage. Mrs. Patterson stated that the current mortgage holder would have to approve or deny the PACE financing. Mr. Bell stated there are a few banks that are active lenders on a regular basis such as, Center Bank, Heartland Bank, and Huntington Bank. Huntington is working with borrowers on sophisticated projects along with other tax credits or incentives on construction loans and PACE financing.



Mrs. Patterson clarified you could have a project that is just PACE only, but you could add in new market tax credits or there may be some other state and federal aid coming in on the larger rehabilitation projects. For example, the Dayton Arcade.

Mr. Wagner asked who is doing the underwriting. Mr. Bell explained with PACE lending the bank or lender is going to do a deep dive on underwriting, not only of the borrower, but also the property. They have a metric called the PACE Lien to Value instead of Lien to Value. A bank might lend us 80% and require us to bring 20% equity to the table. PACE market it is customary for a PACE lien to be 25% to 30%. You don't really see PACE liens to be in excess of 30%. You customarily see a certified engineer that will evaluate the project.

Mrs. Patterson commented there is a lot of miscommunication about assessed value versus property value. It has led to a lot of confusion. As an example, my house may be valued at \$100,000, but my assessed value is \$35,000.

Mr. Callahan asked what the District's fee is. Mr. Bell replied that the Energy District typically charges one-quarter of one percent on the project. Often times the PACE lender tends to have an origination fee. So, with other items you could get a very complex project where it is two or three percent or you could have a very easy project. Just like any other bank there is usually an origination fee that is upwards around one percent.

Mrs. Patterson explained when the District was created it was to never make money off of it. It was to cover costs as there are some legal fees and annual audits. If there is extra revenue it would be reinvested in the community. We may approach a company and advise they are in an older building and ask if they would like to have an energy audit.

Mrs. McElfresh gave an example and what happens if she is a business owner and takes advantage of this program and goes out of business and cannot repay the assessment and do not have a mortgage. Mr. Bell stated that the county prosecutor will initiate a sale of the property and at a sheriff's sale where the delinquencies get paid and the remaining equity goes back to the property owner. If there is no remaining equity then the new buyer takes over. The PACE assessment is something that lasts a long time similar to school taxes and other property taxes. There are improvements that are still in the building. Mrs. Patterson noted that it is a business decision and whoever buys this business would be paying the remaining assessments.

Mrs. McElfresh pointed out that during a foreclosure procedure the improvements and the building is aging. Mr. Bell confirmed and explained that is why the PACE loan to vendor is at a lower percentage because if you are lending against 100% of the building value it is more likely the owner would not pay their taxes. The delinquency rates in this area are less than the general delinquency rates.

Mrs. McElfresh is looking at COVID and how it had changed the business dynamic in this country. Mr. Bell advised that the state and federal government pushed back tax dates and that impacts even the special assessment dates. That provided relief and we saw a lot of lenders with



PACE financing where they would work with borrowers if they needed to refinance or push a payment off. That happened a lot last year across the entire market.

Mayor Frentzel referred to Fairfield being interested in being part of this ESID and, assuming that gets approved and they are admitted in, would the projects occurring in Liberty Township also come to Monroe or just the projects within the City of Monroe. Mr. Bell explained that each political subdivision appoints members to the ESID Board and the Board reviews the project. The assessments for projects within Monroe would only come to Monroe City Council and the assessments for projects within Liberty Township would only come to the Trustees of Liberty Township.

Mayor Frentzel asked when House Bill 444 was passed if there was any discussion within the State to curtail some of the concerns such as exist with the residential side of this. Mr. Bell replied that this Bill was to expand the program and was sponsored, in part, by township officials.

Mrs. McElfresh asked about liability and, if there is liability, where does that reside. Mr. Bell stated that the most significant cost of the City with this type of program is the time spent by the fiscal officer addressing the assessments that are collected. In addition, promoting the program will be additional staff time. Any litigation is an exceedingly low risk. In the 11 years this has been operational in Ohio there haven't been any lawsuits. What has occurred are property owners having a dispute with the contractor or who they bought the property from. He has not seen any actual liability on cities, townships, or counties.

Mr. Wagner asked if contractors need any certification with their cost savings for the energy improvements. Mr. Bell replied that the energy auditor retained by the ESID would review this information and the property owners are allowed to pick their own contractor.

Mr. Wagner asked who presents the project to the Board. Mr. Bell advised the property owner typically presents the project to the Board.

Mrs. Patterson asked Mr. Bell about the timeline and he indicated it is typically a three to four month process.

Mrs. McElfresh advised that when you have a rehabilitation project with a 203k loan, you are required to use certain contractors and asked why that is not a concern of the PACE program. It would seem to keep the contractors that are not good players out of the equation. Mr. Bell advised they are trying not to get in the way of the choice of what contractor to use.

Committee Reports

Mr. Funk reported that the Finance Committee met earlier this evening and reviewed the Water Rate Study. The Committee recommended to move forward with legislation that will be presented to Council at an upcoming meeting.



Old Business

Resolution No. 48-2021. A Resolution accepting the amounts and rates as determined by the Budget Commission and authorizing the necessary tax levies and certifying them to the County Auditor. (Second Reading)

Mr. Funk moved to consider this the second reading of Resolution No. 48-2021 and have it read by title only; seconded by Mrs. Hale. Voice vote. Motion carried.

The Clerk of Council read Resolution No. 48-2021 by title only.

Mr. Funk moved to adopt Resolution No. 48-2021; seconded by Mr. Wagner. Roll call vote: six ayes. Motion carried.

Ordinance No. 2021-45. An Ordinance amending and supplementing Chapter 887 of the Codified Ordinances related to retirees, minors, and withholding tiers. (Second Reading)

Law Director Callahan our code requires anyone with a tax liability of \$200 or is required to file quarterly returns. House Bill 5 authorizes municipalities to identify a class of taxpayers that would be exempt from that requirement. House Bill 5 clearly states that if someone doesn't pay quarterly and they are required to do so, the municipal tax administrator can waive any penalties. This is not part of the legislation before Council this evening, but the question was asked at the last Council meeting.

Ms. Moran, Tax Administrator, explained that if anyone has a tax liability of \$200 or more they are required to file estimated tax payments four quarters throughout the year. We do not charge any penalties or interest provided it is paid by the fourth quarter, which is January 15th.

Mr. Funk moved to consider this the second reading of Ordinance No. 2021-25 and have it read by title only; seconded by Mr. Callahan. Voice vote. Motion carried.

The Clerk of Council read Ordinance No. 2021-45 by title only.

Mr. Funk moved to adopt Ordinance No. 2021-45; seconded by Mrs. McElfresh. Roll call vote: six ayes. Motion carried.

New Business

Emergency Resolution No. 50-2021. A Resolution amending Emergency Resolution No. 53-2019 adopted by the City Council of the City of Monroe, Ohio on January 14, 2020 and declaring an emergency.

Mr. Brock explained this is to allow non contiguous political subdivisions to join our ESID.



Mr. Funk moved to suspend the rule requiring the reading of Emergency Resolution No. 50-2021 on two separate days, authorizing its adoption on the first reading, and have it read by title only; seconded by Mrs. Hale. Voice vote. Motion carried.

The Clerk of Council read Emergency Resolution No. 50-2021 by title only.

Mr. Funk moved to adopt Emergency Resolution No. 50-2021; seconded by Mr. Wagner. Roll call vote: five ayes; one nay (Callahan). Motion carried.

Ordinance No. 2021-46. An Ordinance approving a final plat for Section 2, Block B, of the Trails of Todhunter Conservation Subdivision.

Mr. Brock reported this was reviewed by Planning Commission and forwarded to City Council with a favorable recommendation.

Mr. Funk moved to consider this the first reading of Ordinance No. 2021-46 and have it read by title only; seconded by Mrs. Hale. Voice vote. Motion carried.

The Clerk of Council read Ordinance No. 2021-46 by title only.

Mr. Funk moved to approve the first reading of Ordinance No. 2021-46; seconded by Mr. Wagner. Roll call vote: six ayes. Motion carried.

Consideration of Motion appointing a member of Council to the Monroe Area Community Improvement Corporation.

Mr. Funk moved to appoint Mrs. McElfresh to the Monroe Area Community Improvement Corporation; seconded by Mrs. Hale. Voice vote. Motion carried.

Mr. Brock noted that Mr. Routson also served on the ESID Board and an appointment will be needed to fill that vacancy. Mayor Frentzel commented that there was some question as to whether the City would like to continue being part of the ESID and perhaps this should be addressed at a future Council meeting. Mrs. McElfresh noted she is still not in favor of being part of the ESID.

Mrs. McElfresh asked if the results have been returned from the Todhunter study. Mr. Brock replied that we do not have the final report and he will follow up tomorrow.

Mrs. McElfresh asked when the dog park would be open to the public. Mr. Brock believed the intent is for the Public Involvement Committee to discuss having a ribbon cutting for the opening of the park and/or opening it up prior to or without a ribbon cutting.

Mr. Callahan referred to the Monroe Bicentennial Commons and we are close to completing Phase I. He looked at the layout of the project and asked about people not being able to walk to the shelters. He suggested that an area be permitted for people to drive closer to the shelters.



Mayor Frentzel did not disagree and there are some accessibility concerns and asked if there is some consideration being given. Mr. Brock advised that accessibility of each phase would be considered during construction. We have one access point over the railroad and we are not going to get a second access. This would all have to go back to the Park and Recreation Board as we move through the phases. Mr. Callahan asked about Mr. Brock's comment that the shelters would be torn down. Mr. Brock clarified that it is a possibility, but they haven't been analyzed yet. We did have to tear down one due to not being structurally sound. Mrs. McElfresh recalled that the City would try to preserve as much of the history of the area as possible and she understood that if they could be salvaged they would be.

Mayor Frentzel announced that he will not be able to attend the next two Council meetings.

He also asked those that are not part of an executive session to leave the Council Chambers so that everyone does not have to be in a smaller room, such as the Council Library, in light of COVID concerns.

Administrative Reports

Executive Session. To consider the purchase of property and confidential information related to marketing plans, specific business strategy, production techniques, trade secrets, or personal finance statements of an application for economic development assistance.

Mr. Funk moved to adjourn into Executive Session to consider the purchase of property and confidential information related to marketing plans, specific business strategy, production techniques, trade secrets, or personal finance statements of an application for economic development assistance; seconded by Mrs. McElfresh. Roll call vote: six ayes. Motion carried.

Council adjourned into Executive Session at 7:47 p.m.

Mr. Funk moved to reconvene into regular session; seconded by Mrs. Hale. Voice vote. Motion carried.

Council reconvened into regular session at 8:07 p.m.

Adjournment

Mr. Funk moved to adjourn; seconded by Mrs. McElfresh. Voice vote. Motion carried.

The regular meeting of Council adjourned at 8:08 p.m.

Respectfully submitted,

Angela S. Wasson, MMC



Clerk of Council