

President Arredondo called the Special Meeting to order at 5:55 p.m. Chaplain Eddie C. Edwards led Council in Prayer and the Pledge of Allegiance.

- PRESENT – 11 Messrs. Fallis, Molnar, Given, Szabo, Flores, Howard, Schuster, Edwards, Holcomb, Silecky, Snodgrass.
ABSENT - 0 None.

READING OF MAYOR’S SPECIAL CALL LETTER

September 17, 2008

Honorable Members of Council:

In accordance with ORC Section 731.46, I am hereby calling a Special Call of Council for Monday, September 22, 2008 to begin at 5:55 p.m. The purpose of this session will be to address alternative measures for the sale of bonds or notes due to current market situations.

/s/ Tony Krasienko, Mayor

REMARKS: AUDITOR MANTINI: De to the financial crisis that has hit this country in the last week or two, we are having some problems trying to sell the \$5 million bond that we passed through Council a few weeks ago. The sale started last Wednesday to sell the bond and they are having difficulties trying to get buyers. They got back on it today and they are starting to get some interest but as you might suspect, the interest rates are going up because people are not interested in buying bonds right now. When we had our rating two or three weeks ago, they kept it at a Baa2 Bond Rating but they gave us a negative outlook. The negative outlook was partly what we are looking at this year of an increase in our deficit. The result is where we are sitting right now; our original debt service for this bond over 20 years is going to be about \$8,964,000. As of late this afternoon, it has increased to \$10,131,000 which is about \$1,067,000 more than what we started out with; that is about \$58,000 more per year. We are going to have to make a decision probably tomorrow if they can continue to sell the rest of the bonds here, whether we can live with that increase in cost or not. What you have before you tonight are two pieces of legislation, which would give us some flexibility in trying to get out of the situation that we are in. Right now, we just have authority to sell a 20-year bond for \$5 ½ million. The first piece of legislation would allow us to either sell a \$5,500,000 note. The second piece of legislation gives us the ability to sell these bonds and/or notes to find a placement for them such as local banks that might be interested in helping us out here. We really need to get both of these passed tonight as an emergency so that this gives us total flexibility. As we get through the week, as things do not improve or have continuous problems selling this, we may have to go to another plan and have another special call next Monday. At this point, we are hoping to at least get a note sold out of this if nothing else. A note would be a 1-year note with a possibility of going back to the bond market in three months, six months or when things might improve a little.
MRS. MOLNAR: Can you explain what the Mandatory Sinking Fund is?
MR. MANTINI: That is our bond retirement fund.
MRS. MOLNAR: The term Mandatory Sinking Fund, what does that specifically mean?
MR. MANTINI: I am sorry; I do not have a good explanation for that. I think it is reserves.
MRS. MOLNAR: What percent if we go into notes?
MR. MANTINI: It is hard to tell right now. Usually, we pay about a quarter percent more on a note but right now, the rates on the bonds are going to 6.75 percent.
MRS. MOLNAR: That is the bonds so, how about the notes.
MR. MANTINI: We do not know. We have not set the amount yet. On the bond, we started out from 3 percent to 5.75 percent; now we are at 6.75 percent. It has gone up quite a bit. We were not able to get any insurance on these bonds because two out of the three major insurance companies have had some major problems too.

MRS. MOLNAR: Are we up-to-date on paying these bonds?

MR. MANTINI: We have never defaulted on any of our bonds. We have enough money set aside this year to pay all of our debt service to pay this year. The problem we have with this is that on October 2, 2008, we have a note that expires and we have to come up with 4.875 million to pay off that note. If we do not do that, we can potentially go into default. We need to sell a bond or a note in order to meet that debt service payment. That is why on Thursday or Friday of this week, if we cannot do this, we may have to come back next Monday with some other legislation.

MR. FALLIS: Just for clarification on the two pieces of legislation and the potential legislation a week from today, the first piece of legislation is related to a 20-year bond that would go public and the second piece is a 20-year bond that would go private placement, is that correct?

MR. MANTINI: No. The first one is to allow us to sell a note instead of a bond. The legislation that was passed two weeks ago only allowed us to sell a bond. The first piece of legislation will allow us to sell a note.

MR. FALLIS: Is that term 20 years?

MR. MANTINI: No. The note would be a one-year note. The second piece of legislation allows you to go to private placement firms.

MR. FALLIS: Is that also for one year?

MR. MANTINI: The second piece could be (if we sell a bond) for 20 years and if we sell a note it would be for one year. It gives us the flexibility to go with some private institutions with either a bond or a note.

MR. FALLIS: If legislation one or two does not work out this week, then what would be the option a week from today?

MR. MANTINI: I rather not go into that yet.

MR. FALLIS: I appreciate that.

**LEGISLATION –
FIRST READING:**

- Ordinance No. 142-08 a.) Introduced by Mr. Fallis, an ordinance amending and restating Ordinance #131-08 which authorized the issuance and sale of bonds in a maximum principal amount of \$5,500,000 for the purpose of retiring outstanding notes which financed the pellet terminal project and paying additional cost of improvements to the Lorain pellet terminal including fencing, road, sewer and water improvements, environmental, legal, remediation, engineering and other service provider costs and a blight study and declaring an emergency.
Moved by Mr. Fallis, supported by Mr. Given, to suspend the rule.
- AYES – 11 Messrs: Fallis, Molnar, Given, Szabo, Flores, Howard, Schuster, Edwards, Holcomb, Silecky, Snodgrass.
- NAYS – 0 None. The rule was suspended.
- AYES - 11 Moved by Mr. Fallis, supported by Mr. Given, to pass the ordinance.
- AYES - 11 Messrs. Fallis, Molnar, Given, Szabo, Flores, Howard, Schuster, Edwards, Holcomb, Silecky, Snodgrass.
- NAYS – 0 None. The ordinance passed.
- Ordinance No. 143-08 b.) Introduced by Mr. Fallis, an ordinance authorizing the issuance and sale of notes in a maximum principal amount of \$5,500,000 in anticipation of the issuance of bonds, for the purpose of retiring outstanding notes which financed the pellet terminal project and paying additional cost of improvements to the Lorain pellet terminal including fencing, road, sewer and water improvements, environmental, remediation, legal, engineering and other service provider costs and a blight study and declaring an emergency.
Moved by Mr. Fallis, supported by Mr. Given, to suspend the rule.
- AYES – 11 Messrs: Fallis, Molnar, Given, Szabo, Flores, Howard, Schuster, Edwards, Holcomb, Silecky, Snodgrass.
- NAYS – 0 None. The rule was suspended.

SPECIAL SESSION - COUNCIL CHAMBERS - CITY HALL BLDG. - LORAIN, OHIO – SEPTEMBER 22, 2008

REMARKS: CLERK GREER: We have a request by Auditor Mantini to amend the ordinance by replacing it with the corrected version that members received this weekend.

Moved by Mr. Fallis, supported by Mr. Given, to amend the ordinance by replacing the existing legislation with the corrected version.

AYES - 11 Messrs. Fallis, Molnar, Given, Szabo, Flores, Howard, Schuster, Edwards, Holcomb, Silecky, Snodgrass.

NAYS – 0 None. The motion to amend carried.

Moved by Mr. Fallis, supported by Mr. Given, to pass the ordinance as amended.

AYES - 11 Messrs. Fallis, Molnar, Given, Szabo, Flores, Howard, Schuster, Edwards, Holcomb, Silecky, Snodgrass.

NAYS – 0 None. The ordinance passed.

Moved by Mr. Given, supported by Mr. Fallis, to adjourn the meeting. There being no objection, the meeting adjourned at 6:05 p.m. Motion carried.

Clerk of Council

President of Council