

RECORD OF PROCEEDINGS
MEETING OF THE LORDSTOWN VILLAGE BOARD OF PUBLIC AFFAIRS
1455 Salt Springs Road, Lordstown, Ohio
February 5, 2020
4:30 p.m. to 5:30 p.m.

IN ATTENDANCE: Mr. Michael Sullivan, Vice-President
Mr. Thomas Dietz, Board Member
Mr. Darren Biggs, Supt. of Utilities
Ms. Cinthia Slusarczyk, Clerk
Mr. Christopher Kogelnik, Engineer

ALSO PRESENT: Mayor Arno Hill, Village of Lordstown
Mr. Franco Lucarelli, City of Warren
Mr. Vince Flask, City of Warren
Ms. Valerie Meyers, City of Warren
Mr. Howard Sheely, Village Council

RECORD OF PROCEEDINGS taken before me, DEBORAH LAVELLE, RPR, a court reporter and Notary Public within and for the State of Ohio on this 5th of February, 2020.

MR. SULLIVAN: We'll get the meeting started.

LORD'S PRAYER

PLEDGE OF ALLEGIANCE TO THE FLAG

MR. SULLIVAN: Before we get started, if the guests would like to introduce themselves.

ROLL CALL:

MS. SLUSARCZYK: I'm gonna do roll call real quick.
Kevin Campbell. Thomas Dietz.

MR. DIETZ: Here.

MS. SLUSARCZYK: Michael Sullivan.

MR. SULLIVAN: Here.

MS. SLUSARCZYK: Darren Biggs.

MR. BIGGS: Here.

MS. SLUSARCZYK: Cinthia Slusarczyk, present. Chris Kogelnik.

MR. KOGELNIK: Present.

MS. SLUSARCZYK: And everybody else is signed in on the sign-in sheet, correct?

MR. SULLIVAN: Let's make a quick motion to excuse Kevin.

MR. DIETZ: I'll second it.

MR. SULLIVAN: All those in favor?

(All respond aye.)

MR. SULLIVAN: Those opposed?

(No response.)

MR. SULLIVAN: The ayes have it.

MS. MEYERS: Valerie Meyers, City of Warren. Currently I'm the project manager for the Water Division.

MR. FLASK: Vince Flask, Warren City Auditor.

MR SULLIVAN: Arno Hill, mayor.

MR. SHEELY: Howard Sheely.

AGENDA:

1. To consider a Work Authorization from CT Consultants to perform an analysis of the Eastside Sanitary Sewer System's reserve capacity

MR. SULLIVAN: Okay. We should have Chris --

MS. SLUSARCZYK: Well, that's for the sewer work authorization.

MR. SULLIVAN: Yeah.

MR. KOGELNIK: Wait a second. I'm sorry about that. All right. I wasn't expecting this one to be brought up at this meeting. But anyways, what this is, we were going to provide a high-level evaluation of the existing Eastside Sanitary Sewer District within the State Route 45 corridor, especially for the interest of the upcoming developments in that corridor. So I'm just giving an overview of what this is for, all right. As you may recall, when we were going through the improvements project to benefit Lordstown Energy Center, we basically tapped-out all of the capacity in the Pump Stations 1, 2 and 3 and the conveyance lines bringing all of that waste water over to Warren. But we preserved enough capacity in their 250,000 gallons of capacity in that system for potential development at the North Point site. Do you remember that?

MR. SULLIVAN: Yeah.

MR. KOGELNIK: So that's one element in that. But we don't know, for example, how to get -- right now we don't know how the development needs to get that waste water to the east side system because there's really no conveyance line there. So what this would do is provide us some budget to study that area to determine how those developments might have to put in their own system to transport that waste water over to the existing system which terminates on Hallock Young Road close to where the LEC connector goes to the Hallock Young Road. As you know, LEC's connector is only preserved for them. They did not allow us to upsize that connector line to include future development, they only wanted to pay for a certain size line. So that connector is -- that goes from the LEC site down to Hallock Young Road is preserved from their capacity. So, but you know, there's a couple developments coming up, and we don't know how they are going to be sewerred. And there's concepts that are noting out there, but somebody needs to write them down so that these developers can see okay, that's the method we're gonna go with and we understand the cost of that and we'll pay for that. So --

MR. SULLIVAN: So most of this --

MR. KOGELNIK: So it's sort of like a small master plan if you will, a very small master plan.

MR. SULLIVAN: And this is the legislation for it?

MS. SLUSARCZYK: It's the work authorization. There is no legislation required. It's for not to exceed \$3,500. But I do need a motion to --

MR. DIETZ: I'll make a motion.

MR. SULLIVAN: And I'll second. Those in favor signal by saying aye.

(All respond aye.)

MR. SULLIVAN: Opposed?

(No response.)

MR. KOGELNIK: I apologize, I wasn't ready to speak about that, but it's okay.

MR. DIETZ: Do you know just about where the dip is, where the creek is right east of that, that's where it pumps into the --

MR. KOGELNIK: Gravity.

MR. DIETZ: -- gravity feed.

MR. KOGELNIK: Yes I do. And one thought is we don't know if that gravity connection can continue on towards State Route 45. If it can, that might open up the opportunity for other development along that gravity section. So that's what we want to explore within that work authorization.

2. City of Warren Bulk Water Purchase

MR. SULLIVAN: Okay. Bulk water purchase from Warren.

MS. SLUSARCZYK: That was the general topic I used for you to speak about your request.

MR. LUCARELLI: Okay. Well, I assume the Board is familiar with the goings-on in the last week or two with General Motors. General Motors had approached the Village and City because they want by February 14 -- is that the correct date, Cindy?

MS. SLUSARCZYK: Yeah.

MR. LUCARELLI: They want the water out of their name and put into Lordstown Motors' name. The issue that's at hand right now is that in order for the City of Warren to sell water within the Village, we have to enter into a contract with the Village, not with Lordstown Motors.

MR. SULLIVAN: Correct.

MR. LUCARELLI: In order for me to negotiate a contract with the Village, I have to have legislation in place from our City Council that affords me the authority to enter or negotiate a contract. That is gonna be on this upcoming Wednesday's Council agenda. I don't know the date, I'm sorry. The 12th of -- February 12, Warren City Council will have a Council meeting, and that legislation will be on the agenda that night. I assume with the backing of the administration, and in conversation with several Council members, it's not gonna be an issue to get that passed. So then that way we can start the contract talks for Lordstown Motors. Cindy was nice enough to provide me an updated PPE with the amount of water and a timeline of the amount of water that they're assuming they're gonna use at Lordstown Motors if everything goes according to plan. Chris is probably better versed to speak on that than myself. As of now, I don't know the validity of those numbers. I mean how true those numbers are versus what General Motors was using. But I do know that in order for anything to happen, legislation has to pass. And Cindy, am I correct, does the Village have to pass legislation to enter into a contract?

MS. SLUSARCZYK: Yes.

MR. LUCARELLI: So it has to -- the Village has to go through the same process the City of Warren does, and then we have to sign our contract for the City of Warren to sell water to the Village of Lordstown for the purpose of providing service and water to Lordstown Motors at whatever the address is on Hallock Young.

MR. SULLIVAN: And even -- I see that possible to get through by the 15th.

MR. LUCARELLI: Your legislation?

MR. SULLIVAN: Well, our next meeting go will be --

MS. SLUSARCZYK: The 18th.

MR. SULLIVAN: February 18. I suppose we could do maybe a Friday meeting so it could go to Council.

MR. LUCARELLI: Well, what I -- what the City of Warren did last week on Friday, the law department constructed a letter and sent a letter to General Motors stating that the City of Warren will continue to provide water for the facility formerly known as the General Motors facility until the legislative process of the city and the Village is completed and we can enter into an agreement.

MR. SULLIVAN: Okay.

MR. LUCARELLI: That way, I thought that would be best, because then nobody has to worry about the water because I feel -- and I've spoke extensively with Chris about this also. I feel if we rush, then we're more apt to make a mistake, so either the Village is gonna get hurt or the City's gonna get hurt; and I'd rather we just take our time and do what we have to do so the Village is happy with it, the City of Warren is happy with the contract, and we can all move forward. So right now General Motors has a letter from the City of Warren signed by Mayor Franklin stating that we're not gonna terminate the service on February 15. What they have to do with their legal department is they just have to do whatever they do legally to stipulate that Lordstown Motors may pay that bill from February 15 on until all our legislation and contract is put in place. And the main reason -- that's the main reason why I wanted to come and address the Board tonight is so we could all be on the same page, if possible, to start -- and I hate to say negotiations, but to start the talks between the Village and the City of Warren so we can construct the contract for Lordstown Motors that's gonna be beneficial for the Village and beneficial for the City of Warren. And I do know, in speaking to the two Board members, that they've made it abundantly clear that they want the City of Warren to deal directly with the Board. That's why I requested to be here tonight, so everybody understands that I'm not trying to circumvent the Board. And had I had more time on Friday, I would have sent the letter to the Village also. But General Motors was beating down the door at 4:00 on Friday afternoon insisting that this was gonna happen on February 14 or 15, and I was trying to tell them it can't happen legally, by law, legislation/legislation. Now --

MR. SULLIVAN: Basically everything will stay the same, the same water line going to G.M. and --

MR. LUCARELLI: Yes.

MR. SULLIVAN: We need to negotiate a cost of whatever we're gonna pay for the water.

MR. LUCARELLI: Exactly, yeah. And then it will go the same way I've always told the Board; once our cost is negotiated, it's not my business what you charge Lordstown Motors.

MR. SULLIVAN: Then we negotiate with whoever.

MR. LUCARELLI: That's not my business. My business is with the Village or the City of Warren's business, I should say, is with the Village. What you do after that is the Village's purview, it's not mine. I can tell you that with what Chris had brought up with the sewer capacity and the water line and capacity in the existing water line, in talks with Mayor Franklin, and I know -- correct me if I'm wrong, Mayor -- but I know him and Mayor Hill have had discussions to make it abundantly -- at least they made it abundantly clear to me that they want me to work with the Village of Lordstown for this project and --

MAYOR HILL: Future projects.

MR. LUCARELLI: -- future projects.

MR. SULLIVAN: What is coming down the road.

MR. LUCARELLI: So the City of Warren and the Village are working together as a team to supply water to these projects but to make sure it's not detrimental to the Village and/or the City of Warren. And I got that directly from Mayor Franklin, and that's the guidelines that I'm gonna follow. So every time that we have a meeting, an official meeting, a meeting for contracts and whatnot, that is the -- that's the direction that I'm gonna follow based on what Mayor Franklin wants and what Mayor Hill wants as far as the Village and the City working together as a team for the benefit of the Village and the benefit of the City of Warren. And that goes back to my original statement about why I thought we should start our discussion about Lordstown Motors so we can move it along in a timely manner. But I don't want the Board to feel rushed and pressured, and I don't want to feel rushed and pressured as a representative of the City of Warren. I want us to be smart about this and about our business and do what's right for both communities.

MS. SLUSARCZYK: And the rush that started this was not for a February 15 deadline. The letter they sent to me was for January 31. They presented it Thursday morning; he, the same day, prepared a letter. But they wanted to transfer it the very next day. And then they said they've already received an extension through February 15. General Motors may extend that again, but that's --

MAYOR HILL: Waits to be seen.

MS. SLUSARCZYK: Yes.

MAYOR HILL: I just got something to say real quick, Mike, then I gotta go. This is time-sensitive. They are trying to get the utilities and everything switched out, and we have to jump through a lot of hoops. First, he has to get his people on board, then they have to come to this Board and you guys gotta pass it. And due to the fact it takes outside the Village action, we have to pass it.

MR. SULLIVAN: Right, exactly.

MAYOR HILL: Just to let you know, we did pass the second

and third phase for the water studies at the last Council meeting. So we're working with you. Do what you can, I have to go. If you have any questions -- you know what I think -- you think I might be able to answer, just give me a call.

MR. SULLIVAN: All right. Sounds good.

(At this time, Mayor Hill leaves the meeting.)

MR. LUCARELLI: Because if I could add one thing -- and Chris, tell me if I'm veering off -- I feel that this is gonna be the first contract that we're gonna be talking about between the City of Warren, but it's not gonna be the last --

MR. SULLIVAN: Oh, I'm sure.

MR. LUCARELLI: -- with other projects that are coming to the area. And what we previously discussed, and I know Mayor Franklin has with me and Mayor Hill, is that we want to make sure that no matter what we do, it's not detrimental not only to the citizens of the Village and the City of Warren but to the water systems of the Village and the City of Warren. Because I don't want to sell water in the Village of Lordstown to be detrimental to the City of Warren. And I'm sure the same thing applies to the Village of Lordstown, you don't want to over-extend yourselves and put yourself in a predicament. That's why we're gonna work together. I've instructed our consultants -- the same as the Village has CT Consultants and Chris working for the Village, the City of Warren has -- Stantec is our consultant that does all our engineering work, our hydraulic model, pretty much everything for the Water Department. They've been working for the City of Warren Water Department for over 20 years. I've instructed them to work with Chris and his staff, and I've instructed everybody that I want everybody to be up front, open and honest, because in the end this is gonna be a good thing for the Village, it's gonna be a good thing for the City, but only if we're smart. And I'd like to say I do understand General Motors has a timeline. It's like every one of these businesses have their own timeline when they come into the area. But they have to be cognizant of the fact that we have timelines that we have to follow also --

MR. SULLIVAN: Sure.

MR. LUCARELLI: -- With scheduled Council meetings, legislation, contracts that have to be reviewed by law departments and whatnot. So I think if we act as a team and one unit, it will show a unified front in which case everybody will understand that the Village and the City of Warren are serious about this and this is the process we're gonna follow.

MR. SULLIVAN: Yeah. Well, and as you mentioned earlier about our concerns, I don't believe that happened with the energy plant; and so we just wanted to make sure that this time that it does.

MR. LUCARELLI: And that's why I asked Cindy if I could be added to the agenda. I came here in good faith.

MR. SULLIVAN: I'm glad you did, I appreciate it.

MR. LUCARELLI: I want to start this dialogue. And I have the City Auditor that was gracious enough to clear his schedule

this afternoon because he handles all the finances for the City of Warren. So when we're talking all these numbers and whatnot, it's a team effort on the City of Warren's side, the same as it is on the Village's side; and then I want the two teams to work together so numbers-wise it works out for everybody.

MR. SULLIVAN: The current price that we're paying for water from Warren, and I know there's been a raise -- not raise, gotta go to court, whatever -- has that all been resolved or --

MS. SLUSARCZYK: Well, that's sanitary sewer.

MR. SULLIVAN: Well, I understand that.

MR. LUCARELLI: That has nothing to do with the Water Department. I'm negotiating contracts strictly on the water side of things.

MR. SULLIVAN: But I thought that there was a 15-year agreement on water.

MS. SLUSARCZYK: There is. And that agreement for 15 years on water is specifically between the City of Warren selling it for us to sell to General Motors, and that's what is putting us here. We can't -- and it says in there we can't sell it to anybody else without their consent. So that contract was just for General Motors, and that's why we cannot transition them from General Motors to Lordstown Motors until we have an agreement from the City of Warren permitting that. This agreement ends naturally on September 5 or 6 of this year. This will terminate it.

MR. LUCARELLI: And technically, the contract could be terminated at any time because there's verbiage or language in the contract that stipulates --

MR. SULLIVAN: If G.M. goes away.

MR. LUCARELLI: -- the contract is void once production at the General Motors facility ceases to operate. So technically, the City of Warren could have voided the contract. But I'm trying to stay away from legal issues and whatnot and it would just be easier and better for all of us if I don't just come in with a hammer and say hey, look, that contract's void, it says it right here, because I don't think that would be dealing in good faith. I want to sit down, I want to go over it, and I want to do everything the way we would normally do any other contract.

MR. SULLIVAN: Okay. Tom, have you got anything?

MR. DIETZ: No. We're sitting here listening and trying to remember it.

MS. SLUSARCZYK: Do you have anything -- we talked in December when we heard Lordstown Motors. Do you have anything that you would like to put into this new agreement different than what's existing now, besides rates? I mean, is there a different language or differences --

MR. LUCARELLI: We've only had like superficial discussions on it. I'd like in these contracts -- it seems like in all past contracts, the contracts have always been weighted more so to protect the business than the Village and the City of Warren. These are our contracts. I feel that the City of Warren should be protected in it, and I feel that the Village of Lordstown should be protected

in it, and the customer should be treated as the customer and be treated fairly and honestly. But the protections are gonna be for the Village and the City, not Lordstown Motors or whomever the name may be. Where these past contracts, if you read them, they were heavily favored towards General Motors. And I'm sure people at that time had their reasons for doing that, I just don't feel that we need to do that at this present time. So the contract language -- any changes that would be in the contract language I would expect precautions put in the language for the Village, the same way that I want to put in precautions for the City of Warren or stop gaps or safety issues. For instance, any company could come in and say they're gonna use 900,000 gallons of water a day and they'll tell us that, both the City and the Village, because they will want to get a favorable rate because of the volume. In years past those contracts were set up that way where we would just take it at face value; okay, you say you're gonna use 900,000, here's the rate for that. And if they end up using 300,000, they're still getting a 900,000 rate.

MR. SULLIVAN: The energy center is a good example.

MR. LUCARELLI: I'm not sure that that's the best way for the City and the Village to handle this. I think there needs to be language in the contract that stipulates maybe there is a favorable rate after a certain volume of water is reached. But until then, we're not going on the assumption that I trust Tom and Mike that hey, just because you said it's 900,000 okay, we're gonna give you this rate for 900,000.

MR. SULLIVAN: Right.

MR. LUCARELLI: Because that may be next year, it may be two years, it may be four years from now. But in the meantime, if I obligate the City of Warren for 900,000 gallons of water in that pipeline, that also means I can't sell it to somebody else -- well, sell it to the Village for somebody else -- in which case that limits the City of Warren and the Village from selling water to another entity that will come in here with paying jobs and income tax revenue and so on and so forth. So we have to be cognizant of that. And when we're putting this contract together, we have to think of things like that. And I'm open for any and all suggestions. These are just thoughts that my staff and the Auditor, we -- you know, we've talked about superficially to make sure that the public entities are protected more so than the corporations.

MR. SULLIVAN: But at what point, or is there a point, when the corporations get involved; or we do what we do and say this is what it is, and if you want to do business in our town this is what you pay?

MR. LUCARELLI: Well, at this point I don't believe I have any say so because it's the Village that would have the authority to do that. What -- once the City of Warren and the Village come to an agreement on a rate, again what the Village does after that, what you charge someone else, is not my business.

MR. SULLIVAN: Right.

MR. LUCARELLI: Now again, with Mayor Hill and Mayor Franklin insisting that we work together, you know, I'm willing to

help out with anything, with any rates. I know myself I have a good working relationship with Chris -- I think we do. I'm just joking. At least he pretends like he likes me. So that I don't see any problems as far as us working together to make sure that in the end Lordstown's making the money off of that corporation, the City of Warren is making the money through the Village of Lordstown off that corporation, and the corporation is getting water that they need for production and to create employment and hopefully create a bunch of income tax for the Village of Lordstown.

MR. KOGELNIK: Can I add something there? He's stated a couple times -- Franco's stated a couple times that in some ways it's our responsibility to negotiate with these businesses. These businesses are landing in the Village of Lordstown, and the Village staff need to be asking the pertinent questions to these developers in getting the realistic information, because he's just delivering all the water to your doorstep in essence.

MR. SULLIVAN: Right.

MR. KOGELNIK: It's our responsibility to our purveyor, Warren, to tell them hey, these are real numbers, this is what you can base your decision-making on. So if we don't do that, it makes Warren's job and decision-making much harder and it makes -- it probably really puts a lot more thought into their agreement because they don't have that degree of certainty. So when the mayor is out there courting these industries, the first thing we need to educate him on is hey, here's our PPE form, we want accurate information as soon as you can get it to us. That's what we need. We just don't have that right now. We've got two industries right now at Lordstown Motors and this prospective plant by General Motors on State Route 45 --

MR. SULLIVAN: The battery --

MR. KOGELNIK: -- that we have some pretty arbitrary numbers right now. We just -- there's nothing really concrete about them. And we have North Point and who else -- we might have, you know, another development. Now TEC is something totally separate. I'm not even gonna worry about TEC because I think their plans being devised for that. But there might be other undevelopable lands here that need to be served, and that's the purpose of the water study. You weren't at the Council meeting, Mike, but Tom was. And I stood up and told Council that one element that we're doing within Phases 2 and 3 is to create a capital improvements plan for the water distribution system, right? And that capital improvements plan will lay out recommendations for improvements, costs for them, and when they will land. In working together with Warren to get the Village and Warren an all-inclusive capital improvements plan understanding, it would be great to work together because you're gonna -- you and the City of Warren will hopefully realize a capital improvements plan that you can then build on. That's what we need to do. We just haven't done that, and we're -- these industries that are coming in are basically initiating that.

MR. LUCARELLI: And to piggyback off of Chris' point there, in order for the rate structure to be true, we have to know

what type of capital improvement plan is in place and the associated costs of those plans. Because there's -- nothing is free, so there's gonna be debt service with those plans if the industries don't provide a portion of it or whatever the case may be. But that debt service, when I'm figuring out water rates for the City of Warren, I take into account our debt service also. Same way the Village of Lordstown, I presume, does it. If we don't have a capital improvement plan in place, a cohesive one where we're working together and we know who's spending what money for that infrastructure capital improvement, it's hard for us to pick a rate number when we don't know how much we're gonna spend yet. You know, it's sort of like yeah, I want to buy a house. Well, how much money can you afford? I don't know, but I want that house, one of those types things. We have to -- that's why we want to move fast, but we want to be steady and smooth so we're making good decisions. And again, I fully agree with Mayor Franklin and Mayor Hill that we, the City of Warren and the Village, should work together because this could be very good for both of us. But we need to work together to make that happen. It's one of those deals where two heads are smarter than one. That's the simplest way to put it.

MR. KOGELNIK: So over the next couple of months the Phases 2 and 3 were projected to be done. I would expect that over the next couple months you should invite perhaps Stantec to the BPA meeting so that we can be either sharing information or showing the BPA some results, and maybe vice versa to your Council. As I was stating yesterday, right after our call my staff started scratching together a list of industries that are in this vicinity of State Route 45, project demands, project waste water generation, what time frame they might need. That's the development of what we call a capital improvements plan. But that really doesn't -- that's a very small aspect of a capital improvements plan, so some of this is already in transition and moving in the right direction. I expect that at the next BPA meeting we're gonna have something to talk about with this, and next month is gonna be especially more important to see all of the deliverables and same thing for the next month.

MR. DIETZ: How can we trust these companies coming in to be truthful on the amount of water they figure on using?

MR. KOGELNIK: Well, that's a good question. So like for right now, just based off of the preliminary discussions for this battery plant, they've given us like two or three sets of data; and it can't be approximate, that all can't be accurate. And so we're -- just from an engineering standpoint we're already questioning it, okay. And then from the engineering standpoint, you know, we know what a domestic demand would be on a factory for a given number of employees, that's pretty simple. So we're able to back-check their numbers. So maybe the answer to your question is it's just -- it's our responsibility to vet out those numbers.

MR. LUCARELLI: And if I could please, while Chris is looking at it from the engineering view of it, from the financial end of it I'm looking at it with the idea that if you're telling me you're gonna use 900,000 gallons of water a day -- and I'm just throwing out ideas -- then okay, then you must be okay if we charge you for a minimum

amount of gallons per day. Because then at that point financially, the bean counters are gonna go to the engineers and say hey listen, they're telling us we gotta buy a minimum amount of water, how true is this number, to push them along to give us a more true number.

MR. SULLIVAN: Realistic.

MR. LUCARELLI: Because if their number is true, then let's say arbitrarily they wouldn't mind paying a minimum of 400,000 gallons a day because they're gonna tell us we are -- they're using 900,000 for sure. If you're telling us the truth, 400,000 is a gimme, you should be using that every day. If they balk at that, it would seem to me they're not really sure about that nine hundred number, they are just using it as a placeholder to get a better rate from the City and the Village.

MS. SLUSARCZYK: And we inflict that upon ourselves by having a decreasing water rate structure. The more you use we're gonna discount your water, to where a lot of industries the more water you use, the more wear and tear on our system, an increasing rate structure would be appropriate. They're going for those low accurate numbers because we doesn't want to hit them upper tiers or --

MR. LUCARELLI: Pretty much everywhere else in the United States that formula is followed except in the midwest. We do happen to be fortunate; we're very wealthy, rich water-wise. So -- and back in the day when there were steel mills and there were all the plants all through the midwest, it made sense for the decreasing rate structure. Like Cindy said, is that the proper rate structure in other business environments. I don't think so. So we have to break the cycle, but we have to start somewhere.

MR. KOGELNIK: Yes.

MR. LUCARELLI: We're having an opportunity now because the Village and the City of Warren have been stifled for years due to the contract that was put in place by General Motors and the rates being tied to the City of Niles and that whole convoluted thing. We have an opportunity now to reset the rates and reset how we set rate structures. And as long as we work as one unit and our rate structures are essentially working the same, then we can do that. And from this point forward we can reset all that and make it right and make it conducive for the Village and the City of Warren.

MR. SULLIVAN: Have you got anything else? Well, I think -- is the 18th too soon to meet again or --

MR. LUCARELLI: No. I will meet and -- I will make myself available to meet any time the BPA wants me, myself and --

MR. SULLIVAN: Well, well, but you'll have the increased information by then?

MR. LUCARELLI: Yes.

MR. SULLIVAN: Okay. Well, why don't we figure on that.

MR. LUCARELLI: Now that we've had this conversation, I'm gonna go back to work tomorrow and myself, the auditor and my staff, we're gonna start putting numbers together, putting contractual language together, so that the next meeting when we meet we'll at least be a little bit further along in the discussion. It won't be the final draft.

MR. SULLIVAN: Right, exactly.

MR. LUCARELLI: But this way the Village can see how the City of Warren is thinking and talking language-wise, and we can get a gauge on the Village. And then we just sit there and say okay, you know what, this is good for both of us, this language is only good for the Village or only good for the City of Warren, let's modify it a little bit and -- because once we get those contracts together between the BPA and my committee with the City of Warren, now we have to have our law departments look at it. So that's a process that is gonna move at the speed of mud all by itself. But if we get our part done, then once we put it in the law department hands, if they have to change some of the verbiage because they need to make it sound legalese that's fine, provided they stick to the basic content of what we agree to.

MR. SULLIVAN: Sounds good.

MS. SLUSARCZYK: It's a pre-nup.

MR. LUCARELLI: Yeah. That's one way. I don't know if that's a good way of putting it, but it's a pre-nup I guess.

MR. SULLIVAN: Who gets the kids.

MR. LUCARELLI: I don't want the kids, I'm too old for that.

MR. KOGELNIK: We had a good working relationship with Warren and with Stantec for the LEC project. And you know, I'm always one these people that understands that sometimes challenges can bring people together. This is -- I don't think this is anything different than that. And there's obviously a commodity of time here that has to be respected for all parties involved. And so -- but one thing I am a big fan about is divvying up the work and everybody gets a task, you know. And that's what I'm gonna be working with Bob McNutt from our company, Jeff Smith and also the team from Warren on. I'm already thinking in my head how the capital improvements plan is gonna eventually arrive on your desk and what's gonna be in it and who's gonna do what to do it. So I'm looking forward to that. But the goal is to land these facilities in Lordstown as comfortably as humanly possible and yet have the agreement in place for the water and the sewer. The sewer is a whole other topic that we need to -- we need to consider. I think that the work authorization today is going to allow us to put some definition to that so that you can engage either Trumbull County Sanitary Engineers or we might have capacity for the sewer. I don't know yet. We'll have to get the data from the developers, right.

MR. SULLIVAN: So do we need to do anything other than what you're doing before we meet again on the 18th?

MR. KOGELNIK: The only thing I can ask for you to do is to get that data from these developers. That's the Village's responsibility. If the mayor is helping to do that, then give him the PPEF form and tell him come back in two days with that data. I'm probably speaking a little too tough there, but we need that data. Otherwise, it's just -- you know, it's -- we're wasting our time. Go ahead, Tom.

MR. DIETZ: No, I was just --

MS. SLUSARCZYK: We need to be proactive with that instead of reactive to the customer being here and then trying to figure out how they work. We need to know what works for when they arrive.

MR. LUCARELLI: Exactly. And if we're consistent by stating to the prospective customer that look, your water rates, okay, will be dependent upon X, Y and Z, how much you're gonna use every day, what capital improvements need to be done to get that water line to your facility, et cetera, et cetera, and the more honest that you are with us up front, then the more favorable we can look upon it as far as rates go. If we feel that we can't trust these numbers, well then we're gonna have to come in with high rates just to make sure that we cover the liabilities for the Village and the City of Warren. So it is incumbent upon these businesses, Lordstown Motors, Gigapower, Old Dominion, whoever they are, to come in with real numbers. Because the more real their numbers are, the more accurate and real our numbers can be and there's less confusion. And the way my thought process has been going, I'm almost sure that I'm gonna make sure that there's language in there that will stipulate if you're giving us figures, then there's gonna be some financial accountability to the figures you're giving us. Because especially right now, you're not the only show in town, there's other shows in town; and if we have to allocate phantom resources to you and not get paid for these resources and can't put those resources to another business --

MR. SULLIVAN: Right.

MR. LUCARELLI: Somebody's gonna pay that money. And I feel that it's imperative that we have that in our contracts so that again, Warren's protected and the Village is protected.

MR. DIETZ: Plus we got to be able to put some money away for repairs on these lines too.

MR. LUCARELLI: And that's all factored into the rate structure, exactly. Because there's gonna be ongoing maintenance through your current distribution system.

MR. KOGELNIK: Yes.

MR. LUCARELLI: With the hydraulic model and -- these hydraulic models are wonderful things. Those hydraulic models also show you where there are shortcomings, where money needs to be spent in order for your system to be solid. Did I say that correctly?

MR. KOGELNIK: Yeah.

MR. LUCARELLI: With that known, any dollars to be spent, it needs to come from somewhere and it needs to come from rate payers. In a perfect world it would come from commercial rate payers and not residences.

MR. SULLIVAN: That's what I was gonna say, and I'm sure you're aware, even with the large number of water gallons that we're using now, the last year we've gone backwards quite a bit. The rainy day is about done raining, and that's getting to that point. And like with the energy center, if we put a raise on it, it can only go on the residents, it can't go on them, which is insane. So then you got the residents --

MR. LUCARELLI: Yeah. And that's -- and again, I'm

willing to help the Village with that also so that these future contracts aren't set up in the same fashion, because at no point does any industry or business never have costs that go up eventually, okay.

MR. KOGELNIK: Right.

MR. LUCARELLI: So our cost of business goes up each year with chemicals, with electricity, you name it, employee pay raises, okay. It doesn't happen very often; but when it does, those costs go up, it has to be factored into the rate. And the same thing applies to the Village of Lordstown.

MR. KOGELNIK: Yeah.

MR. LUCARELLI: Working on main breaks 30 years ago was a lot cheaper than working on main breaks today. The cost goes up. If those aren't reflected in the rate structure, if you have a stagnant rate structure like we had with General Motors and what I understand your agreement is with LEC, there's never any room for even a cost of inflation.

MR. SULLIVAN: Right.

MR. LUCARELLI: You know, I mean you have to at least account for the price of inflation at the very minimum, let alone the cost of doing business. You know, everybody -- Cindy gets paid, the road crews get paid, those are all expenses that have to be factored into the current rates and have to be factored into future rates and, if possible, in the rate increases. Structure rate increases that stipulate okay, you know, if the projected cost of living is 3 percent, 2 1/2 percent a year, well then you know what, it's not smart for the Village to absorb that cost, it's not smart for the City of Warren to absorb that cost. If I do that, I have people like the Auditor breathing down my neck and the mayor breathing down my neck saying hey, we're going backwards instead of moving forward. That's why we need to work together so none of us end up in that position.

MR. SULLIVAN: And that's why Tom and I have been so leery because I don't know how many times, well, Warren negotiated that rate. We said how in the hell could Warren negotiate it, it's not theirs to negotiate. But I mean --

MR. LUCARELLI: That was back in 2015, yeah. And that's because that's the way the structure was set up at that time between administrations and with LEC that they said hey, figure out a rate structure and then Lordstown's gonna do their thing like they do with General Motors. So we were under the impression that we were gonna figure out a rate structure and Lordstown was gonna figure out your rate structure with LEC and everybody was gonna move forward. That didn't happen that way. But that didn't happen that way because of the City of Warren.

MR. SULLIVAN: I understand that.

MR. DIETZ: The City of Warren does have an -- I believe in the LEC contract that you can change your rate in so many years. We didn't even get that.

MR. LUCARELLI: We can change it at any time, provided that we raise the rates for all of our industrial customers. We can't just single them out and hey, say you're getting it. If we raise our rates for all our industrial customers and we have a 20 percent rate

increase over a four-year period, then LEC is subject to that rate increase. And Cindy and Bill and I spoke about that a week ago, a couple weeks ago, that --

MR. SULLIVAN: You basically have the same rate structure for all industry in Warren.

MR. LUCARELLI: No. Most -- in the City of Warren, the rate structure, we have inside rates, we have outside rates.

MR. SULLIVAN: Well, I understand that. But I'm talking about the inside rates. If I'm gonna go build a factory over there, am I gonna pay the same that G.M. was paying or whoever.

MR. LUCARELLI: It's a standard rate inside the city limits of Warren. Outside the city limits then it's all subject to contract.

MR. SULLIVAN: Sure.

MR. LUCARELLI: But -- and that's why we -- when we set up any of these contracts, it will always stipulate that if there is a rate increase, whether it's a city-wide rate increase or just an industrial/commercial rate increase, whoever comes in whether it's LEC, Lordstown Motors, Gigapower, they are subject to the same rate increase as everybody else.

MR. SULLIVAN: All I'm thinking is -- and I'm thinking the Village has been thinking a lot of well, let's go get LEC and we'll do whatever with them, and then let's go get Lordstown Motors; rather than saying okay industry, this is what we have for a structure. And I think that's where we need to be moving to.

MR. LUCARELLI: Exactly. And that's why -- and I was just talking to the Auditor earlier today. That's why we have to get a baseline number so no matter who it is that comes in, this is the rate, okay. And this is the rate for all industry and this is what -- whatever the Village charges because it's not my business and what the City of Warren is gonna charge the Village. This is the number, and we don't deviate from that number. And provided the Village and the City work together and hold firm on that, then we'll be okay.

MR. KOGELNIK: You may recall that we did recommend that the Village undergo a rate study and that was gonna be following the water model.

MR. SULLIVAN: Right.

MR. KOGELNIK: And as Franco stated, there is no good time to do that but we gotta start somewhere. So we should look into doing that sometime after. But this is gonna be a tough few maybe six, seven, eight months coming up to get through all of this. There's gonna be a lot of activity.

MR. SULLIVAN: I understand that. But if we do what Franco just said, it's gonna be much easier because once you do the one model, whoever else, whether it's the battery plant or whoever, here's the model, there's no more negotiating, that's what it is.

MR. KOGELNIK: Right. But understand, the model is just basically an engineering effort, and then you've got the feasibility study.

MR. SULLIVAN: When I'm talking about the model, like right now Matalco has got the old G.M. rate, you know, rate structure

for Lordstown Motors, they have a different rate structure over at the energy plant. Now it would be insane to go over to Lordstown Motors and do a third or fourth or fifth one.

MR. KOGELNIK: But understand that the model in no way relates to rate studies.

MR. LUCARELLI: Right.

MS. SLUSARCZYK: And no one -- I should say at this point in time none of the businesses have asked for a special rate.

MR. SULLIVAN: Well, I understand that.

MS. SLUSARCZYK: So if they come in and sign up for water and they want that effective -- they see the water rate, I mean it's there. If you want to talk rates after the fact, so be it. But that just gives -- we're not going out there saying, well we're not offering come to Lordstown and we'll give you a better rate. They're coming to Lordstown, they see the rates. If they ask for a special rate, then that's when you would consider it.

MR. SULLIVAN: I don't know where it came from, but with the new energy plant coming in someone had told us that they had met with Warren and they requested seven cents over cost or some --

MR. LUCARELLI: No, no, no. They have never spoke to Warren about what the cost that the Village is gonna charge. All -- and these discussions go back to 2016 and 2017, and then lawsuits started and everything pretty much stopped. Any discussion that was ever had was just for the cost of water, not Lordstown's cost. And again, Cindy and I and Bill had talked about, you know, the difference between a flat rate of seven cents or a percentage, in which case then if it's a percentage, if the City of Warren were to raise our rates, your percentage, your -- 10 percent of a dollar is 10 cents. If the City of Warren raises their rates to \$2, 10 percent of \$2 is 20 cents. So the Village would increase their revenue as the rates go up. Whereas if you have a flat fee of seven cents or ten cents per thousand gallons, it doesn't matter what my rate is, you're still getting the ten cents per thousand gallons no matter what the rate is from the City of Warren. And from the outside looking in, I don't think that that's a proven way of doing business.

MR. SULLIVAN: I don't either.

MS. SLUSARCZYK: It's terrible.

MR. SULLIVAN: All right.

MR. LUCARELLI: So what we'll do, we'll start working together to get numbers together and contract language together. And whenever the BPA is available after you guys start -- I don't know who would start putting those numbers and contract language together. Who would do that for the Village?

MS. SLUSARCZYK: Well if you give us something, then it would ultimately go to Paul Dutton to draft our legislation.

MR. LUCARELLI: We'll start working on that. And then whenever the Village or the BPA is available for another meeting like this we could start running through the drafts. That way we can put red marks on what we need to put red marks on and get closer to finalizing everything.

MS. SLUSARCZYK: I would say when you have something that

you would like to present to them, just let me know and I can reach out to them. And if it's before the 18th, it's before the 18th. But if not, I think it's something that they need to work --

MR. LUCARELLI: Sure. But just so you know, legally until next Wednesday when the legislation is passed, I cannot officially work on contract language with the Village. I will be crunching numbers in my office and I will be looking at old contracts to get verbiage from there, add verbiage, take verbiage out. But after next Wednesday, then by law I'm allowed to start discussing a contract with the BPA.

MR. SULLIVAN: Okay. Well, I'm good if everybody else is.

MR. DIETZ: Yeah. I can't talk while the recorder is on.

ADJOURNMENT:

MR. SULLIVAN: You can make a motion to adjourn.

MR. DIETZ: Okay. I'm make a motion to adjourn.

MR. SULLIVAN: Second. All in favor?

(All respond aye.)

(Meeting adjourns at 5:30 p.m.)

C E R T I F I C A T E

STATE OF OHIO)
TRUMBULL COUNTY) SS.

I, Deborah I. Lavelle, a Notary Public in and for the State of Ohio, duly commissioned and qualified, do hereby certify that the foregoing meeting before the Board of Public Affairs was written by me in the presence of the Members and transcribed by me using computer-aided transcription according to the stenotype notes taken at the time the said meeting took place.

I do further certify that I am not a relative, counsel or attorney of any Member, or otherwise interested in the event of this action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Niles, Ohio on this 16th day of February, 2020.

DEBORAH I. LAVELLE, Notary Public
My Commission expires 4/16/2022

Submitted:

Approved By:

Cinthia Slusarczyk, clerk

Kevin Campbell, President