

MEETING MINUTES OF ST. MARYS CITY COUNCIL

PRESIDING OFFICER:
James J. Harris
Council President

July 28, 2025
6:30 p.m.
Council Chambers

ROLL CALL: Bubp, Christman, Childrey, Fitzgerald, Uhlenhake, Aquaro
Absent: Lunz

Moved by Mr. Bubp, seconded by Mr. Christman, to accept the Minutes of the July 14, 2025, meeting. Motion passed unanimously.

PETITIONS & COMMUNICATIONS:

Mr. Harris read Notice of a Council Public Hearing to be held at 6:15 p.m. on August 11, 2025, in Council Chambers at the Municipal Building, 101 W. Spring Street, St. Marys, Ohio, to hear comments regarding a request to rezone 1.532 acres of land in the City of St. Marys, Ohio. The property is currently zoned R-1 (Single Family Residential) and is requested to be zoned R-5 (Multi-Family Residential). Said area being more particularly described as the area south of Nagel St. and west of Holly St. tract 4 in the northwest ¼ of Section 4, St. Marys Township, in the City of St. Marys, Auglaize County, Ohio, (Parcel ID K32-058-003-01) consisting of approximately 1.532 acres of land including street right-of-way.

John Burd asked for information on Fort Barbee. He was informed that Kraig Noble would be explaining more at the reading of the ordinance that is on the night's agenda and that he would be allowed to speak and ask questions at that time.

Michael Aquaro addressed an issue with electric scooters being ridden in an unsafe manner and not following Stop sign laws around town, specifically Edwards and Augustus Street areas. He asked if there was anything that could be done to slow this flow of traffic. Mr. Foxhoven responded that speed bumps, stop signs and flashing lights are not recommended for slowing traffic. We have had several conversations within the administration regarding electric scooters. We have concerns about them. Right now, these scooters are listed as a toy so a lot of the rules do not apply to them. He said he will talk with Acting Chief Turpin and see if they can step up enforcement efforts. These issues need to be addressed with legislators because they are dangerous. Zach Ferrall added that State Legislators passed law allowing scooters on the roads in bigger cities because they didn't want them traveling on the sidewalks. They don't have the same regulations that cars and trucks do. Our City code also does not allow them to be ridden on sidewalks. Other cities in the area have the same issues as well. Michael Aquaro suggested we have some sort of outreach to stress and promote safety within the community with others agreeing before something tragic happens. Dan Uhlenhake asked for clarification about scooters having the same regulations as bicycles in following the laws. Zach Ferrall said scooters basically have no regulations at this time as long as they are considered low speed mobility devices per Ohio Revised Code. He would look into this further.

REPORTS OF CITY OFFICIALS COMMITTEES ETC.:

The Auditor's Report was presented.

The Treasurer's Report was presented.

The Director of Public Service and Safety's Report was presented.

Mr. Foxhoven reminded everyone that Friday, August 1st will be the last First Friday for the year.

Michael Aquaro asked Mr. Foxhoven to comment on the resignation of Patrolman Lucas Wessel. Mr. Foxhoven responded that Lucas Wessel is no longer an employee. His resignation was effective yesterday (July 27). He is no longer on paid administrative leave. John Bubp commented on typically not providing personnel matters to the public. Mr. Foxhoven said that is typically correct. The private sector is different than the public sector. Personnel files are public records with certain information that needs to be redacted. Mr. Foxhoven noted that he lists all resignations and terminations in his report as these are tracked for Civil Service.

Mr. Harris commended the City's Electric and Water Departments for keeping everything running in the heat we have had.

Dan Uhlenhake asked if there was anything happening with new business coming into the old Rite-Aid building. He was informed the City is not aware of anything at this time. Mr. Foxhoven said it is a nice location and would guess it will not be empty for long.

COMMITTEE REPORTS

There were no committee meetings to report.

ORDINANCES & RESOLUTIONS:

Ordinance No. 2025-15 was presented to Council for a second reading.

ORDINANCE NO. 2025-15 – An Ordinance Approving the Editing and Inclusion of Certain Ordinances as Parts of the Various Component Codes of the Codified Ordinances of the City of St. Marys

The ordinance will be back for a third reading.

Ordinance No. 2025-16 was presented to Council for a second reading.

ORDINANCE NO. 2025-16 – An Ordinance Rezoning 1.532 Acre Parcel of Land Along Nagel St. Located in the Northwest Quarter of Section 4, St. Marys Township in the City of St. Marys

The ordinance will be back for a third reading.

Resolution No. 2025-12 was presented to Council for a first reading.

RESOLUTION NO. 2025-12 – An Emergency Resolution Authorizing the Community Improvement Corporation as Agent to Release a Certain Mortgage Held by the City of St. Marys' Revolving Loan Fund

Moved by Mr. Christman, seconded by Mr. Fitzgerald, to read Resolution No. 2025-12. Motion passed unanimously.

Kraig Noble explained that Mr. Schwab came to St. Marys in the late 1990s and proposed renovating the Fort Barbee Hotel. The C.I.C. and the City got involved and received permission from the State to use Revolving Loan Fund money to help him improve the building. He emphasized this was not City funds. Over the years the building has fallen into disrepair and Mr. Schwab fell into financial difficulties. Sadly, he passed away last November. His widow is the executor of his estate and standing in for the Partnership that owns the building. Mr. Schwab did not own the building individually. He had a Partnership that ran it. Mr. Noble said he wanted to make three points. The goals from City administration and Council were to get the building rehabilitated, essentially get it out of bankruptcy, get it renovated, and make it a productive property. He said he was also specifically informed the City did not want to make any further investment in the building. They did not want to own the building or engage funds in any way to do this. It had to be outside parties and to recover as much as we could for both the revolving loan mortgage and the investment made in renovating the storefronts. The C.I.C. borrowed money from the City to do that. There is a balance on that of about \$24,000. He added there was significant water damage at Fort Barbee and Mr. Schwab had hired Roto Rooter to go in. They spent almost \$50,000 repairing that damage. They filed a mechanic's lien on the property which is what brought all of this to a head. They then filed a foreclosure action in Auglaize County Common Pleas Court. He said Zach Ferrall and himself have been representing the City in this action. We asserted our interest in the revolving loan fund money, plus we also have a lien on the property for the C.I.C. advanced funds for the damage and repair to our storefronts of about \$19,000, plus we have the balance owed to the City on the loan of \$150,000; which brings it down around \$24,000. The goal here was to recover to the C.I.C. the funds that were advanced to repair the storefronts and to recover the balance of the money spent on doing the storefronts.

We set a price of \$350,000 which seemed appropriate based on the appraisal and condition of the building. The lawsuits have more or less been placed on hold pending a hearing this week. The tenants wanted to appoint a receiver for the property, which was addressed in a previous meeting. If a receiver is involved, there would not be as much money for the other parties involved. The other alternative we have is to let the property go to a foreclosure sale and risk the City owning the property, which we do not want. We have been marketing the property with realtors in the area for a price of \$350,000.

There is a mortgage ahead of the City mortgage to Huntington Bank of about \$100,000. We have an agreement among the creditors to take less than what is owed to them in order to sell the building. The C.I.C. executed an option with the Schwab estate. They will get \$100 and the rest of the money will be distributed among the lien holders for real estate taxes, the City, Huntington Bank, and Roto Rooter. The C.I.C. agreed to a commission of three percent to the realtor to attract offers. We have a letter of intent and a down payment of \$3,500 from Mr. Eric Ross who has a CRE LLC and is a

realtor in Lima. We are preparing a closing with him. We believe he will use local financing. In order to make this happen, the City has to release its mortgage on the revolving loan fund. That is not City money, but there will be approximately \$125,000 coming back to the revolving loan fund. The City will be paid in full for its remaining mortgage of around \$24,000 to the C.I.C., and the C.I.C. will be paid in full for monies spent repairing the storefronts from water damage. We are getting mostly all of our money for three of the four liens that we have.

Mr. Noble requested Council to pass the ordinance under suspension of the rules so they can move forward with the closing. Council is not approving the sale. The C.I.C. is the one approving the sale and will take title. The City will not own the property at any time. The C.I.C. has the option with Mrs. Schwab and the C.I.C. will obtain the deed from the Schwab Partnership and immediately transfer it to the buyer. In order to put this together a release from the City is needed for the revolving loan fund. A release will also be obtained from Huntington Bank and Roto Rooter and we will pay the taxes.

There are a lot of moving parts in this. There are covenants on the building that any buyer has to deal with. In working with the Ohio Housing Finance Authority, they are going to release the covenants on all except for the seven units where people are living. They will be protected until the covenants run out in three years.

We are getting our money back on the repairs and the loan for the storefronts. We are not getting all of the revolving loan fund money back, but there have been payments paid back over the years from the Schwab Partnership.

Mr. Bubp asked for clarification that once the City releases the mortgage, they don't have to pay the balance back. He was informed that the City does not have to pay anything. That money will go back to the revolving loan fund and it can continue to be loaned out to other entities.

Ms. Childrey asked for more information on the other creditors taking less than what they are entitled to. Mr. Noble said Huntington Bank would get \$60,000 instead of \$100,000 and Roto Rooter would be getting about half of what they are owed of \$33,000. The City is not taking a cut on two of our three liens.

Mr. Fitzgerald asked about the amounts the City was out from the revolving loan fund. Mr. Ferrall said the revolving fund loan was \$400,000. We are receiving approximately \$125,000. The original loan on the storefronts was \$150,000 that's been paid back. The remaining \$24,000 will be paid back; then there's \$19,000 which was the money spent to repair the storefronts after the water damage. Mr. Noble said we have a lien on that and will be paid back in full.

John Burd asked who owns the building right now. Mr. Noble responded that the building is owned by Riverview Partnership and Mrs. Schwab. The C.I.C. has the option to buy it for \$100. We are only going to exercise that option once we are sure we can sell it on the other end. John Burd asked what the appraised value of the building was. Mr. Noble said \$400,000. The elevator in the building does not work which could be a six-figure cost to replace. There is also a significant amount of work that needs to be done in the building and noted some of the things that still work.

Kateland Gutierrez owner of the Armory confirmed that the building has a lot of potential. She has done a full scope of work for the project. Excluding the elevator and any HVAC systems, she has the cost for repairs at \$360,000. The building has good bones, but everything needs redone. She believes the asking price is appropriate. She also commented if the current potential buyer does not work out, that she has been pre-approved for the funds for a backup offer.

John Burd asked for further explanation of the mortgage the City has. Mr. Noble explained the City issued a mortgage from its revolving loan fund with accrued interest of \$500,000. This was not City money, it was a grant from the State. There is not enough value in that building to recover that. He believes this is the best deal we can get. The only other option would be for it to go to foreclosure sale and in order for the City to protect any interest they would possibly have to bid on it and could end up owning it. The City does not want to own it. Councilors were in agreement with this sentiment.

John Burd questioned the C.I.C. is going to get all of their money back, but the City is not getting their money back. Mr. Noble explained it was not City money. It was revolving loan fund money from the State. John Burd said it is his understanding that the revolving loan fund is block grant

money that we get from the State to loan out to small businesses in the City as a secondary loan source. He said he doesn't think that Council should release the mortgage until they can get a percentage of the revolving loan fund money back. Mr. Noble further explained that the annual lease payments paid by Mr. Schwab and the rent payments went back into the revolving loan fund. The revolving loan fund has plenty of money for new business that comes in for a loan.

Mr. Aquaro asked if Mr. Ross was paying the full asking price. He was informed he was paying the full asking price of \$350,000. Mr. Aquaro also commented if we did not do this and go the foreclosure route we could end up paying for the building and repairs, which would be \$1.2 million without the elevator and HVAC. Kateland Gutierrez asked if there was a way to put in the agreement that the purchaser of the building would have to continue paying the \$5,000 annual revolving loan payment back. She was informed there was not. Mr. Harris recommended we move forward with the proposed sale of the building.

Ms. Childrey commented that looking at the numbers for who all are owed money with the bank and Roto Rooter, we are looking at close to \$700,000. The value of the property was appraised around \$400,000. There is no way we are going to get \$693,000 out of this. She asked for confirmation if we were to pass this legislation releasing the \$400,000, that it is a formality. It's not saying we are not going to get any money back. It is just releasing it for the sale purposes. She was informed that is correct. Zach Ferrall commented that we don't know the exact amount due to the taxes, etc. We should get around \$125,000 of the \$400,000 back. The legislation says up to \$400,000 because that is the amount of the original mortgage. We have also gotten \$5,000 annual payments over the years. Kraig Noble said the obligation is under the mortgage. Ms. Childrey said she does not like the idea of losing that money, but is very concerned that not going this route and what it would take to get our money back, we are looking at losing significantly more. If the City ended up owning the building the City would take a massive hit being immediately responsible for getting it in the right livable condition. For the record, she said she does not like having to do this resolution, but doesn't believe we have any other option.

Moved by Mr. Aquaro, seconded by Mr. Uhlenhake, to suspend the rules for Resolution No. 2025-12. Motion passed unanimously.

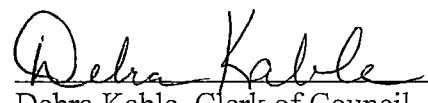
Moved by Mr. Christman, seconded by Ms. Childrey, to pass Resolution No. 2025-12 as an emergency. Motion passed unanimously.

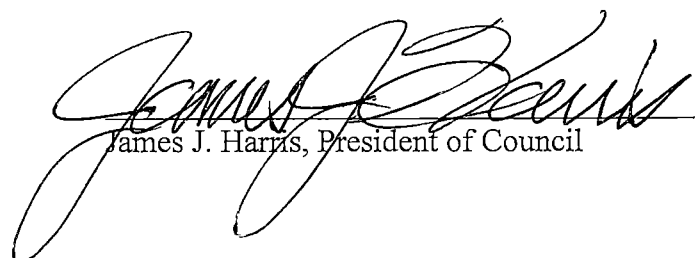
MISCELLANEOUS BUSINESS:

An Electric Committee Meeting was scheduled for August 4, 2025, at 5:15 p.m.

Moved by Mr. Christman, seconded by Mr. Bubp, to excuse Mr. Lunz. Motion passed unanimously.

Council adjourned at 7:26 p.m.


Debra Kable, Clerk of Council


James J. Harris, President of Council