REGULAR COUNCIL MEETING
MONDAY, APRIL 3, 2023 – 7:30 PM
EXECUTIVE SESSION IMMEDIATELY FOLLOWING

CALL TO ORDER

President Christine Shoop called the Regular Council Meeting to order at 7:31 PM. City Council convened for a regular meeting in Council Chambers – Courtroom #1.

ROLL CALL FOR ATTENDANCE

Councilpersons Derrick Abney, Nick Augustine, Jim Fodor, Mario Rodriguez and Christine Shoop were present. Lori DiNallo arrived at 7:33 PM, and Paul Hach was not able to attend.

Mrs. Shoop asked for a motion to excuse Mr. Hach from tonight's meeting.

Mr. Augustine made a motion to excuse Mr. Hach from tonight's meeting, seconded by Mr. Rodriguez. All Council Members were in favor by answering "Aye". Motion carried.

Other City Staff in attendance: City Manager Doug Lewis, Assistant City Manager Tony Zampedro, Law Director Jim Lyons, Finance Director Bill Parkinson, Economic Development Director Susan Crotty, Administrative Police Lieutenant Toby Burgett, and Clerk of Council Samantha Danielson.

APPROVE AGENDA AS SUBMITTED

Mrs. Shoop asked for a motion to approve the agenda as submitted.

Mr. Augustine made a motion to approve the agenda as submitted, seconded by Mr. Fodor. All Council Members were in favor by answering "Aye". Motion carried. Agenda approved.

INVOCATION was given by Councilperson Christine Shoop.

PLEDGE OF ALLEGIANCE was recited.

MINUTES: Regular Meeting 03.20.23

Approval of minutes was overlooked and will be addressed at the next meeting.

PUBLIC COMMENTS: None

COMMITTEE REPORT: None

LEGISLATION:
ITEM #1 ORDINANCE
***1st Reading* – An Ordinance amending Section 167.07, of the Painesville Code of 1998 relating to the Classification and Compensation Plan, and declaring an emergency.**

City Manager Doug Lewis spoke on this piece of legislation. He stated as discussed with the Finance Committee and the City Council in prior Executive Sessions, City Administration would like to restructure both the Community Development Department and Finance Department. The current staffing for Community Development is: 1 full time Director of Planning, 1 full time Secretary, 1 part time Secretary, and 2 full time Housing Inspectors. Proposed staffing for Community Development is: 1 full time Director of Planning, create 1 full time Planner I, 1 full time Secretary, 2 part time Secretaries (add 1 part-time Secretary), 2 full time Housing Inspector (title change from Housing Inspector to Code Enforcement/Zoning Inspector), and create Senior Code Enforcement/Zoning Inspector, and proposed staffing for finance is the creation of Assistant Finance Director. The increase to the general fund for the restructure of Community Development is approximately $17,700-$23,260 plus benefits. The increase to the general fund for the creation of the Assistant Finance Director is approximately $20,048-$27,016 plus benefits. City Administration feels the restructure of these departments is necessary to maintain levels of service to the community and to reduce turnover in staffing. In the past two years, the departments have had a total of 5 vacancies. This legislation can go three readings if Council chooses, but would like to be passed in order to fill the positions.

Mrs. DiNallo commented the Finance Committee Members were in favor of the changes.

Mrs. DiNallo moved to suspend, seconded by Mr. Augustine.

On roll call, Mr. Fodor, Mr. Rodriguez, Mr. Abney, Mr. Augustine, Mrs. DiNallo, and Mrs. Shoop answered "Yes". Motion carried.

Mrs. DiNallo moved to adopt, seconded by Mr. Rodriguez.

On roll call, Mr. Fodor, Mr. Rodriguez, Mr. Abney, Mr. Augustine, Mrs. DiNallo, and Mrs. Shoop answered "Yes". Motion carried 6-0.

ORDINANCE 07-23 is ADOPTED.

ITEM #2 ORDINANCE

***1st Reading* – An Ordinance amending Section 141.02 of the Painesville Code of 1998 relating to Eligibility for Employment in the Painesville Police Department, and declaring an emergency.**

Lieutenant Toby Burgett spoke on this piece of legislation. He stated the Police Department has seen a decline over the years of qualified applicants for police. The Civil Service Commission and the Police Department are looking to adopt changes in the civil service rules and regulations. The ordinance needs to be change to allow for a three-tiered age and experience system for lateral entries at the Police Department. This will allow for officers, in the case of a lateral examination, to be eligible to receive an appointment as a policeman or policewoman if he or she has reached the age of twenty-one and has not attained the age of thirty-five, provided they have at least one year of full time experience in law enforcement; or, has not attained the age of forty-one, provided they have at least three years of full time experience in law enforcement, or has not attained the age of forty-nine, provided they have at least five years of full-time law enforcement experience. There are no costs associated with this legislation change. The legislation may go three reads, but it was being requested the legislation change be passed as an emergency after one read in order to have it approved for the next civil service meeting in the first week of April. Discussion ensued about lateral moves and the background investigation process. Lt. Burgett explained this new tiered system will make Painesville more competitive than surrounding departments, and mentioned about the guidelines and following the rules of our Civil Service and City Ordinances.

Mrs. DiNallo moved to suspend, seconded by Mr. Rodriguez.

On roll call, Mr. Rodriguez, Mr. Abney, Mr. Augustine, Mrs. DiNallo, Mr. Fodor, and Mrs. Shoop answered "Yes". Motion carried.

Mrs. DiNallo moved to adopt, seconded by Mr. Augustine.

On roll call, Mr. Rodriguez, Mr. Abney, Mr. Augustine, Mrs. DiNallo, Mr. Fodor, and Mrs. Shoop answered "Yes". Motion carried 6-0.

ORDINANCE 08-23 is ADOPTED.

ITEM #3 RESOLUTION

***2nd Reading* – A Resolution designating Hilltop Securities, Inc. as a financial advisor for the investment of City funds, and declaring an emergency.**

Finance Director Bill Parkinson spoke on this piece of legislation. He updated the Council Members with additional information. He provided two reports regarding the fees. He stated in the fiscal year of 2021, the City paid Meeder $32,139.00 in fees, and in fiscal year of 2022, the paid $31,034.00 in fees. Hilltop is an option. It is a depository agreement so there has to be some agreement with the City Council in order if should the opportunities present themselves for me to move the money. Huntington has an investment arm as well. Hilltop has done this work for a long time and works across the country with public entities like cities, and school districts. If the City does move to Hilltop, the fees would be zero. Huntington does not charge fees either. Mr. Parkinson states he likes to have as many options as possible when it comes to investing and take advantage of earnings, different types of investments and get the best bang for the bucks for the City. The City could continue with Meeder, but Hilltop is just another opportunity. The City currently banks with Chase Bank and he will look into the banking business and probably save fees there as well. There are a lot of banks available and with the City's fairly sizable budget, he will look into other possibilities as well.

Several concerns were brought forth from Mrs. Shoop about Eileen Stanic's email and addressed by Mr. Parkinson. One being the difference that Meeder has a fiduciary responsibility to its clients and Hilltop is regulated by FINRA. It was clarified that Hilltop

has the same fiduciary obligation and would have the same relationship with the City. Secondly, it was asked to explain about the costs at Hilltop associated with utilizing the services of a broker dealer firm are embedded in the cost of securities purchase and how that differs from Meeder. It was explained that Meeder charges the fee up front, whereas, Hilltop and Huntington make their money on the "back-end" of buying and selling of the securities. Further clarification and discussion was about roll back to the City and not booking fees as a journal entry. He provided an explanation and an example of that process. Mrs. Shoop asked about commissions and continued saying that Meeder works with broker dealers and those relationships provided with access to all investments options to the City including those offered by Hilltop Security. Mr. Parkinson said he would look into this, usually the fees come in once a quarter and has to be entered in the general ledger as an expense. The earnings gets booked as revenue. The difference with Hilltop is there is nothing to book due to how the banks accounts for their fees. He continued to saying he has done investments for schools districts for a significant portion of his tenure and did not pay fees. He has worked with many different banks and with Hilltop. Clarification was given that Hilltop will be another option, and even if there is a commission, if Meeder has a better opportunity that Hilltop couldn't give the City, the City will go that direction.

Mr. Parkinson provided Council Members with a packet of information about Hilltop Securities and the Clerk of Council read the email submitted by a Meeder Investment representative was read.

Dear Members of Council,

I had the occasion to watch the video of the March 20, 2023 City Council meeting where the above referenced resolution was presented by the City's Finance Director. In response to the questions raised, I am offering the below points as shared in a phone call with City Manager Doug Lewis this afternoon:

- *Meeder Public Funds previously known as Productive Portfolios was hired to serve as investment advisor for the City in 1994, in response to the City having lost monies on their investment portfolio. We are honored to serve the City and provide continuity to the investment program over various administrations.*
- *Meeder Public Funds is the largest independent investment advisory firm serving public entities in the State of Ohio, with over $45 billion in assets under advisement and management. We serve as investment advisor to 65 Ohio cities including Mentor, Columbus, Cincinnati and Dayton. Meeder also serves as investment advisor to the Lake County Treasurer and the State Treasurer of Ohio.*
- *As an investment advisory firm registered with the Securities and Exchange Commission, Meeder has a fiduciary duty to its clients. The cost for our investment advisory service is a transparent fee. This contrasts to a broker/dealer firm such as Hilltop Securities, Inc. which is regulated by FINRA (Financial Industry Regulatory Authority) and whose duty is limited to a suitability standard. The cost (ie: commission) associated with utilizing the services of a broker/dealer firm are imbedded in the cost of the securities purchased.*
- *Permissible investments for the City of Painesville are short-term fixed income securities as described in the City's investment policy and Ohio Revised Code. Meeder works with over 100 broker/dealers throughout the country to ensure best price/execution on all investment transactions. These relationships provide us with access to all investment options available to the City including those offered by Hilltop Securities, Inc.*
- *With more than three decades in the fixed income markets, we have seen many interest rate environments and have experience with the possible effects those can have on portfolios such as the City's. We pride ourselves on our ability to navigate the ever-changing markets. We build our investment strategy around three objectives: safety, liquidity and return.*

I would be happy to provide further clarification at the pleasure of Council. Thank you for your consideration and we appreciate the long-standing relationship with the City.

EILEEN STANIC, CTP
Regional Director, Advisory Services
Meeder Investment

The Council Members agreed they had enough information to make a decision and not have a representative from Meeder or Hilltop attend a council meeting for further discussion.

Law Director Mr. Lyons asked for clarification of what was meant by a "back-end" cost and spoke about the cost benefit that Council should be aware of in items of what actually cost.

Mr. Parkinson explained what he meant and would get more information on the mechanics of how the bank made their money. No matter who the entity is, they receive a copy of the City's policy and are obligated to make sure that it is followed as they buy and sell, as well, the Financial Director is reviewing to make sure they are following it. The state auditor is strict about what can be and cannot be purchased, and they will always pull the investment portfolio of the entity that they are auditing. They will go through every single piece of what is being held and sold to make sure those investments are in compliance and with the Ohio Revised Code. Hilltop and Meeder recommend securities for the City that fit within our guidelines. Meeder charges a flat fee and Hilltop may have a cost embedded and may need to be asked. A question about insurance requirements was brought forth, and there is no difference. Mr. Lyons continues to state the Meeder person contrasted the fiduciary duty to the duty of suitability. He clarified the difference of being fiduciary, the entity has to act in our best interest in terms of the investment and recommendations they are making on behalf of the City, but suitability standard is a suitable investment that carries the same type of fiduciary trust that can bring legal actions. Mr. Parkinson assured Council that he has worked with many different banks, invested large amounts of money and has never had an issue with insurance, with fiduciary, and money has been invested appropriately.

Mrs. Shoop reiterated Hilltop will be an addition, not to fully get rid of Meeder. Questions about Huntington was brought forth. Mr. Parkinson stated he has reached about the Huntington as well for an investment option and will look into them at a future time.

Mrs. DiNallo asked for Mr. Lewis' input working with Meeder. He stated that he has not worked with Meeder in the past but the former finance director has. He stated Meeder and Huntington would be required to invest in compliance with the City's policy and strict requirements through the Ohio Revised Code as to what municipalities can invest in. Any of those companies would follow those strict guidelines for investing. The City looks at investments that are safe and inverted yield curve was explained. Consultations and conversations with the experts are held to help guide and make the appropriate recommendations especially when the various investments mature. This is a complex environment and procedure. Also during consultation with investment companies, they look at cash flow and that process was explained. This is all to help to make decisions.

Mr. Rodriguez asked about the process of removing a depository. Mr. Parkinson stated the City would stop doing business with them or it come before Council doing a non-renewal depository agreement.

Mrs. DiNallo asked for clarification about the City having any advantage in regards to showing the expense of the fees. It was clarified that Mr. Parkinson would not recognize that expense. It would only recognize the earning of any investment held to maturity. Fees would not be budgeted and not booked as an expense.

This will go to third read.

UNFINISHED BUSINESS: None

NEW BUSINESS: Appointment of Director of Planning

City Manager Doug Lewis was pleased to advise City Council that he has chosen Sarah Sitterle to fill the position Director of Planning. This is after the City put the information out to a variety of sources. Ms. Sitterle has considerable public sector experience in planning and zoning. Most recently, however, she has been working for a consulting firm and has been the performing the duties of the Painesville City Planner. She holds a Master of Planning degree as well as a Bachelor of Arts degree in Geography. She is also a member of the American Planning Association (National and Ohio Chapters) and earned her certification from the American Institute of Certified Planners. He believes her experience will provide a solid background for this position. Ms. Sitterle will start April 10, 2023. He, therefore, submit for Council's concurrence Sarah Sitterle for the position Director of Planning as required by Article II, Section 3 of the City of Painesville Charter. He respectfully requested City Council's confirmation.

Mrs. Shoop asked for a motion to appoint Sarah Sitterle as Director of Planning.

Mr. Fodor made a motion to appoint Sarah Sitterle to the Director of Planning, seconded by Mr. Augustine.

On roll call, Mrs. DiNallo, Mr. Fodor, Mr. Rodriguez, Mr. Abney, Mr. Augustine, and Mrs. Shoop answered "Yes". Motion carried.

DEPARTMENTAL PRESENTATIONS: None

ADMINISTRATIVE REPORTS: Law Director and City Manager

Law Director Jim Lyons had no comments at this time.

City Manager Doug Lewis commented on the following items: The City was notified that they received a $500,000 grant finding from the Ohio Department of Natural Resources Land and Water Conservation Grant for the amphitheater, which helps with the completion of this project. Various City projects continue to move forward, there will be a kickoff for the construction of the Chase Bank Building in the near future, and the City signed documents for the purchase of the parking spaces for the Promenade between Washington Street and Veterans' Park.

CORRESPONDENCE: Clerk of Council

The next regular Council meeting will be held on Monday, April 17 at 7:30 PM; and Charter Review Committee Meeting will be held on Monday, April 10th at 6:00 PM to review Articles 4-9 of the City Charter.

CLOSING COMMENTS: Members of Council

Mr. Fodor commented about reading the useful articles such as the ban of roosters, sidewalk program, road projects, and yard waste pick-up in the Painesville Pride Publication.

Mr. Abney thanked those who presented tonight, commented about the different projects happening through the city and thanked the economic and finance department, and feels the perception of the residents is of empowerment, and are more positive and encouraging conversation versus being critical of the City. He thanked all the Council Members who attended tonight's meeting.

Mrs. DiNallo wished everyone a safe and enjoyable break.

Mr. Augustine commented of how nice the Easter Egg Hunt event was this weekend and the turnout of people attending from various City departments and businesses. He thanked the Administration and Engineering Department for the sidewalk bulk rate information to pass along to the residents.

Mr. Rodriguez thanked everyone who attended and watched tonight's meeting, and the people who go to the events to represent Painesville, and let people know what's going on in Lake County. He congratulated Sarah Sitterle for her appointment.

Mrs. Shoop comments more about the rooster situation and has received emails about this issue. She thanked the Parks and Recreation Department and the people from Lake Erie College and Harvey High School who helped with filling the eggs for the egg hunt. She thanked those who attended tonight's meeting.

Mrs. Shoop asked for a motion to move into the Executive Session.

Mr. Fodor made a motion to move into EXECUTIVE SESSION BEING HELD IN ACCORDANCE WITH ORC. 121.22(8) To consider confidential information related to marketing plans, specific business strategy, production techniques, trade secrets, or personal financial statements of an applicant for economic development assistance, or to negotiations with other political subdivisions respecting requests for economic development assistance in accordance with section 3735.67 of the Revised Code, and seconded by Mr. Augustine.

All Council Members were in favor by answering "Aye". Motion carried to move into Executive Session at 8:29 PM.

Mr. Fodor made a motion to adjourn the Executive Session, seconded by Mr. Abney. All Council Members were in favor by answering "Aye". Motion carried to adjourn the Executive Session at 8:45 PM.

Mr. Fodor made a motion to adjourn the Regular Meeting, seconded by Mr. Augustine. All Council Members were in favor by answering "Aye". Motion carried to adjourn the Regular Meeting at 8:45 PM.

Meeting adjourned at 8:45 PM.

Samantha Danielson
Clerk of Council

Christine Shoop
President of Council