

Vandalia Development Corporation (VDC)

June 3, 2024

TRUSTEES PRESENT: Mr. Bill Hibner Mr. Larry Taylor, Ms. Amber Aivalotis-Weaver, Mr. Mike Blakesly, Mr. David Gerhard and Mr. Cron (*ex officio*)

TRUSTEES ABSENT:

OTHERS PRESENT: Mr. Chris Royse, Mr. Steve Ponscheck

The meeting was called to order at 4:05 p.m. in the Large Conference Room.

Approval of Minutes

Mr. Blakesly made a motion to approve the meeting minutes from the February 12, 2024 meeting. Mr. Taylor seconded the motion. The motion carried 5-0.

Financial Update

Ms. Aivalotis-Weaver gave a brief update stating that invoices had been paid to the Post Office for the Post Office Box, Woods & Woods Associates for the 2023 tax return and The Cincinnati Insurance Company for our premium.

Old Business

No old business.

New Business

Mr. Hibner introduced the item of consideration of financial assistance for DIF, Inc. to take over the food and beverage operations at Cassel Hills Clubhouse. **Mr. Cron** went on to explain that Chris Royse from DIF, Inc. has been in on-going discussion with Park Director Steve Clark and City Manager Dan Wendt for a few months about entering into an agreement to take over these operations. At the May 15th City Council meeting, City Council approved by resolution an agreement with DIF, Inc. to take over the food and beverage operations as Cassel Hills Clubhouse. A second option of the agreement was considered but not approved that would provide the City loaning DIF, Inc. \$50,000 to assist with start-up costs. Ultimately this was not approved by City Council but they suggested that this be considered by the Vandalia Development Corporation (VDC).

Mr. Royse has submitted a letter requesting that the VDC consider providing a \$50,000 grant or a 72 month, 0% loan in the amount of \$50,000 to assist with startup costs, including initial payroll costs. **Mr. Cron** made a point to say that if the VDC did agree to a grant or a loan that

the Vandalia City Council would have to make a donation to the VDC, since the majority of the funds in the VDC account we already earmarked for approved projects.

Ms. Aivalotis-Weaver questioned Mr. Royse regarding the use of the money for payroll, stating that was not the understanding of City Council and didn't feel that was their mission. **Mr. Taylor** questioned that even if the VDC approved this, it would ultimately be up to City Council to donate the money to VDC. **Mr. Blakesly** explained that City Council simply donates to the VDC but has no control over how the money is used. **Mr. Gerhard** asked Mr. Royse about their business plan and the number of employees that he indicated they would have. **Mr. Royse** explained that their intent is to have a public/private partnership with the City in this venture. They ultimately plan to have 15-17 employees in the operation. Initial talks started about running the snack bar but expanded to the full-service restaurant component. The name of the entity would be The Approach at Cassel Hills, LLC. **Mr. Gerhard** asked about the amount requested and what payroll startup cost would be. **Mr. Royse** advised that he gathered information from the City about the current payroll of staff at the Clubhouse and estimated \$8,000. **Mr. Royse** indicated that he has put a lot of his own money into this venture as well.

Resident, **Steve Ponscheck**, questioned Mr. Royse about having any background in running a restaurant and if he was aware of how competitive the restaurant business is. **Mr. Royse** stated that he did not personally have any experience, but his son Connor was going to be the general manager running the operation and he did have experience. **Ms. Aivalotis-Weaver** pointed out that the approved agreement only went through to the end of the year with a \$1 lease amount. She mentioned that going forward there could be additional charges in the lease for DIF, Inc. such as snow plowing, grease trap cleaning etc. and wanted to make sure Mr. Royse was willing to pay more for the lease or other fees if the partnership continues and if he chose not to, how would the VDC be guaranteed to get their money back. **Mr. Blakesly** questioned what was the guarantee that DIF, Inc. would pay back the loan if the business was not a success. **Mr. Royse** assured that if he signed a note that he would be responsible to pay the money back. **Mr. Royse** indicated that he also had a lot of his own money invested in this venture and had the support of the Montgomery County Small Business Association.

Much discussion followed with everyone wishing Mr. Royse luck in the venture and really hoped The Approach would be a success, but this is new territory to the VDC as far as loaning money. There was concern about starting a precedent of loaning money to start up businesses. **Mr. Royse** said he considered the venture more of a partnership with the City. A question was asked about if the City would share in the profits of the business. **Mr. Royse** indicated that it was his understanding that by the direction of the City's Attorney that he could not share profits with the City due to a potential negative impact on the City's bond rating in the future.

Mr. Ponscheck raised a concern as a taxpayer that he questioned Mr. Royse using the City's tax dollars for his own profits. **Mr. Royse** reiterated that that this was a partnership with the City and the money would be paid back and it would also be a benefit to the City with income tax dollars generated by staff and may bring more patrons to the facility.

Mr. Hibner asked Mr. Royse if The VDC would loan \$50,000 payable back in one year, would that suffice. **Mr. Royse** said he would like a longer term and proposed 72 months in his request. **Mr. Hibner** asked Mr. Royse if he asked the City to loan him money. He was advised by the City Manager that the City legally could not loan him the money and that it would have to go through the Community Investment Corporation, which is the Vandalia Development Corporation.

Mr. Hibner asked who would determine the terms and prepare an agreement. **Mr. Cron** indicated that this would be done by the City Law Director as he also represents the City's CIC being the Vandalia Development Corporation. A general discussion was had about the mechanism for the money to be donated to the VDC by City Council. After that the VDC determines how they utilize the money. So ultimately, Council would have to approve a donation to the VDC for the funds to be available.

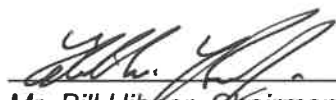
Mr. Gerhard asked Mr. Royse if a \$30,000 loan would be enough. **Mr. Royse** stated that he really needed \$50,000. **Ms. Aivalotis-Weaver** stated that she did not feel that this would follow the mission statement of the corporation.

Mr. Blakesly made a motion to authorize a loan to DIF, Inc. in the amount of \$50,000 for a term of 60 months at zero percent interest for start-up costs for The Approach at the Clubhouse to take over food and beverage operations at Cassel Hills Golf Course. **Mr. Gerhard** second the motion. **Ms. Aivalotis-Weaver** voted no, **Mr. Gerhard** voted yes, **Mr. Blakesly** voted yes, **Mr. Taylor** voted yes, **Mr. Hibner** voted yes, and the motion passed 4-1.

Project Updates

No project updates were given.

The meeting was adjourned at 5:17 pm.



Mr. Bill Hibner, Chairman