



North Canton City Hall, 145 North Main Street, North Canton, Ohio 44720
330/499-3986

January 24, 2003

Mayor Tom Rice
City of North Canton
145 North Main Street
North Canton, OH 44720

Dear Mayor Rice:

At our January 10, 2003, meeting to discuss the city's interest in purchasing the Arrowhead Country Club property, you discussed the idea that the city would lease back the golf course to the club owners for a period of possibly three years with options to renew the leaseback arrangement.

I have given the idea of a leaseback arrangement a great deal of thought and I believe that the residents of North Canton would have a very sound argument against leasing the property back to the club owners if the leaseback arrangement were not favorable for the City of North Canton.

If negotiated monthly leaseback payments are not close to the city's debt repayment costs over an amortized period, a leaseback agreement such as this will not be financially sound for the city.

The citizens of North Canton are fully expecting the city to acquire this green space; that is not disputed. You have the unanimous support of your city council and from all accounts, the citizenry as well. But after the city acquires the property, the terms of the deal will become reality for the citizens of North Canton. They will fully expect to enjoy their newly acquired green space. If that time is delayed by a leaseback arrangement, they will expect to be fully compensated for the expenditure of their tax dollars until the day comes when they are allowed to fully utilize the property.

For these reasons, I feel that the city should first come to an agreed upon sale price for the purchase of the property. From that point forward, further discussions regarding leasing the property back to Arrowhead Country Club should center on reducing the sale price of the property based on the city's annualized principal and interest costs for each year the club desires to lease the property from the City of North Canton. The City of

North Canton will in effect become the lender of last resort for Arrowhead Country Club if they desire to lease the property from the city and maintain their operation as a private country club.

If the negotiations for the acquisition of Arrowhead Country Club can be carried forward as outlined above, the deal will be fair for all parties.

Sincerely,

A handwritten signature in black ink that reads "Chuck Osborne". The signature is written in a cursive, flowing style.

Chuck Osborne
Councilman at-Large

cc:

Council

Director of Finance

Director of Administration

Law Director

City Engineer