

**CITY OF UPPER ARLINGTON  
COMMUNITY IMPROVEMENT CORPORATION  
MEETING MINUTES  
THURSDAY, OCTOBER 21, 2010**

President Chris Widing called the meeting to order at 4:00 p.m. in the Lower Level Meeting Room of the Municipal Services Center, 3600 Tremont Road.

**MEMBERS PRESENT:** Virginia Barney  
Robin Lorms  
Phil Markwood  
Clark Pritchett  
Chris Scott  
James Sisto  
Wade Steen\*  
Chris Widing  
Jake Will  
Erik Yassenoff

**MEMBERS ABSENT:** Frank Ciotola  
Becky Hajost  
Jim Jennings  
Ted Schindler

**ALSO PRESENT:** Phillip Eggers, Founder – Cardiox  
Ed Marszal, President – Kenexis  
Will Endust, TechColumbus  
Rick Fogt, Tech Columbus  
Mark Dubovec, Suburban News  
Jeanine Hummer, City Attorney  
Matthew Shad, Economic Development Director

- Wade Steen left at 5:02 p.m.

Chris Widing requested a motion to approve the September 16, 2010 minutes. Chris Scott motioned. Jake Will seconded. Motion approved unanimously.

**FINANCIAL REPORT:**

a. Chris Scott presented the monthly bank reconciliations for September 2010. Finance report accepted.

**OLD BUSINESS:**

a. 4700 Reed Road – Matthew Shad stated that this incentive request (tabled from the September 2010 meeting) the applicant has withdrawn their request for consideration of an incentive. They will be moving their business to Grandview Heights.

**NEW BUSINESS:**

b. 4100 Horizons Drive – Matthew Shad introduced Phillip Eggers, founder of Cardiox. Cardiox is a startup company that has patented a low-invasive procedure to detect

cardiac shunts. This device is revolutionary in its ability to substantially reduce costs for this type of procedure and lead to better diagnostics when preparing patients for various surgeries and procedures. CardiOx is a poster child for TechColumbus start-ups, receiving substantial resources as it has worked through its business model. Its founder could be described as a 'serial entrepreneur', this being his fifth start-up company though only his first that has not been relocated out of Ohio, thanks in part to TechColumbus assistance.

The company currently is located in Dublin but seeks to relocate to 4100 Horizons Drive. CardiOx intends to lease approximately 7,400 sq ft (25%) of the building, thus effectively making this building 100% occupied. CardiOx is anticipating a rapid ramp-up of its staffing as it begins selling the devices. Currently only at 4 employees, projections are upwards of 40 employees in 2013, 23 of those in Upper Arlington. Payrolls are projected to rise to \$5,184,000 company-wide and to \$2,334,000 here and \$106,000 in personal property acquisition is anticipated.

This request will be only the second opportunity the City has used the Municipal Income Tax Credit incentive, the first being UCB in 2009. The concept awards a percentage of the income taxes from employee wages collected at the facility to be refunded annually to the company based on its ability to meet performance measures.

Staff generated a scenario with a proposed 30% credit. Given the understanding of the lease, the scenario proposes a staggered incentive, dependent upon the time CardiOx commits to staying. CardiOx has considered a 5-year lease, with an out at 3-years and a 3-year renewal option. Given this, the following is proposed: a credit in Years 1-2, if they only stay three years, an extension in Years 4-5 if they complete their lease and a bonus in Year 6 if they choose to extend their 3 year renewal. The return-on-investment in any of these scenarios well exceeds our goal of \$3:1 ratio and the income tax collection is estimated at \$6.31/sq. ft. This project is a coup for our corporate headquarter development, our investments in TechColumbus and again illustrates the potential for solid corporate presence in our medium-sized high-quality office spaces.

Approval of Municipal Income Tax Credit at 30%; Initial Credit in Yrs 1-2, expanded to Yrs 4-5 if company remains for entire lease, Yr 6 bonus if company extends lease to 8-years total; Allow for relocation within UA during residency term if CardiOx outgrows proposed facility.

a. 3366 Riverside Drive – Matthew Shad introduced Ed Marszal, President of Kenexis Consulting Corp. Kenexis is a rapidly expanding industrial consulting firm focused on safety and process improvements for industry, primarily in petrochemicals, pharmaceuticals and power generation. Currently, they have outgrown their approximately 3,500 sq ft leasehold in Columbus on Kenny Road. Growth has resulted from both new clients and their business base is world-wide. The owners investigated two buildings in Upper Arlington and were particularly desirous of owning a building

along Riverside Drive. The owners noted the proximity to employee homes, convenient location, and the ability to own their building and have capacity to grow in place.

Kenexis proposes to purchase 3360 Riverside Drive and occupy 90% of the second floor (7,400+- sq ft). Upon their occupancy, likely by end of 2010, the building shall be 90% occupied, increased from 54%, with only a 1,600 sq ft office on the first floor remaining. The building is in very good condition and being sold at a very competitive price. Kenexis has identified only some HVAC ductwork and roof insulation issues needing to be addressed as a concern. Currently, the company has 16 employees but anticipated that number to increase to 26 by December 31, 2013. Payrolls, all new to UA, are anticipated to be in excess of \$1,600,000/year by 2013. This is considered a conservative estimate of their projected growth. In considering this location, the owners have identified that they believe the facility can accommodate their 10 year growth needs.

Kenexis has requested a \$50,000 Large Business Loan/Grant (Attachment 1). The request is to assist funding for the installation of an elevator or more likely a LULA (limited use/limited access lift). Kenexis is currently consulting with an architect on cost estimates but Staff anticipates the LULA would be \$50-60,000 while an elevator is estimated at \$100-125,000. The LULA is a cost-effective solution that would provide the property with second floor access and enhance the building's usefulness for all but a few medical office uses. This would enhance the long term marketability of the building. Previously, the Board directed staff to craft incentives that would assist building owners make long-lasting building enhancements. The Board was particularly keen to assist when the enhancement was connected to a proposed tenant and associated payroll increases. This is a significant benefit to this building that will be of value long into the future.

At full ramp-up in 2013, the amount of income tax per square foot would be \$4.38/sf, exceeding our goal threshold of \$2.75-\$3.00/sq ft. Our potential return on investment for a 10 year occupancy is \$5.03:1, substantially exceeding our \$3.00:1 goal. This is an excellent owner opportunity with solid payrolls for the City.

Of note, the City also secured a ODOD Job Creation Tax Credit for Kenexis in August, 2010.

Approval of Forgivable Loan; Disbursement based on a proof of signed lease and reimbursement of costs associated with construction of a lift or elevator; Requirement UA residency for 10 years; Allow for relocation within UA during residency term if Kenexis outgrows proposed facility.

#### OTHER BUSINESS:

a. TechColumbus Funding – Matthew Shad introduced Will Indest of TechColumbus and Rick Focht. Upper Arlington has currently supported TechColumbus and their

TechStart program in a 3-year commitment of \$50,000 for a total of \$150,000. We were one of only three suburbs to participate in raising nearly \$7,500,000 in public/private funding that garnered nearly \$15,000,000 from the state's Third Frontier funding. With passage of the latest Third Frontier bond, proposals are again being sought, though for only a \$1:1 match. Their letter requests UA participate at a level of \$100,000 for 5-years. In the previous iteration, the City passes legislation committing to the funding contingent upon their receipt of state funds. Afterwards, a service agreement was signed where TechColumbus provided deliverables in return for annual payments toward the commitment.

As acknowledged within TechColumbus' request, UA's contribution leveraged \$2.00 for ever \$1.00 invested, which was invested in area businesses. These figures however, do not include the funds providing services to other companies and residents building their ideas. TechColumbus in essence services as secondary technical staffing to our economic development efforts. Additionally, their staff has amplified our outreach to area businesses, such as quarterly networking events, collaboration with UAChamber, and participation in UA High School's Entrepreneurship Program. Their corporate headquarters on our border is a community asset far exceeding the satellite operations in other communities.

Staff's recommendation, that Upper Arlington only renew our previous commitment to TechColumbus. Resources for this effort would be provided through the annual appropriation of the \$500,000 Economic Development Fund.

#### EXECUTIVE SESSION:

Chris Widing requested a motion to enter executive session under the provisions provided under ORC 1724.11 Virginia Barney motioned. Phil Markwood seconded. Matthew Shad took roll call: Virginia Barney – yes, Frank Ciotola – absent, Becky Hajost – absent, Robin Lorms – yes, Phil Markwood – yes, Clark Pritchett – yes, Ted Schindler absent, Chris Scott - yes, James Sisto – yes, Wade Steen – absent\*, Chris Widing – yes, Jake Will – yes, Erik Yassenoff – yes.

The Board entered executive session at 5:20 p.m.

\*Mr. Steen left the meeting at 5:02 p.m.

Declared out of Executive Session at 6:02 p.m.

Chris Widing requested a motion to recommend to City Council approval of a Large Business Loan/Grant to Kinexis Consulting Corp. Robin Lorms motioned that the CIC recommend to City Council funding for a new elevator at 3366 Riverside Drive at an amount of 80% of costs up to an amount of \$50,000. The Caspian I building has sufficient floor plate size to allow for construction to accommodate an elevator and meets the criteria to enhance occupancy on 2<sup>nd</sup> floor space. Virginia Barney seconded. Motion approved unanimously.

Chris Widing requested a motion to recommend to City Council approval of a Municipal Income Tax Grant to Cardiox Corp., 4100 Horizons Drive. James Sisto motioned that the CIC recommend to City Council a 5 year 30% tax credit and recommend the right of City Council to exercise a clawback on all 5 years. If they would leave before the end of the 6<sup>th</sup> year; however, if Cardiox Corp. remains in Upper Arlington, then that right of City

Council we would recommend that they would not exercise that clawback and they would be allowed to retain those 5 years of credits. Virginia Barney seconded. Motion carried unanimously.

Chris Widing requested a motion to recommend to City Council funding to TechStart Initiative of \$50,000 a year for 2 year's (2011 and 2012) subject to state funding under the Third Frontier Program. Chris Scott motioned. Jake Will seconded. Motion carried unanimously.

#### COMMITTEE REPORTS:

a. Communications – Chris Scott stated that were invited to appear before the Upper Arlington Rotary Club on ::::: to continue to discuss the economic benefits of continuing to have office/commercial development at 5000 Arlington Centre Boulevard. Chris Widing received communications in support of the presentation.

#### b. Fiber

James Sisto stated that the committee that represented the schools, city and library met with two candidates and did some additional evaluations and has established a preference but have not finalized the proposal. The proposal should come forward before the end of the quarter.

#### c. Special Studies

No update.

#### d. Business Retention and Expansion

No update.

#### e. UACIC Initiated Projects

No update.

#### f. Project Incentives

No update.

#### g. Nominating Committee

Chris Widing stated that the nominating committee will meet in the next 30 days. If you have a great interest in serving on the committee please let him know.

#### OTHER BUSINESS:

#### b. Columbus 2020 Funding –

Matthew Shad stated that trough its participation in MODE (Mid Ohio Development Exchange), Upper Arlington is one of two dozen governments that actively support regional attraction and retention efforts. During the past four years these efforts were led through the Columbus Chamber's Ec Dev Unit. However, after extensive study for

nearly two years, the regional public and private sectors have crafted a model to deploy a marketing, attraction and retention effort that expands our regional effort 3-fold with a potential budget increasing from \$2.1 million to between \$5-6 million annually. A new organization has been formed and fundraising is currently occurring to ramp-up efforts.

For the public sector, MODE has been challenged with ramping up financial participation from \$80,000/yr to \$250,000/yr. The MODE Board, which I am President-Elect, and many of the communities have forged what we believe, would be an equitable draft funding formula for the next five-years. It is estimated that Upper Arlington would contribute approximately \$11,000/yr during the 5 years, though it is anticipated that some potential to ramp-up contributions will occur.

As a practitioner since 2002 in the Columbus region, I can attest to you that the efforts now have never been this comprehensive or cohesive. The public/private partnership is the most extensive to date and the public sectors contributions to this endeavor will be leveraged many times over with the private contributions. The management is the most balanced, with an anticipated controlling board having 3-4 of 11 seats controlled by the public sector. It is a marketing board to assist new companies coming to the area with tools and resources available in the surrounding counties/region.

Resources for this effort would be provided through the annual appropriations to the \$500,000 Economic Development Fund. This contribution would be approved annually by the City Manager. The UACIC supports this participation.

#### c. Riverside Drive TIF creation

Matthew Shad stated that in 2010, the City saw redevelopment along Riverside Drive. In the southern business area (between Fifth Ave. and Lane Ave.), a substantial remodeling and expansion of the Scioto Country Club is occurring and several property owners are pondering redevelopment, such as El Vaquero and both corners of Trabue/Riverside, etc. In the northern business area, (between Chateau Ln. and Fishinger Rd.), construction of the EMC2 laboratory has occurred as well as remodeling of Farmers Citizens Bank and Scioto Crossing Shopping Center. Future improvements are anticipated at McDonald's and the former Post Office.

UACIC has recognized the need to revitalize this corridor. To that end, maximizing resources is key to being best able to assist redevelopment in the area. Pro-active TIF development is a means to capture resources to assist in these efforts. However, the need for a nexus between a public improvement and a project likely means that some of our highest priorities in each area can not utilize resources from the other area because of the highly separated nature of our Riverside commercial areas. Some of the public improvement needs, listed by priority, are:

- Riverside South: Access management – west side; Parking if it increases density; Property Consolidation and Redevelopment; Stormwater Management; Access to Scioto River Bikeway
- Riverside North: Zollinger/Riverside Traffic Signal; Parking if it increases density; Property Consolidation and Redevelopment; Access to Scioto River Bikeway

Given this opportunity to improve this corridor, it is highly encouraged that the City establish TIF funds along Riverside Dr. in 2010 to capture these current projects prior to any potential increase in property values.

Chris Widing motioned to recommend to City Council the establishment of a non-school Riverside Drive TIF legislation – Riverside North and Riverside South to capture potential projects. Chris Scott motioned. Chris Widing seconded. Motion carried unanimously.

d. Economic Development Portfolio Report

Matthew Shad stated that the 2009 portfolio was flat. The portfolio was provided in the packets. On Monday evening it will be presented to City Council with a recommendation from TIRC that one of the abatements failed to comply and will request the abatement be turned to zero for failure to meet those obligations.

e. TIRC Report

This was included in the packet.

f. Discussion – Security Interests in Forgivable Loans

To be discussed at a future meeting.

Having no further business the meeting adjourned at 6:35 p.m.