

**Mayfield Village  
Community & Economic Development Committee  
Meeting Minutes  
August 1, 2011**

The Community & Economic Development Committee met on Monday, August 1, 2011 at 6:30 p.m. at the Mayfield Village Civic Center. In attendance were:

Bill Buckholtz	(Council Rep)
Joseph Saponaro	(Council Rep)
Tom Marrie	(Council Alt)
Bruce Rinker	(Mayor)
David Hartt	(Planner)
Ted Esborn	(Development Director)
Diane Wolgamuth	(Director of Administration)
Ronald Wynne	(Director of Finance)

**Approval of Minutes**

Chairman Saponaro opened the meeting and asked the Committee members if they had any changes to the July 5 and July 11, 2011 draft Minutes. There were no changes and the Committee approved the Minutes as written.

**600 Beta Drive (SKF)**

Mr. Esborn reviewed with the Committee a memo he provided to them dated July 29, 2011 in which he provided detailed information on the situation currently at issue at 600 Beta Drive, specifically the lease negotiations between the owners of 600 Beta and SKF and assistance they have requested from Mayfield Village.

Mr. Esborn summarized that 600 Beta has been vacant since 2005 and the Village has received no income tax from this property for the past 6 years. The value of the property has decreased and as a result, the property taxes are down to approximately \$4,800 per year. Last year, the Village was advised that SKF was negotiating a lease with the owners of 600 Beta. Negotiations have been ongoing and recently Mr. Esborn was advised that a \$200,000 gap had arisen between the parties that had stalled the negotiations. Together, the parties have committed to investing approximately \$4.5 million into the property and have asked for assistance to bridge the gap.

Mr. Esborn stated that member of the Planning Development Department have discussed what assistance the Village might offer and ultimately looked at the previous development agreement entered into with Panzica Investments. In that arrangement, the Village invested \$50,000 directly linked to job creation. The Panzica Agreement brought several new companies to Beta Drive, including

QED and Preemptive Solutions. Since that investment, the Village has received \$275,000 and 104 new jobs.

Mr. Esborn explained that his memo provides two options, both totaling \$50,000 in assistance. The first option provides for a \$20,000 payment up front with the remaining payments tied to jobs. The property owner does not get any additional money until certain job levels are reached. Option 2 provides for \$20,000 up front and scheduled payments thereafter. This option doesn't provide the Village with the advantage of tying the money to job creation, but it provides more incentive to the building owner to move forward.

Mr. Esborn stated that representatives of SKF have indicated that they initially expect to bring 55 to 65 jobs to Mayfield Village. They are consolidating two locations—one in Mentor and the other in Bedford Heights—and have 48 employees between them. Mr. Esborn distributed a copy of a draft letter of intent that provides that the Village will provide \$50,000 but does not include any payment structure. He spoke with the property owner's representative who indicated that receiving such a letter would help with lease negotiations.

Mayor Rinker stated that he believes that Council should be prepared to vote on entering into this development agreement at the August 15<sup>th</sup> meeting. Ted's memo, the letter of intent, and the minutes from this meeting can be provided to Council this weekend. He suggested that the Council members on this Committee speak with the remaining members of Council so that they will be duly informed by August 15<sup>th</sup>.

Mayor Rinker reminded the Committee that back in 2005, there was discussion with the CIZ about the Village partnering in the purchase of this building. 600 Beta has provided no income taxes and minimal property taxes for years. Last fall, we met with SKF and showed them around the Village. Until this past month, we did not know there was a problem.

Mr. Buckholtz stated that he was comfortable with \$50,000 since that is what we did before. He asked how this amount would bridge the gap and how they would cover the remainder. Mr. Esborn stated that his first conversation was with the tenant's broker when they were talking about \$200,000. Since that time, he has had conversations with the property owners' representative, Greg West, and Mr. West has indicated that \$50,000 should be sufficient to make the deal work. Mr. Hartt offered that paying \$50,000 to the owner has additional worth as they will not need to finance that amount.

Mr. Saponaro asked about the number of employees projected in Mr. Esborn's memo. He suggested that rather than base projections on larger numbers of employees anticipated in the future, that Mr. Esborn adjust the memo to reflect only the number of actual employees expected or provide two separate charts—one showing the actual employees and the other showing potential growth. Mr. Saponaro also suggested the a memo include background information on SKF.

Mayor Rinker stated that he had asked Mr. Esborn to show the history of revenue derived from the site when it was occupied by Phillips and since it has been vacant. He suggested that the memo reflect that a 10-year lease is contemplated and stressed that unless SKF signs a 10-year lease, the Village will not provide the assistance.

Mr. Buckholtz commented that \$50,000 of the \$4.5 million investment is only .1%. Mayor Rinker added that even with no employees, the Village will receive a substantial return on the building investment alone.

Mr. Marrie suggested that this issue be discussed at this evening's Caucus meeting so that all members of Council will be comfortable voting on August 15<sup>th</sup>. The Committee agreed that Mr. Saponaro would report on this issue at Caucus and that Mr. Esborn would supplement with additional detail.

Mr. Buckholtz asked why we were in a hurry to vote on this so quickly and Mr. Hartt explained that by the time we heard that SKF and the property owner were at an impasse, SKF was already looking at other properties. We would like to get this deal solidified quickly.

Mr. Marrie asked Mr. Wynne if he was comfortable that the Village could expend the \$50,000 to make this investment. Mr. Wynne replied that he was very comfortable with the investment and the proposed structure.

Mayor Rinker reminded the Committee that tax abatement is something the Village has not done since 1991. In this situation, we are front-loading. We know we can get a return on this investment. When we entered into the agreement with Panzica, it was only to generate jobs. Here, we are looking at an investment of \$4.5 million. The tax revenue from that improved value alone would recoup our \$50,000 investment. The Committee agreed that given the large investment in the building, it makes sense to provide the assistance without requiring certain job numbers.

Mr. Buckholtz suggested that this matter also be reviewed by the Finance Committee. Mr. Saponaro suggested that Mr. Esborn have another conversation with Mr. West regarding the remaining gap and how the parties intend to cover it.

### **Deacon's Development Agreement**

Mr. Esborn stated that he intends to provide a report to Council this evening regarding the Development Agreement with Deacon's. He asked the Committee if he should highlight the main terms of the agreement. Mr. Saponaro stated that he thought Mr. Esborn should hit the key points.

Mayor Rinker stated that the only pushback to date has been from neighbors who attended the Board of Appeals meeting to express their concern about the zoning impact on the residential neighborhoods and we have addressed that with dedicated green space to the east and the north.

The Committee agreed that the green buffer, the fact that the property reverts back to residential zoning if it is not a car dealership, and that there is no driveway located beyond the commercial zone were the critical points worthy of mention.

Mr. Marrie commented that zoning is sacred in Mayfield Village and that everyone should understand that this deal is only for Deacon's and will not affect other residential properties. Mr. Buckholtz agreed that this was being done because Deacon's is a long time commercial resident. Mr. Hartt added that the Development Agreement addresses three potential unknowns:

- 1) If Deacon's leaves the Village, what happens on SOM Center?;
- 2) If Deacon's leaves the Village, what happens to the commercially zoned area on Wilson Mills?; and
- 3) If Deacon's leaves the Village, what happens to the residentially zoned area on Wilson Mills?

Mr. Hartt stated that the Development Agreement gives the Village more protection compared to what could happen there otherwise. He will discuss this at the public hearing next week.

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Mr. Saponaro asked Ms. Wolgamuth to review the Marketing Memo she had previously provided to the Committee to determine if subsequent discussions had already addressed some of the issues raised. Ms. Wolgamuth agreed to do so before the next meeting.

The meeting was adjourned at 7:40 p.m. The next meeting of the CEDC will be held on Friday, **August 26, 2011 at 7:00 a.m.**

Respectfully submitted by  
Diane Wolgamuth, Director of Administration