

MAYFIELD VILLAGE

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AGENDA

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

Monday, December 21, 2015 – 6:30 p.m.

Main Conference Room

Mayfield Village Civic Center

Mayfield Village, Ohio

-
- . Roll Call
 - . Approval of Minutes of Meeting of November 16, 2015
 - . Program Updates
 - . Any Other Matters
 - . Adjournment

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MINUTES OF THE COMMUNITY ECONOMIC DEVELOPMENT COMMITTEE MEETING

Monday, November 16, 2015

Mayfield Village Main Conference Room

Present: Joe Saponaro
Bill Marquardt
Tom Marrie
Ron Wynne
Ted Esborn
Mark Guidetti
Mayor-Elect Bodnar
Diane Wolgamuth
Mary Betsa

The Meeting of the Community Economic Development Committee was held on Monday, November 16, 2015 in the Main Conference Room at the Mayfield Village Civic Center. Mr. Saponaro called the meeting to order at 6:30 p.m.

. **Approval of Minutes of Meeting of October 19, 2015**

Mr. Marrie, seconded by Mr. Saponaro, moved to approve the Minutes of the Meeting of October 19, 2015.

ROLL CALL: Ayes: All
Nays: None

Motion Carried
Minutes of October 19, 2015
Approved as Written

. **Update on Freedonia**

Mr. Saponaro referenced the redlines on pages 2, 4 and 5 that clarify that we will not have to wait until the end of the 5 years in order to get reimbursed in case of default. We don't have to, but we can get the money back in a subsequent annual payment. This will also reduce any refund should they get any refund. The only other change was in Section 8, Non-Assignment, except if the company continues as the same operation, same location. Everything's the same, just the name changes. Are there any questions or concerns?

Mr. Marquardt stated, this question applies to both Freedonia and Mars. In Section 1, the last sentence, why is it necessary?

Mr. Guidetti replied, it's to provide consideration if we are in a position where they are considering leaving the Village and they have a good offer from another municipality. This

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provides us with the opportunity to keep them in the Village through a Grant Incentive Agreement if the Village so desires.

Mr. Marquardt stated, if I were sitting on the other side of the table, I would take that as a clear sign that the Village says come back to me and ask for more money. I don't think it's necessary, on either of these.

Mr. Guidetti stated, I believe this is the same language we had in the first agreement we did with QED. In our discussions, as far as my understanding goes, none of the companies believe they can come back and automatically get another Grant Incentive Agreement.

Mr. Esborn stated, we looked to clarify it working with QED. We decided we would rather allow for companies to come back and submit. We felt it needed to be clarified whether getting this grant prohibited you from reapplying and whether you could or couldn't. We decided we wanted to encourage companies to reapply if it would keep them in the Village. That's why we wound up with that language.

Mr. Marquardt stated, I don't think it's appropriate to telegraph your intention for a subsequent agreement in the agreement itself. It's telling the other party, hey, come back to me for more money. It doesn't have to be said and I don't think it should be.

Mr. Esborn stated, we could change that in future incentive grant agreements.

Mr. Saponaro asked, do we have any materials that say by receiving one grant, it does not prohibit you from reapplying or applying in the future? Is there anything that gives a prohibition in any of the materials you provide to them?

Mr. Esborn replied, we don't provide materials that would say that one way or another.

Mr. Wynne asked, the terms are 10 years or more, correct?

Mr. Esborn replied, not necessarily.

Mr. Wynne stated, when they approached us initially, they were looking for a 10 year grant. We were not receptive to doing that. We would limit it to 5 and then re-evaluate it at the end of 5 and see if we wanted to extend it further based upon how their performance was during the initial 5.

Mr. Esborn stated, we had that with QED and Mars. Mars wanted it to be 10 and I said, the terms Council has seen is 5. You can reapply, but we are going to keep it at 5.

Mr. Marquardt stated, I would not have it in the Agreement. I would recommend that it not go into any future agreements. Also, with regard to the income tax revenue minimums on the top of page 3, if we say we are going to pay them 30% of actual for the previous year, aren't those kind

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of overlapping and redundant? If you are going to give them 30% back and they only had a payroll of \$80,000, they are only going to get 30% of the \$80,000.

Mr. Esborn replied, if we exercise our right, minus their shortfall from that minimum. If they only generate \$80,000, that's \$10,000 short of the \$90,000 minimum. We take 30% of the \$80,000 and then we subtract \$10,000 because they fell short. We only pay them \$14,000. We can enforce year by year.

Mr. Guidetti stated, with the option of doing that at the time of the subsequent year's grant payment or we can wait until the end of the 5 years.

Mr. Esborn stated, in effect it makes it so that if they are below, say \$70,000, they don't get anything because it cancels it out.

Mr. Marquardt stated, I did not get that from reading this. That wasn't real clear to me. Maybe some sort of an example might be helpful. I don't know if it's clear to everyone signing.

Mr. Esborn stated, the example you provided shows it most clearly. I don't think we thought to incorporate it into the agreement, but we could.

Mr. Marquardt stated, it wasn't clear to me. It's saying you don't make the adjustments until after the 5 years and maybe, if you feel like it. That's the way the wording is. So that means if they only spent the \$80,000, it would still give them \$24,000 at the end of the 5 years to try and recoup the other \$10,000, is that right?

Mr. Esborn replied, no. Because we can immediately deduct the shortfall. Over the past couple months, we have been trying to find a way to be able to enforce that year by year.

Mr. Marquardt stated, there are words that say you don't take action until after the 5 years are up for adjustments.

Mr. Esborn replied, the language says except in the case of that section.

Mr. Marquardt asked, what do you take after the 5 years?

Mr. Guidetti replied, it depends if you have exercised your prior options. If they have a shortfall in year 2, if you have exercised the reduction in year 3 with a payment, then that's reflected at the end of the term in year 5. If you have made the reduction in year 3, you are not going to duplicate that reduction in year 5 for that \$10,000 example that they are short. Whereas if you don't make that reduction in year 3, you are going to see that reduction in year 5 of \$10,000.

Mr. Marrie asked, why wouldn't you do it in 3?

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Mr. Esborn replied, because if the company has had two great years to start the grant and then they have a small shortfall, this gives Mayfield Village the flexibility to say, you had two monster years to start, we are not going to enforce this penalty on you in year 3 because you so over performed in the first 2 years.

Mr. Marrie asked, if they underperform in years 4 and 5, we have the same situation, they don't pay the \$10,000?

Mr. Esborn replied, no. In any year where they have a shortfall we have a right, but not the obligation to penalize them that actual amount of dollars they fell short in the minimum. We might choose not to penalize them.

Mr. Saponaro asked, if there's a shortfall, does it have to come back to Council for approval?

Mr. Esborn replied, M.C.I.C. is the group that would make that decision.

Mr. Wynne stated, M.C.I.C. was kind of inactive. We have had annual meetings to elect officers. They will now start having meetings every March to evaluate the results of all of these agreements and decide what action we are going to take for that agreement.

Mr. Marrie asked, they would enforce it?

Mr. Wynne replied, M.C.I.C. will meet in March to review the performance of these agreements and then make a decision during that meeting as to what we pay, what we don't pay, what we exercise, what we don't exercise based upon the results of the previous years.

Mr. Guidetti referred to the annual meeting being set up in Section 4 of the Agreement. They will review and make an assessment and determination of where the shortfall is if any and we provide notice to the company of how the Village wants to proceed with it.

Mr. Saponaro asked, does anyone have any other questions or comments?

Mr. Esborn stated, there's already been legislation authorizing this.

Mr. Saponaro stated, I don't think anyone is saying you need to go back.

Mr. Marrie stated, move forward with it.

Mr. Marquardt stated, in the Mars agreement, we specified there is money coming into Mayfield Village. It's not in the Freedonia one.

Mr. Esborn replied, that's because when we discussed that last week, we were already finalizing with Freedonia.

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Mr. Saponaro asked, do they have other locations?

Mr. Esborn replied, no. The only location is here in Mayfield Village.

Mr. Marquardt asked, but what if someone buys them out?

Mr. Esborn replied, in that location?

Mr. Marquardt replied, yes. That party could have other locations.

Mr. Saponaro stated, it needs to be specific.

Mr. Guidetti stated, I think it's good language to have in there going forward. It would be a difficult legal argument for them to make that it wasn't contemplated, but the additional language is good.

Mr. Marquardt stated, you might want to put it on the top and on the bottom.

Mr. Wynne asked, Bill what is your concern?

Mr. Marquardt stated, it's not clear that it only applies to payroll coming into Mayfield Village. If they have other locations, that doesn't count.

Mr. Wynne stated, the agreement speaks to the information we get from RITA, correct? We have no information that comes to us here except for what is in Mayfield Village.

Mr. Esborn stated, the language we added to the Mars agreement will become part of the future agreements for incentive grants specifying Mayfield Village.

Mr. Marrie stated, they still haven't signed on the dotted line per se. You mentioned Solon as one example. Is that still an option?

Mr. Esborn replied, it is. Their recourse is to hold over at 767 Beta for the first quarter of 2016 and if this falls apart, they would restart their negotiations with Solon.

Mr. Saponaro asked, what if this doesn't fall apart and they don't stay?

Mr. Esborn replied, they would never do any of the things contemplated in the agreement.

Mr. Saponaro stated, what if they don't sign it and decide not to do it? We have gone through a lot. The Village has spent money on this. You can't apply again or there is a 5 year waiting period.

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Mr. Guidetti replied, it's a grant. It's at our option. As long as we have a legitimate basis to deny it. That would be a legitimate basis.

. **Update on Mars Electric**

Mr. Marquardt stated, we might want to include language about location in Section 3, the first paragraph and Section 2, paragraph 4.

Mr. Esborn stated, we have it in a whereas on the top of page 2 and then on the top of page 3 in Section 2.4.

Mr. Wynne asked, the building they would be going into, is it the same building QED is in?

Mr. Esborn replied, correct. I talked to QED last week. Their take is as far as neighbors go, Mars would be a good one. They could think of a lot worse uses to have next door. QED is still working with the property owner Premier to find a good parking scheme. They are focused on that. As far as Mars as a neighbor, they don't have a problem.

Mr. Wynne asked, the space QED has taken over is more than enough for their future plans?

Mr. Esborn replied, QED is taking 77,000 with an option for another 14,000. They have a potential for 91,000. I can't be positive, but it looks like Mars is going to take the balance which would be about 109. The building would be completely spoken for.

Mr. Saponaro asked, any other matters? There were none.

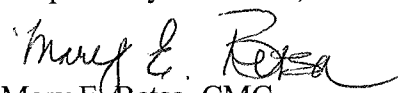
. **Adjournment**

Mr. Marquardt, seconded by Mr. Saponaro, made a motion to adjourn. The meeting adjourned at 6:50 p.m.

. **Next Meeting**

The next meeting has been scheduled for Monday, December 21, 2015 at 6:30 p.m. in the Main Conference Room.

Respectfully submitted,


Mary E. Betsa, CMC
Community Economic Development Committee