



MINUTES

CITY OF NEW ALBANY COMMUNITY IMPROVEMENT CORPORATION

Thursday, January 25, 2024

CALL TO ORDER:

Community Improvement Corporation president Philip Smith called to order the Community Improvement Corporation (CIC) meeting of January 5, 2024, at 9:01 a.m. at the New Albany Village Hall, 99 West Main Street, New Albany, Ohio. Staff attending were Bethany Staats, Sara Zeigler, Morgan Joeright, Ethan Barnhardt, Jackie Russell, Alex Klosterman, and Benjamin Albrecht.

ROLL CALL:

The following CIC Members answered Roll Call:

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| Member Colleen Briscoe | A |
| Member Marlene Brisk | P (Arrived at 9:04) |
| Vice-President Todd Brubaker | P |
| Member Jennifer Chrysler | P |
| Secretary Ron Davies | P |
| Treasurer Everett Gallagher | P |
| Member Matt Shull | P |
| President Philip Smith | P |
| Member Joe Stefanov | P |

Smith stated that Briscoe planned to be absent. Chrysler shared that Brisk was in transit and had requested that the CIC proceed with business as scheduled.

Smith moved and Gallagher seconded to excuse Briscoe and Brisk from the meeting. The CIC voted with 7 yes and 0 no votes to excuse Briscoe and Brisk from the meeting.

ACTION ON MINUTES:

Smith moved and Stefanov seconded to adopt the January 5, 2024, annual meeting minutes. The CIC voted with 7 yes and 0 no votes to adopt the January 25, 2024, meeting minutes.

Smith moved and Gallagher seconded to adopt the January 5, 2024, regular meeting minutes. The CIC voted with 7 yes and 0 no votes to adopt the January 25, 2024, meeting minutes.

CURRENT LEASE EXTENSION:

Chrysler acknowledged that the development department had been receiving documents and sharing them with the CIC in real time since the most recent meeting and thanked the CIC for their patience. Chrysler reported that The New Albany Company (NACO) had agreed to extend the current Innovate New Albany (Innovate) lease until March 31, 2024. Chrysler shared that in recognition of the moving expenses Innovate would incur, NACO agreed to charge 50% of standard Common Area Maintenance (CAM) in March of 2024 and offered \$5,000 toward moving expenses including WIFI and key fob access. Chrysler shared that the city was grateful for these terms, especially because it would allow nonprofit tenants like BuddyUp for Life, which had a fundraising gala planned for February 24, 2024, the necessary time to plan their move.

Smith stated that he would be traveling throughout the week of January 28, 2024, and suggested that the CIC amend all motions to include authorization for the vice president to act in the absence of the CIC president.

Gallagher moved and Shull seconded to authorize the CIC president, or the CIC vice president in his absence, to execute a lease extension at 8000 Walton Pkwy between The New Albany Development Company LLC and the City of New Albany Community Improvement Corporation. The CIC voted with 8 yes and 0 no votes to approve the motion.

WATER'S EDGE BUILDING I THIRD FLOOR LICENSE AGREEMENT:

Chrysler reminded the CIC that Innovate will need to vacate the current space at 8000 Walton Pkwy before the renovations are complete on the first floor of Water's Edge Building I. Chrysler explained that since the last CIC meeting, The Daimler Group (Daimler), owner of Water's Edge Building I, agreed to let Innovate temporarily occupy the third floor of Water's Edge Building I to cover this interim period. Chrysler said this was most appropriately done via a license agreement rather than a lease. Chrysler shared that the license agreement will only require Innovate to pay CAM charges, allowing Innovate to use the furniture in the space with permission from Lower.com, the previous tenant. Chrysler explained that a license agreement will allow Innovate to occupy the space until renovations were complete on the first floor of Water's Edge Building I, or until Daimler identified a permanent tenant for the third floor of Water's Edge Building I. Chrysler said that if Daimler found a permanent tenant, their move-in timeline would likely give Innovate enough time to move tenants into the first floor of Water's Edge Building I, even if it required moving in phases as renovations are completed. Chrysler added that there were minor cosmetic repairs to be made on the third floor of Water's Edge Building I that city maintenance staff could address but that even if the city did not remediate those issues, the space was still an improvement from the current Innovate location.

Gallagher clarified and Chrysler confirmed that Innovate can remain at 8000 Walton Pkwy until the end of March and that there is an overlap between the deadline to vacate and the beginning of the Water's Edge Building I third floor license agreement to give current tenants time to move.

Stefanov motioned and Gallagher seconded to authorize the CIC president, or the CIC vice president in his absence, to execute a license agreement between Water's Edge at New Albany LLC and the City of New Albany Community Improvement Corporation for the third floor of Water's Edge Building I (7775 Walton Pkwy). The CIC voted with 8 yes and 0 no votes to approve the motion.

WATER'S EDGE BUILDING I FIRST FLOOR LEASE AGREEMENT:

Chrysler reported that the CIC subcommittee reviewed the Water's Edge Building I first-floor lease agreement in two meetings since the last CIC meeting. Chrysler said that Albrecht reviewed those comments and that Daimler received them favorably. Chrysler explained that the results of these discussions were incorporated in the term sheet located in the CIC meeting packet. Chrysler reviewed the term sheet and pointed out that at \$10.95 per square foot, Daimler's offer was below the standard market rate of \$12.95 to \$15.95. Chrysler also said that the CIC subcommittee reached an agreement with Daimler that will provide a \$275,000 tenant improvement allowance and building-mounted signage facing SR161. Chrysler predicted that Daimler will be ready to sign the lease in approximately two weeks, and asked the CIC to approve the term sheet so the lease can be executed as soon as Daimler is ready, which will likely occur before the next scheduled CIC meeting.

Smith asked and Chrysler confirmed that the CIC will not sign the lease until a management service provider (operator) has been selected. Albrecht added that approving the term sheet in advance of the lease being finalized was appropriate and that Daimler had thus far been agreeable and understanding of Innovate's needs. Brisk agreed that Daimler seemed to support the Innovate mission.

Davies estimated that this agreement would commit the CIC to about \$500,000 per year and asked Chrysler whether the CIC had the funding to cover these new expenses. Smith explained that the CIC did not have the funding but that the CIC would be utilizing the city's economic development fund and clarified that an agreement between the CIC and the city memorializing this arrangement was still to come on the agenda. Gallagher clarified and Brisk confirmed that the CIC was considering the term sheet now because of the moving parts and varying review timelines. Davies suggested that an approval of the agreement between the city and the CIC should come first. Chrysler suggested adding said approval as a contingency in the motion to approve the term sheet.

Brubaker asked and Smith confirmed that the square footage had increased since the last CIC meeting because city council was directing the city to lease the entire first floor, including the café located in the northeast corner of the building. Smith added that he was concerned that if the CIC did not lease the space now, Daimler could find another long-term tenant to fill it, which could dilute the Innovate brand by locating on the first floor in a space that was fully visible from the lobby. Chrysler explained that the space could be reserved for various community nonprofits, but that an arrangement like that would have to be reflected in the management service agreement (MSA). Chrysler added that more direction from city council would be needed to advance any of those considerations.

Brubaker asked and Chrysler confirmed that CAM costs would increase by \$3.00 at the end of 2024. Davies asked whether there would be a cap on CAM increases specified in the final draft of the lease and Albrecht confirmed that he would include a cap on CAM increases. Brisk added that there was also a 2% annual increase in base rent within the agreement. Brubaker asked and Chrysler confirmed that total expenses in the \$22.00 per square foot range were acceptable to the city. Chrysler explained that an operator would have a more urgent desire to generate revenue and would not take on the partnership if they did not see a potential to make a profit. Chrysler reiterated that the city's economic development staff had met with three potential operators and were planning to visit one more. Chrysler shared that Brick House Blue was drafting an MSA and pro forma on the premise of developing at least 24 offices on the first floor of Water's Edge Building I. Chrysler said that in their discussions thus far, Brick House Blue seemed confident that they could make Innovate profitable at half capacity. Chrysler acknowledged that the pro forma was not completed yet but asked that the CIC continue to consider the lease agreement so that the CIC is prepared once an MSA is negotiated.

Davies asked whether, in a worst-case scenario where Innovate failed, the CIC would be within its rights under the terms of this lease to sublet the space to another tenant. Albrecht confirmed that the lease seemed favorable toward the city leasing to another tenant with permission from Daimler. Chrysler shared that to her understanding, Daimler needed to know generally how many people were coming and going from the space to forecast maintenance costs, so permission to sublet to another tenant would not require much discussion so long as the CIC could provide general figures. Brisk confirmed that in her experience, subleases were always subject to approval by the owner.

Brubaker asked and Smith confirmed that Daimler's CAM charge was appropriate for the Columbus area. Davies shared that CAM usually increased based on inflation. Brisk pointed out that Innovate is currently paying \$12.90 at the Signature Office Building, and Russell added that that figure had not changed since NACO had increased CAM by 20% three years ago. Albrecht stated that he will ensure that there is a reasonable cap on annual CAM increases.

Smith motioned and Gallagher seconded to approve the term sheet, given that a deal was made with an operator, and to authorize the CIC president, or the CIC vice president in his absence, to execute a lease agreement between Water's Edge at New Albany LLC and City of New Albany Community Improvement Corporation for the first floor of Water's Edge Building I (7775 Walton Pkwy). The CIC voted with 8 yes and 0 no votes to approve the motion.

INNOVATE NEW ALBANY TENANT TRANSITION PLAN:

Chrysler explained that there were several motions being brought before the CIC for consideration regarding the tenant transition plan.

1. Authorizing City Staff to Terminate Current Innovate New Albany Tenant Leases:

Russell explained that the first component of the Innovate tenant transition plan was notifying current tenants of the termination of their lease and subsequent upcoming move. Russell directed the CIC to the draft notification letter in the CIC meeting packet and explained that this would be sent the next day, on Friday, January 26, 2024. Smith asked whether Albrecht or Neil Collins, the onsite leader, had reviewed the letter. Russell confirmed that Albrecht had approved the letter and agreed to send the letter to Collins before sharing it with the Innovate tenants. Smith clarified and Russell confirmed that Collins did not need to personally approve the letter before it was shared, but that Russell would consider any comments from Collins if they were received in time.

Smith asked if the 19,000 square-foot figure referenced in the tenant notification letter was most up to date and Russell agreed to update the figure to 22,000 square feet. Gallagher clarified and Russell confirmed that before sending the letter she would insert the proper dates, which were missing from the draft. Brisk shared that in her experience, 30 days' notice sometimes meant month-to-month notice and Russell clarified that this timeframe allowed for 45 days of notice, which was appropriate regardless of interpretation. Brisk suggested delivering a physical copy of the letter to Innovate tenants in person and Russell agreed that she would do so on Monday, January 29, 2024.

Smith suggested removing any references to a temporary license agreement because it was unnecessary and potentially confusing information for the tenants. Chrysler clarified that Daimler was requiring license agreements between the CIC and Daimler. Albrecht added that the CIC would be requiring individual license agreements from Innovate tenants because the terms for that space were less formal; tenants did not, per the temporary lease agreement between Daimler and the CIC, have specific spaces assigned to them, nor was the timeframe explicitly stated. Brisk stated and Albrecht confirmed that a license agreement simplified the legal process by offering Innovate tenants the legal right to what Innovate had a legal right to, per the temporary lease agreement with Daimler. Albrecht further clarified that the license agreement would also allow Daimler to continue to market the third floor of Water's Edge Building I to potential long-term tenants and move the city into another temporary space if necessary, just as it gave the city more flexibility to move tenants to the first floor when available.

Brubaker asked whether the tenant notification letter would surprise current tenants. Russell suggested and Chrysler agreed that the move might surprise some tenants but that it would largely be a positive reaction. Shull said that Russell's idea to host a question-and-answer session with current Innovate tenants would be a good opportunity to gauge their interest in moving. Davies suggested Russell host the question and answer session sooner. Russell added that she planned to lead a tour of Water's Edge Building I after the tenant meeting. Davies asked whether Russell or Collins would lead the question and answer session and receive subsequent communications from current tenants and Chrysler responded that Russell and Collins would copy one another on any company correspondence.

Smith motioned and Gallagher seconded to authorize city staff to terminate current Innovate New Albany tenant leases. The CIC voted with 8 yes and 0 no votes to approve the motion.

2. Approving a Temporary License Agreement Template and Authorizing the CIC president to Execute the Individual Licenses

Russell explained that once the current tenants had moved to the temporary location, they would have time to tour the first floor, learn more about the planned renovations, and decide whether the value proposition justified a likely raise in rent. Russell reiterated that during this period it would be important

to give said tenants rent relief and to maintain close and clear communication regarding the construction of the permanent space. Smith clarified and Russell confirmed that current tenants could not move to the temporary space until they had signed an individual license agreement with Innovate. Brisk asked and Russell confirmed that Innovate did not have a specific move-in date. Davies asked how the license agreement would be terminated to allow tenants to move to the permanent space on the first floor of Water's Edge Building I. Albrecht explained that under the individual license agreements, tenants could leave at any time, or until Innovate directed them to move into the new space.

Smith motioned and Gallagher seconded to approve a temporary license agreement template and authorize the CIC president, or vice president in his absence, to execute the individual licenses. The CIC voted with 8 yes and 0 no votes to approve the motion.

3. Approving Rent Relief for Current Innovate New Albany Tenants

Russell shared a desire to offer rent relief for current Innovate tenants to alleviate the cost of moving. Russell proposed that the CIC provide free rent for March and April and 50% of the rent for the remaining months spent in the temporary space on the third floor or Water's Edge Building I. Russell elaborated that under this strategy, relief would only be granted to tenants occupying offices and cubicles, while virtual tenants would continue to pay their current rent rate since there will be no notable change in the level of service they received. Chrysler explained that this was merely a proposal for the sake of starting a discussion with the CIC, and added that a rent relief program of some variety would go a long way toward expressing good faith to current tenants. Brubaker asked whether companies delinquent in current rent payments were also included in the proposed rent relief. Russell reported that two current companies would not be permitted to move with Innovate and take advantage of the rent relief period. Smith, Zeigler, Russell, and Chrysler agreed. Gallagher suggested that this be included in the termination notification letter to current tenants and Russell agreed to update the language accordingly.

Brubaker clarified and Chrysler confirmed that the temporary space on the third floor of Water's Edge Building I was being licensed for an undefined period. Shull asked whether there was an approximate period that could be factored into projections of the cost of the rent relief program and Chrysler estimated that the buildout of the first floor would take a maximum of six months but that the target timeline could be sooner. Brubaker asked whether any work was needed to improve the temporary space on the third floor of Water's Edge Building I. Chrysler explained that the city's maintenance department would handle several cosmetic issues like holes in drywall. Brubaker asked whether the city had learned anything more about the furniture in the space owned by Lower.com. Chrysler reported that the city was in negotiations to use the furniture.

Stefanov motioned and Shull seconded to approve rent relief for current Innovate New Albany tenants who are currently in good standing with their rent payments. The CIC voted with 8 yes and 0 no votes to approve the motion.

4. Authorizing the CIC president to Enter into a Contract with thinkCSC and Mitchell Lock

Russell explained that thinkCSC, Innovate's current network provider at 8000 Walton Pkwy, will need to move current equipment from Innovate and upgrade existing equipment on the third floor of Water's Edge Building I to maintain the same level of internet service in the temporary space. Russell added that a representative from thinkCSC already toured the third floor of Water's Edge Building I and confirmed that they are able to serve the space.

Smith asked whether the next agenda item, a motion to authorize the CIC president, or the CIC vice president in his absence, to enter into a contract with Mitchell Lock, was of the same nature. Russell explained that Mitchell Lock services will be needed to key individual offices for tenants. Smith suggested that both motions be combined.

Chrysler motioned and Smith seconded to authorize the CIC president, or the CIC vice president in his absence, to enter into contracts with thinkCSC and Mitchell Lock. The CIC voted with 8 yes and 0 no votes to approve the motion.

AN AGREEMENT OF UNDERSTANDING BETWEEN THE NEW ALBANY COMMUNITY IMPROVEMENT CORPORATION AND THE CITY OF NEW ALBANY FOR INNOVATE NEW ALBANY:

Chrysler shared that the agreement in the CIC meeting packets was merely a proposal and that a vote was not necessary in this meeting. Chrysler added that city council will vote on the agreement on February 6, 2024, and that beyond that point the CIC would not be able to make substantive changes, which meant that while the CIC did not need to vote on the agreement at present, feedback would be appreciated.

Chrysler summarized the formation of the city's economic development fund and clarified that this is the fund that the CIC has used to fund Innovate since its inception. Chrysler added that, in the worst-case scenario, were Innovate to close today, leaving the CIC responsible for paying the 10-year lease term with Daimler out of pocket, the fund could support it. Chrysler clarified that the hope is that Innovate will grow and yield positive revenue, therefore the CIC must be the entity to enter into the lease and agreements for the project. Chrysler shared that the agreement being brought to the table outlined the CIC's obligations and that the agreement, per the Ohio Revised Code, stated the city's ability to guarantee any debt incurred by the CIC. Chrysler further clarified that the agreement merely formalized existing policies by explicitly stating the CIC's funding source and encouraged the CIC to review the agreement themselves. Chrysler explained that the city is not required to execute this agreement, but that because the city cannot enter for-profit agreements, it made sense to clarify the source of the CIC's funding and memorialize the CIC's role as Innovate's managing body.

Gallagher asked whether, over 10 years of increasing rent and CAM, the economic development fund would grow at scale to support those increasing expenses. Chrysler responded and Staats confirmed that her calculations had accounted for the maximum projected expenses over 10 years. Staats suggested increasing the authorized amount in the agreement from \$500,000 per year to \$600,000 per year because she had completed a new model that indicated maximum expenses could reach \$592,000 per year. Albrecht and Chrysler agreed that this was an appropriate increase and Chrysler agreed to make the update.

Brubaker clarified and Stefanov confirmed that from a liability standpoint, the city was responsible for lease agreements that the CIC might enter. Gallagher reiterated that Daimler required this agreement because it clarified the city's ultimate responsibility for the lease. Brubaker asked whether, as trustees, the CIC board members could be held personally liable for CIC debt. Chrysler explained that this would not be the case because Daimler was also requiring that the city guarantee the lease. Brisk clarified and Stefanov confirmed that the city, per this agreement, would be the guarantor on any obligations the CIC would assume because the CIC had no substantial financial history or credit as an independent organization. Davies asked and Chrysler confirmed that the city is appropriately anticipating the additional expenses that will be accrued in the coming 10 years. Chrysler asked if the CIC was prepared to vote or if they wanted to submit any comments via email before the February 6, 2024, city council meeting. Smith asked that the agreement be sent via email

Smith motioned and Stefanov seconded to approve, conditional on the agreed-upon edits, an agreement of understanding between the New Albany Community Improvement Corporation and the City of New Albany for Innovate New Albany. The CIC voted with 8 yes and 0 no votes to approve the motion.

INNOVATE NEW ALBANY VISION:

Chrysler explained that the Innovate New Albany vision document is a discussion item and that no motion would be required. Chrysler said that generally, a formal strategic plan would guide decisions like the Innovate move, but that because of the short notice, city staff had prepared a vision document that formally outlined Innovate’s background, purpose, and mission statement. Chrysler clarified that the phrase “powered by Brick House Blue” was merely a model for the way the Innovate brand could adapt alongside an operator, and explained that this document reflected input from previous CIC meetings, discussions with city council, city staff, and conversations with Collins. Chrysler asked the CIC to review this document before the next CIC meeting.

BREEZLELINE EQUIPMENT DISCUSSION:

Smith motioned and Stefanov seconded to table the Breezeline equipment discussion until the next CIC meeting. The CIC voted with 8 yes and 0 no votes to approve the motion.

Davies asked Russell whether city staff work on Innovate-related work outside of working hours, and suggested that if so, the city recognize those hours as overtime. Russell explained that managing Innovate is a part of the economic development job descriptions for Russell and Klosterman. Chrysler confirmed this and added that although Innovate tasks were part of the economic development specialist workload, tasks like fixing key fobs and investigating missing rent payments from tenants were an unnecessary burden on city staff. Chrysler explained that this workload will be delegated to the prospective Innovate operator in the MSA agreement.

Smith asked and Staats confirmed that the CIC was included in the city’s financial statements.

ADJOURNMENT

Smith moved and Gallagher seconded to adjourn the meeting. The CIC voted with 8 yes and 0 no votes to adjourn the meeting at 10:23 a.m.



Secretary, CIC Board of Trustees



Date

