



## MINUTES

### CITY OF NEW ALBANY COMMUNITY IMPROVEMENT CORPORATION

Thursday, July 11, 2024

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#### **CALL TO ORDER:**

Community Improvement Corporation President Philip Smith called to order the Community Improvement Corporation (CIC) meeting of July 1, 2024, at 4:04 p.m. at New Albany Village Hall, 99 West Main Street, New Albany, Ohio. Staff attending were Sara Zeigler, Bethany Staats, Morgan Joeright, Alex Klosterman, and Jeremy Gray.

#### **ROLL CALL:**

The following CIC Members answered Roll Call:

Member Colleen Briscoe	A
Member Marlene Brisk	P
Member Jennifer Chrysler	P
Secretary Ron Davies	P
Treasurer Everett Gallagher	A
Member Matt Shull	P
President Philip Smith	P
City Manager Joe Stefanov	P

Guests: Neil Collins

Smith moved and Stefanov seconded to excuse Gallagher and Briscoe from the meeting. The CIC approved the motion by consensus.

#### **ACTION ON AGENDA:**

Chrysler announced two updates to the agenda which required a motion to adopt.

Stefanov moved and Smith seconded to approve a modified meeting agenda to include discussing the purchase of furniture from Lower.com and a one-year grant of \$75 per month to existing Innovate New Albany tenants with physical space who move into the new coworking space. The CIC approved the motion by consensus.

#### **ACTION ON MINUTES:**

Stefanov moved and Smith seconded the adoption of the May 30, 2024 meeting minutes. The CIC approved the motion with six yes votes and none opposed.

#### **INNOVATE NEW ALBANY MARKETING STRATEGY:**

Chrysler shared that the Brick House Blue at Innovate New Albany announcement video received a historic level of views immediately after its launch. Letters are also being mailed to residents to inform them of the new partnership; many have expressed excitement about the new coworking space and have thanked the city for meeting the needs of the residents. Smith confirmed that he has also heard great feedback from community members.

Chrysler explained that there has been mixed feedback from current Innovate New Albany tenants. One tenant had submitted a several-page document about the downfall of coworking, while others had offered their sincere thanks to the city for years of subsidized rent. Chrysler shared that Brick House Blue had hosted an informational meeting for current Innovate New Albany tenants. A current tenant requested the contact information of the existing tenants to find a more affordable space together. Chrysler added that the city was supportive of the current tenants exploring all of their options. Since contact information is not subject to public records requests, the city had contacted each current tenant to request permission to share their contact information. The city also provided the current tenants with a list of available small office spaces in New Albany. The tenant expressed concerns that Brick House Blue was proposing lease terms above the market rate. Chrysler shared that the city's marketing consultants had called all of the central Ohio coworking spaces, including those the city had interviewed as potential partners, and confirmed that Brick House Blue is offering market rates. Chrysler had discussed the findings with the tenant and explained that common area maintenance must also be included in their calculations for a true reflection of office rates.

Chrysler shared that the current nonprofit tenants are exploring opportunities to rent space from the New Albany United Methodist Church. The church is offering available space to nonprofits. Chrysler pointed out that Innovate New Albany had been founded as a tech startup incubator, and Collins shared that three current tenants matched that description. One technology startup shared that these upgrades would benefit their business, but had concerns about increasing lease rates. Another frequently asked question among current tenants was why the Innovate New Albany model needed to shift to profitability after so many years of operating at a loss. Smith commented that the city was making a tremendous investment in the new model and would need to recuperate expenses. Chrysler and Brisk confirmed that they had shared this sentiment. Smith commented that without a pivot to the new coworking model, Innovate New Albany would not have been able to offer office space when the lease in the 8000 Walton Parkway building came to an end. Shull commented that current tenants should act quickly so as not to lose their chance to lease space and receive the \$75 per month grant from the city. Chrysler confirmed that current tenants are aware of the timeline and that the city is supporting them as they come to their final decisions.

#### **INNOVATE NEW ALBANY CONSTRUCTION BUDGET UPDATE**

Chrysler reminded the CIC was not required to issue requests for proposals (RFPs). Professional services do not require an RFP, but the city had interviewed four coworking companies as potential partners before selecting Brick House Blue. The city would not issue RFPs for the construction of the new space, either, because the CIC's agreement with The Daimler Group (Daimler) specified that Daimler would be responsible for the buildout of the space. Daimler would collect bids and provide a price structure for the CIC.

Chrysler announced that after value engineering a savings of \$88,000, the engineering and construction budget was under budget at \$2.9 million of the allocated \$3.2 million. Daimler would be rebidding the project because the original bid was not priced at prevailing wage and did not contemplate the city's sales tax exemption. Taken together, Chrysler suggested that these two oversights may cancel out. Chrysler reminded the CIC that city council authorized \$3.2 million toward the buildout and an additional \$655,000 allocated for furniture, fixtures, and equipment (FFE), and asked that the CIC proceed with the construction authorization so long as the rebid construction expenses did not surpass \$3.2 million. Smith commented that if projected expenses did come back higher, city council would either increase the budget or make cuts to accommodate the added costs. Either way, the project would proceed. Chrysler noted that the city has authorized demolition, which Daimler has begun.

Chrysler shared that the initial FFE budget projection is over the anticipated \$655,000. The city had earmarked between \$200,000 and \$250,000 of this figure to technology thinking the building's existing technology would help, but further review revealed that this existing technology was obsolete. The

technology/AV bid had come in at \$368,000. Branding, originally projected to cost \$25,000, had also come in over budget at \$77,000 due to unanticipated expenses related to exterior signage. Chrysler suggested that without realizing savings on sales tax, added expenses from the aforementioned line items and the prevailing wage adjustment could push the project \$300,000 over budget. Smith reminded the CIC that city council had discussed allocating as much as \$4 million to the new Innovate space but chose to start with a conservative budget. Shull confirmed this was the case.

Stefanov moved and Smith seconded to approve the Innovate New Albany construction budget. The CIC approved the motion with six yes votes and none opposed.

Following the motion, Chrysler shared an operating pro forma for the new space that included projected returns at various occupancy rates and suggested that any income be used to cover program costs, including Collins' contract so that those expenses were not being drawn from the economic development fund. Chrysler suggested that the timeframe to reach profitability could be accelerated due to the city's already successful marketing efforts. Stefanov suggested setting aside a portion of the proceeds to replace the economic development fund for the investment in the buildout. Chrysler suggested possibly launching scholarships for tech start-ups in the future. She also reminded the CIC that a portion of the proceeds should be allocated to minor capital costs beyond typical maintenance, like broken appliances.

#### **LOWER.COM FURNITURE**

Chrysler announced that the furniture budget includes the previously discussed \$30,000 furniture purchase from Lower.com. This purchase reduced the furniture budget line by \$150,000.

Stefanov moved and Davies seconded to approve the purchase of \$30,000 of furniture from Lower.com. The CIC approved the motion with six yes votes and none opposed.

#### **OTHER BUSINESS:**

##### **a. Grant for existing Innovate New Albany tenants**

On behalf of the subcommittee, Smith proposed offering a one-year grant of \$75 per month to existing Innovate New Albany tenants with physical space who move into the new coworking space. Stefanov asked and Chrysler clarified that the maximum payout figure would total \$18,000 per year. Collins asked and Chrysler clarified that the grant would not be available for existing virtual tenants. Smith and Collins estimated that 25% to 50% of the current tenants would likely move into the new space, which would make the city's liability closer to \$9,000.

Chrysler explained that this grant would come from the economic development fund, which is sourced from the first 30 cents on every dollar collected from companies in the business park. Chrysler reminded the CIC that the economic development fund can only be used to develop the business park; the economic development fund is not connected to the city's general fund and would not divert resources from other city projects. Collins, Brisk, and Smith agreed that the grant is an appropriate use of the economic development fund. Shull asked and Smith clarified that \$75 per month may not be enough to incentivize current tenants to stay, but shows goodwill.

Stefanov moved and Davies seconded to approve a one-year grant of \$75 per month to existing Innovate New Albany tenants with physical space who move into the new coworking space. The CIC approved the motion with six yes votes and none opposed.

##### **b. Broadband Update**

Klosterman reported that staff has continued to meet biweekly with McCullough, the city's contract CIO. Since the last CIC meeting, McCullough met with internal and external stakeholders to better understand

the city's existing broadband infrastructure. McCullough will now begin collecting data about current service providers.


Chrysler announced that Todd Brubaker had resigned from the CIC. Smith explained that Brubaker is supportive of the CIC and grateful for its impact on the community. Chrysler explained that the position would be posted for public applications. City council would review and select a replacement from these applicants and may request interviews as needed.

Chrysler suggested the next CIC meeting be held in time to discuss contracts for Brick House Blue at Innovate New Albany-related technology purchases. The next CIC meeting was confirmed for Thursday, August 1, at 9:00 a.m.

**ADJOURNMENT**

Shull moved and Davies seconded to adjourn the meeting. The CIC adjourned the meeting by consensus at 9:54 p.m.

  
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Secretary, CIC Board of Trustees

  
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Date