



ECONOMIC DEVELOPMENT • 115 Executive Parkway, Suite 400 • Hudson, Ohio 44236 • (330) 342-1893

## MEMORANDUM

Date: August 28, 2019  
To: Mayor Basil & City Council Members  
From: Jim Stifler, Chief Economic Officer

The City of Hudson recently received a Job Creation Grant request from a software and service company out of Stow, Ohio. This company is requesting 50% income tax credit for 9 years with a benchmark of \$7.1M in payroll and new job growth estimated at 16 FTE's over the next 36 months.

The company is expanding and would like to purchase the 43,000 sq. ft. building at 300 Executive Parkway that is listed at \$4.3 million. The purchase and sale will not be finalized without this Job Creation Grant incentive.

This company currently has nearly \$30M in annual revenue and plans to bring their existing 75 jobs to Hudson with an additional 16 jobs added over the next three years. Their CEO is a long-time Hudson resident and the company recently celebrated its 20 Year Anniversary.

The building is currently owned by Pilot Cat (The Alabama based parent of Catastrophe Management Solutions) and has a tenant in it with a payroll about the same size as the applicant; however, the purposed job creation grant would secure a long-term, proactive local property owner that has a rapidly growing company. The current tenant has informed all parties that they will not exercise their October 1 option to extend their lease. The lease is up next April, and they can take an additional 6 months to depart if needed. They will consolidate their Hudson staff to other locations. They had chosen Hudson without City involvement based upon available, furnished space and a rental rate 25% below market.

The new company will occupy the top floor and tenants currently in place will be on Floor 1. All tenants are Velocity Broadband customers.

As part of the City's process, the Economic Development Incentive Committee met on Monday, August 26, 2019 and unanimously approved the subject incentive for recommendation to Council. The next step will be for this item to come to Council on the agenda of September 3<sup>rd</sup>.

### Program Summary

Job creation tax credits are a system to incentivize job creation and expansion. A business applying for one of these programs would apply indicating the number of existing jobs they intend to bring to Hudson and what number of new jobs they plan to create in a given time frame. The City then monitors the annual payroll for compliance with the application and approval. The Tax Incentive Review Council (TIRC) meets annually to review all program participants. If a participant is not meeting their commitments, the Council can determine if they will "claw back" the previous monies awarded or give them extra time to fulfill their obligations. These are reimbursements so if a company does not comply with payroll, they will not get a reimbursement.