



City of Bloomington Common Council

Legislative Packet

07 March 2012

**Committee of the Whole
(Immediately Followed by)
Special Session**

Please consult the 01 February 2012 [Legislative Packet](#) for legislation and background material regarding [Ord12-04](#).

Please consult the 29 February 2012 [Legislative Packet](#) for material related to [App Ord 12-01](#).

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Packet Related Material

Memo

Agenda

Calendar

Notices and Agendas:

- **Revised 2012 Annual Schedule** Incorporating the Days, Times and Locations for Staff/Council Internal Work Sessions for the Remainder of 2012

Legislation for Discussion at Committee of the Whole Immediately Before the Special Session on March 7th

- **App Ord 12-01** To Specially Appropriate from the Parks Land Acquisition Fund Expenditures Not Otherwise Appropriated (Appropriating Funds for the purchase of the Black Lumber Rail Spur)
Contact: Mick Renneisen at 349-3700, renneism@bloomington.in.gov

Please see the [Council Legislative Packet](#) prepared for the 29 February 2012 Regular Session to find the legislation, summary and related materials.

Legislation for Action at the Special Session on March 7th (Immediately After the Committee of the Whole):

- **Res 12-02** To Authorize Expenditures from the Industrial Development Fund to Support an Economic Development Project (Cigital, 100 South College Avenue)
 - **Res 09-01** of the Bloomington Industrial Advisory Commission – Recommendations to Council;
 - Memo to Council from Danise Alano-Martin, Director, and Adam Wason, Assistant Economic Development Director – Small Business, Economic and Sustainable Development Department

o Map – Downtown CRED

Contact Danise Alano at 349-3477 or alanod@bloomington.in.gov

Adam Wason at 349-3419 or wasona@bloomington.in.gov

- **Ord 12-04** To Amend the Bloomington Zoning Maps from Institutional (IN) to Residential Multifamily (RM) - Re: 718 East 8th Street (Cheryl Underwood, Petitioner)

Contact: Tom Micuda at 349-3423 or micudat@bloomington.in.gov

Please see the [Council Legislative Packet](#) prepared for the 1 February 2012 Regular Session to find the legislation, summary and related materials.

Reminders:

- **Internal Work Session**

Monday, March 5th

at Noon

in the McCloskey Room

Memo

One Item for Discussion at a Committee of the Whole followed by Two Items for Action at a Special Session on Wednesday, March 7th:

There are two meetings scheduled for next Wednesday. The first is a Committee of the Whole when the Council will discuss **App Ord 12-01** (Appropriating \$10,000 to Acquire the Black Lumber Rail Spur). That legislation and related material can be found online as noted at the beginning of this memo.

Special Session on March 7th

The second meeting is the result of motions last Wednesday and is a Special Session to consider two items. The first item is **Res 12-02**, which approves economic development incentives for a software security firm. That legislation and related information can be found in this packet and is summarized herein. The second item is **Ord 12-04**, which proposes the rezoning of 718 W. 8th Street from Institutional to Residential Multi-family at the request of the petitioner, Cheryl Underwood.

**Second Item at Special Session – Ord 12-04 – Motion to Table –
May I Inform Presenters that They Need Not be There That Evening?**

The motion to schedule this ordinance next week also declared the intent of the Council to table it at that time. Without knowing the outcome of the Motion to Table, the presenters would ordinarily need to attend and be ready to present the matter that evening should the motion fail. If the Council truly intends not to discuss the matter Wednesday night, then in order to avoid uncertainty and unnecessary preparation for the presenters, I suggest that the Council be ready to consider a Motion to Postpone the Consideration Until March 21st in the event the first motion fails and that I be given permission to inform presenters that they will not be needed that night. Please let me know your preferences in this regard before Wednesday.

First Item at Special Session – Res 12-02 - Authorizing Expenditures from the Industrial Development Fund (IDF) for Cigital to Open Branch at 100 South College Avenue in the Downtown CRED

Res 12-02 brings forward the recommendation from the Bloomington Industrial Advisory Commission (BIDAC) to expend money from the Industrial Development Fund (IDF) in regard to the Downtown Community Revitalization Enhancement District (CRED). It authorizes the Controller to reimburse Cigital, a high technology firm, up to \$32,000 once it has verified its benchmark spending target of \$52,000.

This summary is based upon the memo and materials provided by Danise Alano Martin, Director, and Adam Wason, Assistant Economic Development Director/Small Business, Department of Economic and Sustainable Development.

Community Revitalization Enhancement District (CRED) and the Industrial Development Fund (IDF)

In 2004, the City created the Downtown CRED which followed the creation of the City's Indiana Enterprise Center CRED in the late 1990s. CREDs allow the City to capture State income and sales taxes received within the district over a base amount and set them aside, along with other monies, into the Bloomington Industrial Development Fund until the district terminates in 2019.

Monies from the fund may be spent by the City upon written recommendation of the Bloomington Industrial Development Advisory Commission (BIDAC) and approval of the Council. *Please note that the BIDAC met on February 22nd to consider this*

proposal. Under statute, the City may levy taxes (no more than 1.067 cents per \$100 assessed valuation) and issue bonds based upon CRED revenues (which the City has *not* pursued). It may also enter into a financing agreement with a developer who intends to develop or redevelop the facility and “has entered into a separate agreement with some other person for the use and operation of the financed facility.” When entering into such a financing agreement, the City may establish goals or benchmarks for the developer to achieve before receiving a fee (per IC 36-7-13-18[b]).

The Downtown CRED account in the IDF had a balance of \$5.35 million as of February 17, 2012.

Cigital and Its Plans to Start a Branch Here

According to the memo from Alano-Martin and Wason, “Cigital is a 200-employee, high technology company founded in 1992 in Dulles, Virginia” with offices in New York, London, Amsterdam and Silicon Valley. It offers consulting services, training programs and managed services in the area of software security. In particular, Cigital tests the security of software at various points during its development, identifies gaps in security, “introduce(s) processes to improve the way software is built ... develop(s) methods for reducing cost and risk (, and) then designs and implements a custom software security strategy specific to client requirements.”

Cigital intends to start an Assessment Center in Bloomington “to conduct remote software security-related assessments” for some of its Fortune 250 clients in the financial sector. It plans to add 25 jobs at an average pay of \$75,000 per year and a total annual payroll of about \$1.875 million by 2014 and double its workforce by 2017.

Reimbursing Cigital for Certain “Benchmark” Expenditures – Entering into Finance Agreement with Cigital Regarding Certain Economic Development Requirements

Res 12-02 authorizes the City to pay Cigital \$32,000 out of IDF monies once Cigital makes \$52,000 in benchmark expenditures related to opening up operations in the Chase Bank building. It also authorizes the negotiation of a Finance Agreement with Cigital regarding compliance with employment, payroll, reporting and non-relocation requirements and “claw-back” provisions in the event the requirements are not met.

Briefly, the substance of the Council and BIDAC resolutions and Memo declare the intent for Cigital to:

- enter into a financing agreement with the City which includes, among others, the following terms:
 - open a branch office for their firm in the Chase Bank building;
 - receive \$32,000 from the City once Cigital verifies that it has spent at least \$52,000 toward eligible expenditures (benchmarks) which include:
 - Building out two suites in the Chase Bank Building (\$5,000);
 - Making IT infrastructure improvements (\$17,000);
 - Purchase Computer Hardware (\$20,000); and
 - Relocation of business systems and other items (\$10,000).¹
 - add 25 jobs by 2014 that pay an average of \$75,000 per year (with a resulting annual payroll of \$1.875 million);
 - report annually on compliance with employment figures and local Living Wage Ordinance;
 - stay within the Downtown CRED or within the Downtown Certified Technology Park; and
 - be subject to “clawback provisions” requiring the firm to repay the City in the event it does not meet “defined performance measures” regarding employment, payroll, reporting, and relocation requirements; and
- enter into a development agreement with a 3rd party regarding the use or operation of the facility (as required by I.C. 36-7-3.1-18).

Conclusion

The memo from Economic and Sustainable Development staff urges support for this resolution because the incentives will help bring \$1.875 into the local economy, add jobs that highlight and strengthen the community’s knowledge-based workforce, and allow Cigital to invest more in this community.

¹ The amounts for each benchmark may be more or less than listed in the resolution as long as Cigital invests at least \$52,000 for these items .

**NOTICE AND AGENDA
BLOOMINGTON COMMON COUNCIL
COMMITTEE OF THE WHOLE & SPECIAL SESSION
7:30 P.M., WEDNESDAY, MARCH 7, 2012
COUNCIL CHAMBERS
SHOWERS BUILDING, 401 N. MORTON ST.**

COMMITTEE OF THE WHOLE

Chair: Andy Ruff

1. Appropriation Ordinance 12-01 To Specially Appropriate from the Parks Land Acquisition Fund Expenditures Not Otherwise Appropriated (Appropriating Funds for the purchase of the Black Lumber Rail Spur)

Asked to Attend: Mick Renneisen, Director of Parks and Recreation Department

(Then adjourn and immediately reconvene for a)

SPECIAL SESSION

I. ROLL CALL

II. AGENDA SUMMATION

III. LEGISLATION FOR SECOND READING AND RESOLUTIONS

1. Resolution 12-02 To Authorize Expenditures from the Industrial Development Fund to Support an Economic Development Project (Cigital, 100 South College Avenue)

Committee Recommendation: None (No Committee Held on This Item)

2. Ordinance 12-04 To Amend the Bloomington Zoning Maps from Institutional (IN) to Residential Multifamily (RM) - Re: 718 East 8th Street (Cheryl Underwood, Petitioner)

Legislative History and Anticipated Actions:

Regular Session Action – 1 Feb 2012:

Introduction at First Reading

Motion to Postpone and Establish Schedule for Consideration
(Adopted)

Regular Session Action – 29 Feb 2012:

Motion to Amend Schedule to Consider at Special Session on 7
March 2012 (Adopted)

Special Session Action – 7 March 2012:

Motion to Table (Anticipated)

IV. ADJOURNMENT



City of Bloomington
Office of the Common Council

To Council Members
From Council Office
Re Weekly Calendar -- 5-9 March 2012

Monday, 5 March

12:00 pm Staff-Council Internal Work Session, McCloskey
4:30 pm Plat Committee, Hooker Room
5:00 pm Redevelopment Commission, McCloskey
5:30 pm Plan Commission, Council Chambers
5:30 pm Bicycle and Pedestrian Safety Commission – Work Session, Hooker Room
5:30 pm Black History Month Steering Committee, Kelly

Tuesday, 6 March

1:30 pm Development Review Committee, McCloskey
5:30 pm Joint City of Bloomington – Monroe County Deer Task Force, Council Chambers
7:30 pm Telecommunications Council, Council Chambers

Wednesday, 7 March

8:30 am Board of Public Safety Special Session, Council Chambers
12:00 pm Bloomington Urban Enterprise Association, McCloskey
2:00 pm Hearing Officer, Kelly
4:00 pm Commission on the Status of Black Males, Hooker Room
5:30 pm Commission on Hispanic & Latino Affairs, McCloskey
7:30 pm Common Council Committee of the Whole followed by a Special Session, Council Chambers

Thursday, 8 March

12:00 pm Housing Trust Network, Council Chambers
4:00 pm Bloomington Historic Preservation Commission, McCloskey
4:00 pm Monroe County Solid Waste Management District, Council Chambers

Friday, 9 March

1:30 pm Metropolitan Planning Organization – Policy Committee, Council Chambers

Posted and Distributed: Friday, 2 March 2012

**REVISED COMMON COUNCIL
MEETING SCHEDULE AND LEGISLATION DEADLINES FOR THE YEAR 2012
(Subject to Revision by Common Council)**

| LEGIS CYCLE | INTERNAL WORK SESSIONS ¹¹ | DEADLINE FOR ORDINANCES; E-MAILED TO CCL BY NOON | DEADLINE FOR RESOLUTIONS; E-MAILED TO CCL BY NOON | REGULAR SESSION 1st READING FOR ORDS. | COMMITTEE DISCUSSION | REGULAR SESSION FINAL ACTION |
|-----------------------------------|--------------------------------------|--|---|---------------------------------------|---------------------------------|------------------------------|
| 1 | Wk. of Dec. 11-16 | Mon. Dec. 19 (2011) | Mon. Dec. 19 (2011) | ¹ Jan. 4 | ¹ Jan. 4 | Jan. 18 |
| 2 | Wk. of Jan. 2 - 6 | Mon. Jan. 9 | Fri. Jan. 13 | Jan. 18 | Jan. 25 | Feb. 1 |
| 3 | Wk. of Jan. 16-20 | Mon. Jan. 23 | Mon. Jan. 30 | Feb. 1 | Feb. 8 | Feb. 15 |
| 4 | Wk. of Feb. 1-3 | Mon. Feb. 6 | Mon. Feb. 13 | Feb. 15 | Feb. 22 | ² Feb. 29 |
| 5 | Mon. Feb. 27 | Wed. Feb. 22 | Wed. Feb. 22 | ² Feb. 29 | ² Mar. 7 | Mar. 21 |
| 6 | Mon. Mar. 5 | Mon. Mar. 12 | Mon. Mar. 19 | Mar. 21 | Mar. 28 | Apr. 4 |
| 7 | Mon. Mar. 19 | Mon. Mar. 26 | Fri. Mar. 30 | Apr. 4 | Apr. 11 | Apr. 18 |
| 8 | Mon. Apr. 2 | Mon. Apr. 9 | Mon. Apr. 16 | Apr. 18 | Apr. 25 | May 2 |
| 9 | Mon. Apr. 16 ¹¹ | Mon. Apr. 23 | Mon. Apr. 30 | May 2 | May 9 | May 16 |
| 10 | Mon. Apr. 30 | Fri. May 4 | Mon. May 14 | May 16 | ³ May 23 | ⁴ June 6 |
| 11 | Mon. May 21 ¹¹ | Wed. May 23 | Mon. June 4 | ⁴ June 6 | June 13 | June 20 |
| 12 | Mon. June 4 | Mon. June 11 | Mon. June 18 | June 20 | ⁵ June 27 | ⁶ July 3 |
| 13 | Mon. June 18 ¹¹ | Wed. June 20 | Wed. June 27 | ⁶ July 3 | ⁶ July 11 | ⁶ July 18 |
| 14 | Mon. July 2 | Tue. July 3 | Tue. July 3 | ^{3 & 6} July 18 | ^{3 & 6} July 18 | ^{3 & 7} Aug. 1 |
| AUGUST RECESS | | | | | | |
| 15 | Mon. Aug. 27 | Wed. Aug. 22 | Wed. Aug. 22 | ⁸ Sep. 5 | ⁸ Sep. 12 | Sep. 19 |
| 16 | Fri. Sept. 7 | Mon. Sep. 10 | Mon. Sep. 10 | Sep. 19 | ⁹ Sep. 19 | Oct. 3 |
| 17 | Fri. Sept. 21 ¹¹ | Mon. Sep. 24 | Mon. Oct. 1 | Oct. 3 | Oct. 10 | Oct. 17 |
| 18 | Mon. Oct. 1 | Mon. Oct. 8 | Mon. Oct. 15 | Oct. 17 | Oct. 24 | ¹⁰ Oct. 31 |
| 19 | Mon. Oct. 15 | Mon. Oct. 22 | Mon. Oct. 29 | ¹⁰ Oct. 31 | ¹⁰ Nov. 7 | ¹⁰ Nov. 14 |
| 20 | Mon. Oct. 29 | Wed. Oct. 31 | Wed. Nov. 14 | ¹⁰ Nov. 14 | Nov. 28 | Dec. 5 |
| 21 | Fri. Nov. 16 | Mon. Nov. 19 | Mon. Dec. 3 | Dec. 5 | Dec. 12 | ⁷ Dec. 19 |
| YEAR END RECESS | | | | | | |
| First Legislative Cycle for 2013: | | | | | | |
| | Mon. Dec. 17¹¹ | Mon. Dec. 17 (2012) | Mon. Dec. 17 (2012) | ¹ Wed. Jan. 2 (2013) | ¹ Wed. Jan. 2 (2013) | Wed. Jan. 16 (2013) |

Deadlines for Legislation: The deadline for submitting legislation and all accompanying materials, including a summary memo, is noon on the date listed. For information on the manner for submitting these materials, please inquire with the Council Office.

Unless otherwise indicated, the Council meets on the first four Wednesdays of the month in the Council Chambers in Room 115 of the Showers Center, 401 North Morton, at 7:30 p.m. The following footnotes list and explain the exceptions to this general rule:

1. The Council will hold an annual Organizational Meeting on this date when, along with other matters, it elects officers and gives legislation first reading. The meeting is generally held on the first Monday in January, except when it is a legal holiday, in which case the meeting is held on the first Tuesday. (BMC 2.04.050[c & d]). However, by the adoption of this schedule, the Council has set this meeting for the first Wednesday after the first Monday in January. This meeting will be immediately followed by a Committee discussion.

2. The Council will hold what would ordinarily be the first Regular Session and Committee discussion in March, a week earlier than usual, in order to avoid meeting during Spring Break. With this schedule, the Regular Session will be held on the fifth Wednesday in February and the Committee discussion will be held on the first Wednesday in March.

3. The Council will hold a Council Budget Advance in the McCloskey Room (Room 135) of City Hall at 5:30 p.m. on Wednesday, May 23rd and Departmental Budget Hearings in the Council Chambers at 6:00 p.m. on Monday, July 23rd, Tuesday, July 24th, Wednesday, July 25th, and Thursday, July 26th, 2012.

4. There will be two weeks between the Committee and the Regular Session due to the occurrence of a fifth Wednesday in this month.

5. The Council will hold a Special Session at 7:30 p.m. on June 27th before the Committee discussion to consider the Annual Tax Abatement Report.

6. Given that the first Wednesday in July is a holiday (July 4th) and the last week of the month is set aside for Departmental Budget Hearings (See Note 3), the Council will meet for a Regular Session on Tuesday, July 3rd, a Committee discussion on July 11th, and a Regular Session immediately followed by a Committee discussion on Wednesday, July 18th.

7. Since it will take a brief recess after first meeting in August and the second Regular Session in December, the Council will not introduce legislation for first reading at these meetings. (BMC 2.04.060 [e] & [g])

8. The Council will consider the City Budget for 2013 along with routine legislation during the first legislative cycle in September. The City Budget will be considered at a public hearing during the Committee discussion to be held immediately after the Regular Session on the first Wednesday in September and be ready for final adoption at a Special Session on the Second Wednesday in September. Typically, non-budget related legislation for that legislative cycle will be heard at a Committee discussion held immediately after the Special Session on the second Wednesday in September and be given final action at the Regular Session on the third Wednesday in September.

9. The Council will move its Committee discussion from the fourth Wednesday of September to the third Wednesday to avoid meeting on Yom Kippur (the Jewish Day of Atonement) which runs from sunset on Tuesday to sunset on Wednesday.

10. The Council will not meet on the third Wednesday of November because it is the night before the Thanksgiving Holiday (BMC 2.04.050(f)). By taking advantage of the fifth Wednesday in October (when the Council does not ordinarily meet) and by holding the first two meetings in November a week earlier than usual, the Council will be able to schedule four evenings of meetings for the two legislative cycles in November. Those evenings include: a Regular Session on October 31st, Committee discussion on November 7th, Regular Session on November 14th and a Committee discussion on November 28th.

11. Staff/Council Internal Work Sessions provide an opportunity for the Council members to learn about City initiatives, most of which are near being formally considered by the Council. These meetings are held at noon in the McCloskey Room, unless they are held in the Council Library (Room 110 of City Hall). Meetings that will be held in the Council Library include:

- Monday, 16 April 2012
- Monday, 21 May 2012
- Monday, 18 June 2012
- Friday, 21 September 2012
- Monday, 17 December 2012

RESOLUTION 12-02

**TO AUTHORIZE EXPENDITURES FROM THE INDUSTRIAL DEVELOPMENT FUND TO
SUPPORT AN ECONOMIC DEVELOPMENT PROJECT
(Cigital, 100 S. College Avenue)**

WHEREAS, in 2004, a Community Revitalization Enhancement District (“CRED”) was established pursuant to Indiana Code 36-7-13 in a portion of the City’s downtown, in which the portion of County Option Income Tax (“COIT”) and Indiana retail, use and income taxes generated within the CRED that exceeds a base amount is deposited by the State of Indiana (“State”) into the City’s Industrial Development Fund (“IDF”) for use by the City as provided in IC 36-7-13; and,

WHEREAS, Pursuant to IC 36-7-13-18, within the CRED, the City may establish goals or benchmarks concerning the development or redevelopment of property by a developer, and if that developer meets or exceeds the goals or benchmarks, the City may pay to the developer a specified fee from the IDF; and

WHEREAS, also pursuant to IC 36-7-13-18, a developer means a person that 1) proposes to enter into, or has entered into, a financing agreement with the City for the development or redevelopment of a facility located in the CRED; and (2) has entered into a separate agreement with some other person for the use or operation of the financed facility.

WHEREAS, Cigital (“Developer”), a 200- employee high-tech software company founded in 1992 in Dulles, Virginia, intends to locate a Cigital Assessment Center at 100 S. College Avenue within the Downtown CRED (“Facility”); and Cigital will enter into a separate lease agreement with a third-party for use of the facility; and,

WHEREAS, Developer intends to expand its high-tech business by 2014 through the addition of 25 new full-time jobs and additional new annual payroll of \$1,875,000 (“Project”), with no employee earning less than the City’s Living Wage pursuant to BMC 2.28; and,

WHEREAS, the Project will cause the following estimated costs to be incurred as a result of the expansion by the Developer (“Benchmarks”):

- Chase Bank Building Suites 200 and 210 Build-out \$5,000
- IT Infrastructure Improvements \$17,000
- Computer Hardware \$20,000
- Business Systems and other relocation \$10,000

WHEREAS, on February 22, 2012, the Bloomington Industrial Development Advisory Commission adopted its Resolution 12-01, recommending that the Common Council authorize the use of up to \$32,000 from the IDF to pay to the Developer upon completion of Benchmarks; and,

WHEREAS, an economic development financing agreement between the City and Developer will include terms for potential clawback of this payment based upon performance and compliance measurements through 2017;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. The Common Council hereby authorizes the payment of up to Thirty-two Thousand Dollars (\$32,000) from the IDF to Developer upon completion of the following estimated Benchmarks, which may be administratively adjusted from category to category as needed provided the limit of \$32,000 is maintained:

- a. Chase Bank Building Suites 200 and 210 Build-out \$5,000
- b. IT Infrastructure Improvements \$17,000
- c. Computer Hardware \$20,000
- d. Business Systems and other relocation \$10,000

SECTION 2. The Common Council hereby authorizes the City of Bloomington to enter into an economic development financing agreement with the Developer to include the terms and conditions of the payment and compliance.

SECTION 3. This resolution shall be effective from and after passage and execution by the Mayor.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2012.

TIM MAYER, President
Bloomington Common Council

SIGNED and APPROVED by me upon this _____ day of _____, 2012.

MARK KRUZAN, Mayor
City of Bloomington

ATTEST:

REGINA MOORE, Clerk
City of Bloomington

SYNOPSIS

In accordance with state law, this resolution authorizes payment of up to \$32,000 to be expended from the Industrial Development Fund (“IDF”) to Cigital (Developer) to assist with the high technology company’s expansion into the Downtown Community Revitalization Enhancement District (“CRED”). The resolution also authorizes the City to enter into an economic development financing agreement with the Developer to include the terms and conditions of the compliance and potential clawback of the one-time payment in the event of noncompliance.

**RESOLUTION 12-01
OF THE CITY OF BLOOMINGTON
INDUSTRIAL DEVELOPMENT ADVISORY COMMISSION**

**TO AUTHORIZE EXPENDITURES FROM THE INDUSTRIAL
DEVELOPMENT FUND TO SUPPORT AN ECONOMIC DEVELOPMENT
PROJECT (Cigital, 100 S. College Avenue)**

WHEREAS, in 2004, a Community Revitalization Enhancement District (“CRED”) was established pursuant to Indiana Code 36-7-13 in a portion of the City’s downtown, in which the portion of County Option Income Tax (“COIT”) and Indiana retail, use and income taxes generated within the CRED that exceeds a base amount is deposited by the State of Indiana (“State”) into the City’s Industrial Development Fund (“IDF”) for use by the City as provided in IC 36-7-13; and,

WHEREAS, Pursuant to IC 36-7-13-18, within the CRED, the City may establish goals or benchmarks concerning the development or redevelopment of property by a developer, and if that developer meets or exceeds the goals or benchmarks, the City may pay to the developer a specified fee from the IDF; and

WHEREAS, also pursuant to IC 36-7-13-18, a developer means a person that 1) proposes to enter into, or has entered into, a financing agreement with the City for the development or redevelopment of a facility located in the CRED; and (2) has entered into a separate agreement with some other person for the use or operation of the financed facility.

WHEREAS, Cigital (“Developer”), a 200- employee high-tech software company founded in 1992 in Dulles, Virginia, intends to locate a Cigital Assessment Center at 100 S. College Avenue within the Downtown CRED (“Facility”); and Cigital will enter into a separate lease agreement with a third-party for use of the facility; and,

WHEREAS, Developer intends to expand its high-tech business by 2014 through the addition of 25 new full-time jobs and additional new annual payroll of \$1,875,000 (“Project”), with no employee earning less than the City’s Living Wage pursuant to BMC 2.28; and,

WHEREAS, the Project will cause the following estimated costs to be incurred as a result of the expansion by the Developer (“Benchmarks”):

- Chase Bank Building Suites 200 and 210 Build-out \$5,000
- IT Infrastructure Improvements \$17,000
- Computer Hardware \$20,000
- Business Systems and other relocation \$10,000; and

WHEREAS, the City wishes to use \$32,000 from the IDF to pay to the Developer upon completion of Benchmarks; and,

WHEREAS, an economic development financing agreement between the City and Developer will include terms for potential clawback of this payment based upon performance and compliance measurements through 2017;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BLOOMINGTON INDUSTRIAL DEVELOPMENT ADVISORY COMMISSION THAT:

SECTION 1. The Commission hereby recommends to the Common Council that it:

1. Authorize the payment of up to Thirty-two Thousand Dollars (\$32,000) from the IDF to Developer upon completion of the following estimated Benchmarks, which may be administratively adjusted from category to category as needed provided the limit of \$32,000 is maintained:
 - a. Chase Bank Building Suites 200 and 210 Build-out \$5,000
 - b. IT Infrastructure Improvements \$17,000
 - c. Computer Hardware \$20,000
 - d. Business Systems and other relocation \$10,000

2. Authorize the City of Bloomington to enter into an economic development financing agreement with the Developer to include the terms and conditions of the payment and compliance.

Approved this 22 day of February, 2012.

BLOOMINGTON INDUSTRIAL DEVELOPMENT ADVISORY COMMISSION

| | Yay | Signature Nay | Abstain/Absent |
|---------------------|---------------------------|------------------|---------------------------------|
| Danise Alano-Martin | <u><i>[Signature]</i></u> | _____ | _____ |
| Pamela Chapman | <u><i>[Signature]</i></u> | _____ | _____ |
| Rhonda Hinds | <u><i>[Signature]</i></u> | _____ | _____ |
| Roger Kent | <u><i>[Signature]</i></u> | _____ | _____ |
| Don Moore | <u><i>[Signature]</i></u> | _____ | _____ |
| Joyce Poling | <u><i>[Signature]</i></u> | _____ | _____ |
| Richard Rampley | <u><i>[Signature]</i></u> | _____ | _____ |
| Chris Smith | <u><i>[Signature]</i></u> | _____ | _____ |
| Sen. Vi Simpson | _____ | _____ | <u>X</u> ^{not} present |
| Total: | <u>8 - 0</u> | _____ | _____ |



CITY OF BLOOMINGTON
economic & sustainable development

MEMORANDUM

To: City of Bloomington Common Council
CC: Margie Rice, Susan Failey, Dan Sherman
From: Danise Alano-Martin, Adam Wason
Date: Monday, February 20, 2012
Re: Resolution 12-02 to Authorize Use of Industrial Development Funds to Support an Economic Development Project

Industrial Development Fund

A Community Revitalization Enhancement District (CRED) is tax allocation area established under Indiana Code 36-7-13. In a CRED, the portion of County Option Income Tax (COIT) and Indiana retail, use and income taxes generated within the District that exceeds a set base amount is deposited by the State of Indiana into the municipality's Industrial Development Fund (IDF) for use by the unit.

A CRED provides opportunities for the use of certain special economic development tools, including state tax credits for qualified investors in the District, bonding ability and use of the IDF funds by the unit in innovative ways to encourage economic development. Pursuant to Indiana Code 36-7-13-18, the City is able to enter into economic development financing agreements with developers of projects within the CRED, allocating to them a payment of a specified sum from the IDF upon attainment of goals or benchmarks on the site, as approved by the BIDAC and Common Council. The City of Bloomington has used these "benchmark agreements," for projects in its CREDs.

The City Council adopted Resolution 03-26 authorizing the Administration's application to the state to designate the Downtown CRED. After some revisions to the map boundaries, the State Budget Agency approved the designation of the Downtown CRED in 2004. Therefore, 2004 serves as the baseline for payroll and sales/use taxes in the district. Annual increments above that baseline are deposited into the City's IDF for reinvestment in the district under statutory guidelines. As of February 17, 2012, the balance of the Downtown IDF is \$5,349,265.82.

The Bloomington Industrial Development Advisory Commission (BIDAC) makes recommendations to the Common Council regarding expenditures from the City of Bloomington's IDF.

Cigital

Cigital is a 200-employee, high technology company founded in 1992 in Dulles, Virginia. Based on the concept of interjecting software security activities called Touchpoints at various points along the software development lifecycle (SDLC), Cigital consultants identify security assurance gaps, introduce processes to improve the way software is built, and develop specific methods for reducing cost and risk. Cigital then designs and implements a custom software security strategy specific to client requirements.

Cigital offers a variety of client services including Consulting Services, Training Programs and Managed Services in areas ranging from Application Penetration Testing, Secure Code Review and Static Analysis to Mobile Security and Information Security Policies among many others.

The Project – Downtown CRED

Cigital’s current presence includes offices in Dulles, New York, London, Amsterdam and Santa Clara (Silicon Valley - CA). Cigital seeks to add Bloomington to this roster by creating a Cigital Assessment Center here, to conduct remote software security related assessments for a growing list of Fortune 250 clients including Bank of America, JP Morgan-Chase, Citigroup and others.

At its proposed location in the Downtown CRED at 100 S. College Avenue, Cigital plans to add 25 new jobs with yearly wages averaging \$75,000 by 2014 for a total of \$1.875 million in annual payroll. Cigital projects even further employment growth beyond 2014. According to calculations provided by the Bloomington Economic Development Corporation, Cigital’s expansion to Bloomington is projected to generate millions more in new economic activity over the next two years, due to new personal direct income as well as induced and indirect employment and expenditures.

Recommendation: Resolution 12-02

The Office of the Mayor and the Department of Economic & Sustainable Development propose economic development assistance for this project. The expansion of Cigital to Bloomington will add new job opportunities in our growing high technology sector, heightening the attractiveness of Bloomington for a knowledge-based workforce. The company will target recruits from Indiana University, a strong measure against the undesirable “brain drain.”

We propose the utilization of funds from the Industrial Development Fund as a “specified fee” as allowed by Indiana Code to reimburse Cigital for costs associated with capital and other investments they will make as the company redevelops its facilities. This assistance will add to Cigital’s capacity to make their own business investments in Bloomington, and will facilitate the company’s growth beyond 2014. Cigital further expects to double its workforce in Bloomington between 2014 and 2017.

Among its costs for creation of the new facility to meet its security, technology and personnel needs, Cigital has proposed benchmark expenditures of \$52,000 to be considered for partial reimbursement:

- Chase Bank Building Suites 200 and 210 Build-out \$5,000
- IT Infrastructure Improvements \$17,000
- Computer Hardware \$20,000
- Business Systems and other Relocation \$10,000

BIDAC adopted its resolution 12-01 on February 22, 2012, recommending to the Common Council authorization to pay Cigital \$32,000 from existing funds in the IDF, upon completion of these benchmarks, and to offset costs of this downtown investment.

Economic Development Financing Agreement

In addition to approval by the Commission and the City Council, the payment of these funds to Cigital will be conditioned upon the company’s commitment to retain its location within the Downtown CRED or else within the City’s downtown Certified Technology Park until at least 2017. This commitment will be recorded via the Economic Development Financing Agreement between the City and Cigital.

In addition, the City will require annual compliance reporting related to the creation and retention of employment by Cigital and compliance with the City’s Living Wage Ordinance.

The Agreement will contain clawback provisions, meaning that should Cigital be found in noncompliance with the Agreement’s defined performance measurements, then Cigital could be required to repay all or part of the \$32,000 of assistance.

Summary

The Administration greatly appreciates the support of the Common Council in supporting this resolution and their authorization to use the economic development funds in the IDF to help bring these new technology jobs to Bloomington. Should Common Council give final approval to this resolution, the City and Cigital will subsequently enter into the Economic Development Financing Agreement.

