

## *Summary of Minutes*

**BLOOMINGTON INDUSTRIAL DEVELOPMENT ADVISORY COMMISSION MEETING WAS HELD ON WEDNESDAY, JANUARY 11, 2017 AT 8A.M. IN THE MCCLOSKEY CONFERENCE ROOM OF CITY HALL AT SHOWERS, 401 NORTH MORTON STREET, BLOOMINGTON, INDIANA**

### **Call to Order**

The meeting of the BIDAC was called to order by Alex Crowley at 8:02am.

### **Roll Call**

Members present: Cindy Kinnarney, Anne Bono, Bruce Calloway, Joyce Poling

Members absent: Richard Rampley

Staff present: Alex Crowley (Director, ESD), Jeff Underwood (City Controller), Thomas Cameron (City Legal), Jason Carnes (ESD), Laurel Waters (ESD)

Guests: Susie Johnson, Envisage Technologies and David Haberle, Envisage Technologies

### **Approval of Minutes – January 4, 2017**

Bruce made a motion to approve the minutes from January 4, 2017. Joyce seconded the motion. The motion passed unanimously.

### **Resolution 17-01 – To authorize Expenditures from the Industrial Development Fund to Support an Economic Development Project**

Alex summarized the Resolution which is for Envisage. This Resolution focuses entirely on the Downtown CRED. The current balance of the Downtown CRED is \$8,307,301.49. The Downtown CRED was established as a baseline year of 2003. The CRED will expire June 30, 2022.

Alex explained Envisage is a company in Bloomington which is focused on serving the first responder universe and helping them with training needs and preparedness. Alex invited Envisage to address the Board with their products and background.

David Haberle, stated he is CFO, of Envisage, and Susie does facilities management, as well as other jobs within the company. Mr. Haberle has been with Envisage since 2002. The company was founded in 2001. Envisage moved downtown in 2009 with a similar incentive package, and employed approximately 38 employees. Since that time the company has grown to 74 employees in Bloomington, 76 total. Envisage's product solution is a traditional product solution. It was designed as a corporate enterprise level system that basically enhanced the training academy automation such that law enforcement training academies could better manage their training facilities, as well as keep officer records in tack. The best thing about the Arcades

product is that it provides legal and defensible records so that every officer on the street is almost guaranteed of having all the training that they need to legally be able to carry a gun, drive a car, those kinds of things. The company started as a consulting company in 2001, converted to a software company in 2006, and then developed later into more of a software service business model. Mr. Haberle listed some of their clients. He added that they started a new product line two years ago. This is more a learning management system that allows law enforcement professionals to download law enforcement training to meet their training needs. This product is called First Forward, and has been launched for a year. The development staff of the company has been built out, the focus for growth in the next four or five years will be more a customer service oriented organization.

Cindy asked if the improvements being contemplated is to build out the customer service space. David Haberle stated yes, but mainly the construction will allow the core of the company to fit into 14,000 square instead of 9,500 square feet. It will form the nucleus for the whole organization; currently management is scattered all over the place. This plan will bring everyone into the same space, and connect the space. Also, new space will need to be added to bring on the 80 employees proposed. This will get us three or so years down the road and then the Tech Park could be an option.

Susie added currently there is 12,000 square feet which supports 74 employees. The new space under lease with CFC is close to 1800 square feet. When the remodel begins over 6,000 square feet will be combined to make new space. Currently, staff is spread out across several floors. Envisage works an agile type of work environment where communication with every part of the team is extremely important. There are only four private offices for 74 people, which gives an idea how open an environment the space is. This project will allow the space to continue to grow. Envisage will continue to work with CFC should other space become available in the west part of Fountain Square Mall. Envisage has worked with the space available, but CFC never contemplated when the Mall was remodeled in the 1980's that it would house a company the size of Envisage. Susie explained some of the remodeling that will take place and challenges that the current configuration cause.

The projected cost of the renovations is \$350,000. David added this amount includes equipment for the new employees for a cost of \$25,000 in hardware, and \$25,000 in software.

Alex addressed the Board stating that from the City's perspective, and why staff is recommending that the Board consider the use of CRED, Envisage is exactly the type of company Bloomington would like to retain and help grow, with the mix of technology and non-technology jobs. They will be able to touch a number of different demographics in terms of labor. Staff is pleased to have the opportunity to bring this before the Board for consideration. Alex added the Resolution presented proposes using the Downtown CRED fund from the existing balance to fund \$350,000. The procedure would be for Envisage to incur the costs and then submit receipts to be reimbursed by the CRED fund. As part of that staff recognize Envisage's existing base, and want to recognize their projected growth. The Memorandum of Agreement has set out a few requirements that must be met. Those are meeting the City of Bloomington Living Wage Ordinance, if Envisage were to leave the CRED then the agreement would need to be revisited. Jeff explained this is because the revenue is coming from this

specific area and must benefit the CRED. A timeline has yet to be worked out. Alex reported Envisage has put together in terms of future growth, an average of 16 jobs a year for a total of 80 jobs total over the next five years. The City would propose that they not necessarily be held exactly to the letter because of business cycles being what they are, but would be anchored to some portion of this.

Joyce asked about the timeline and when questions that have yet to be answered will be settled. Thomas stated the MOU is finalized after City Council, and part of the reason is not to spend Envisage's time or staff time if the City Council decides they are not interested. Thomas explained the way these agreements have worked in the past we deem whatever that number is as substantial compliance and then if 5% short of that substantial compliance number then there is a 5% repayment. He added the City's thoughts at this point is pegging the job growth at 50 percent of their target, which would be 40 jobs.

Alex added the State is stepping up to help Envisage as well. Their incentive, which seems to be going up since the memo was drafted, is the State will be supporting Envisage as well by using EDGE credits which are very strategically focused on job growth. Because they are so focused on growth, the City is thinking about a focus on retention.

Anne asked about Envisage's timeline for getting started if this gets approved. Susie stated they have been working with CFC over the last few month to get drawings put together. Those drawings are out for bid and bids are due back today. The work will not start until they have completed the City's process. The bids will be reviewed and then awarding the bid contingent upon final approval with the City. Envisage would like to start the work immediately, as the need is immediate. Susie would hope construction would be complete by summer.

Anne stated the way the Resolution is written, technically, they could move out of that space next year as long as they stayed in the Downtown CRED. Susie responded that she has spent the last year trying to find a place where they could move, and the COO is adamant about staying in the downtown, and there is nowhere to move to in the downtown area.

Bruce asked if this the Resolution is approved today will it go to Council tomorrow evening. Alex explained the timeline. It would go before the Council on the 25<sup>th</sup>, then if it goes through there would be a second reading on February 1<sup>st</sup>.

Cindy asked if the performance criteria outlined are consistent with any performance criteria associated with the EDGE credits. Alex explained the EDGE credits are driven by job growth. What the City is doing is slightly different. In this case, the City is using the current balance and there is a bit more flexibility on how the City will want to peg them to performance, and this is where the agreement can vary from the total amount of potential job growth.

Jeff added there will be other requirements as well, such as, current on all their taxes, staying current on taxes, any reports required by Federal or State they have to certify.

Cindy added she wanted to make sure if the ultimate is 50% of their target and EDGE is requiring them to be at 80% of their target, probably we need to be somewhat consistent.

Jeff added because this is the construction piece there is a bit more flexibility in what will be required. Typically, the minimum would be to show the receipts that show you reached the \$350,000, but we've gone a little bit further in that we are going to also tie it to employment, but not to the full extent because we aren't doing that for future revenue.

David added in terms of the flexibility, it is never the case that all 16 people will show up on January 1<sup>st</sup>. The way the business is, it is a very long lead time. Its quite possible to work with a training academy for as long as two or three years before there is a contract with them. We are tied by the Governments internal processes. To have the flexibility is helpful. The EDGE credits with the State are over a 10 year period in terms of reimbursement.

Joyce asked if they had trouble getting employees. David stated it depends on what kind of position. The higher end technical positions, some come from the area, but probably 2/3 come from outside the area. The customer service/technical support type functions, Envisage has been pretty good at finding local people that have some elements of experience with their needs, and then training can be provided in a very efficient manner to get them to where they need to be.

Bruce asked how many were currently in that role. David stated in terms of developers 20 to 22 people, and probably another 30 to 35 people in quality assurance/technical/customer care areas. David added this is a growing part of the company.

Alex stated the City's recommendation is to consider approval, staff looks at it strategically at a very high level from the perspective of what Bloomington's future will be, as well as future wage and job growth will be anchored in large part on technology companies and on vibrant local companies that are growing. The City is very interested and focused on cultivating our existing base of customers and making them successful. This is one way to help make them successful. Staff would ask that the Board to consider this.

Joyce made a motion to approve Resolution 17-01. Cindy seconded the motion. Vote was taken. With one vacancy the motion was unanimously approved.

Meeting adjourned.