

**Minutes of the Meeting of the Economic Development Committee of Council
Held in the Caucus Room of the Municipal Building
On Monday, August 10, 2020
6:00 P.M.**

The Chairman, Ward 3 Councilman Tony Moore, called the meeting to order.

Committee Members Present:

Chairman, Ward 3 Councilman Tony Moore

Ward 1 Councilman Bob Butkowski; Councilwoman-at-Large Tammy Holtzmeier

Others in Attendance:

Clerk of Council Barbara Brooks; Ward 2 Councilman Dennis McBride; Law Director John Gasior; Council President Brian Fischer; Mayor Bryan Jensen; Ward 4 Councilman Scott Radcliffe; Councilman-at-Large Craig Witherspoon; Planning and Economic Development Coordinator Pam Fechter; Finance Director Bill Logan; Kevin Martin, Reporter, Morning Journal; Dylan Reynolds, Reporter, Chronicle; Gabrielle Christman, Hunter International, Scott Christman, Hunter International

Discussion of Tax Incentives for Hunter International

Ms. Fechter stated that we have been talking with Hunter International for awhile now. They are currently located on Colorado Avenue and are wanting to develop property on Chester Road. They have been doing really well in the City for several years. They currently have 18 employees and are looking to expand that footprint. They would like to do that here in the City on the property that they own on Chester Road.

Ms. Christman thanked the Mayor for the opportunity to share about Hunter and a problem that they are hoping to solve in partnership with the City of Avon. She stated that she was going to cover some information about Hunter International - where they started, their journey at the office space they are in now, their commitment to diversity, their awards and recognitions, their citizenship and community outreach, the future of Hunter International, their development plans for 37779 Chester Road, and the economic impact.

Ms. Christman said she thought it was important to know that through her career and education she has had several incredible experiences around STEM (science, technology, engineering, and math). She studied pre-med and then started working at the Cleveland Clinic Foundation in research before moving to Eli Lilly and Company. In 2006, she started Hunter International with the idea that you could have both speed and accuracy in scientific and technical staffing. There was a dichotomy previous to that, that if you were fast in placing candidates, your quality was bad and if you were really good and really accurate it would take you a month or two months to find a candidate for that tough opening. Hunter really defies that and that was the beginning of their brand. What has always held true is their mission statement and their core values. Their mission is to connect clients with the best and brightest talent in their industry. They provide

leading organizations nation-wide with recruiting solutions that insure an efficient and timely hiring process. In addition they seek to understand job seekers, their skills, and their accomplishments in forging a career path that will enable them to reach their own personal and professional goals. Their core values are harmony, integrity, respect, and excellence and these guide every decision they make as an organization and their direction for sustainable growth.

Ms. Christman said that currently Hunter is operating in 21 states in the U.S., in temporary and direct labor. 85% of the time at Hunter they will get a call from a client saying that they have a large project and need a group of engineers or scientists for about 36 months and they want Hunter to find and employ these people and help to retain and engage them along the way. So that is what Hunter does 85% of the time; the rest is professional and executive placement. Currently they have 342 employees across 21 states. So definitely their core is their major clients with national capabilities and locations so that they can service them across the country but they also have done a great job of reaching out to the smaller business owners in the community and helping them with placements.

Ms. Christman stated that In July of 2012, they started the building renovation on Colorado Avenue. When they opened up the office, there were 4 of them there and now there are 20 in the office on Colorado but with COVID, they are rotating into the office two days a week just to make sure they have enough space to work safely.

Ms. Christman said that Hunter is a little bit different in that, primarily the people they hire to be recruiters are scientists or engineers who really understand that technical knowledge. They will bring them in and teach them recruiting. Because of their backgrounds, these people can establish credibility in the field and also with job seekers. And this is primarily the type of hiring that they would be doing at the Chester Road property.

Ms. Christman said, in regard to their commitment to diversity, she is 100% owner of Hunter International and Hunter has been certified since 2009 by a third party national body that is called the Women's Business Enterprise National Council. The criteria to get certified is a year in business and recognition by the SBA Woman Owned Small Business. She then pointed out a chart showing the workforce diversity of Hunter. She is very proud to report that over 35% of their workforce is from an ethnic minority and 48% is female. Hunter took a pledge two years ago with Paridigm for Parity, an organization that is trying to get corporations to take a pledge to have gender parity in management roles or above by 2030. They have been very blessed to have been in the position they are as a woman-owned business operating nationally and so she has been recognized by the Women's Business Council but she has spent most of her time the last four years giving back to other women business owners. So she serves as advisor to the steering committee of the Ohio River Valley Region which oversees all women-owned businesses in Ohio, KY, and PA and represents over 3,000 women business owners in that 3-state area of the Ohio River Valley. She also sits on the national forum for WBENC which meets twice a year in DC to really guide and curate the programming for women business owners across the country.

Ms. Christman noted some of Hunter's awards and recognition: in 2017 they were honored with the Women's Business Advocate of the year award and named by BASF as a keystone partner. In 2018 and 2019, they were really proud of their B2B award, which is awarded to an organization that spends the most in their supply chain and procurement with other diverse or minority business owners. They track all of their spending and make sure that there is a female or minority business in every RFP or procurement opportunity they have and so in their Ohio River Valley region, they have the highest spend with diverse and minority business. They hope to be awarded that honor again in 2020. And then in 2019 and 2020, they were awarded "Best Workplace in Ohio" by Ohio Business Magazine and this fall, they will be awarded the 2020 "Progressive Organization Award" by Smart Business.

Ms. Christman said that In 2017, she co-founded Spark as a non-profit to give back to girls in STEM, to engage with STEM and to learn more about STEM and to date, Spark has impacted over 750 girls to dream big and pursue careers in STEM. They targeted Lorain City schools and also the Cleveland Metropolitan School District so all the girls that they are targeting are girls from underserved, underprivileged communities who show an interest in STEM and STEM education. They also do a lot of work as an organization with STEM Goes Red for Girls, in partnership with Go Red for Women with the American Heart Association. She has been on a steering committee for the American Heart Association STEM Goes Red for Girls for the past 3 years. Each year STEM goes Red for Girls impacts girls in the area to learn more about heart health and making healthy, nutritious choices and also about exploring and experimenting with science, technology, engineering, and math.

Ms. Christman stated that Hunter has also done work locally with the Lorain County CRF. Each year they adopt a family locally and do a drive to be able to give back to a family in our area. They have done a lot with the Friendship Animal Protective League of Lorain County and are excited to continue to partner with them and make donations to their incredible organization. And then there are other organizations they support as well in the community such as Youth Challenge, and Pink Ribbon Driven, which is to engage and promote awareness for breast cancer research. They have a lot of local partnerships, especially with college students, and have done a lot to help 2020 grads prepare their resumes and know how to tackle their first interviews for full-time positions. They help students land internships and co-ops that are interesting and aligned with their field of study and so they have done work with BW, John Carroll, and other universities locally.

Ms. Christman said that more to her personal involvement in the community, she grew up on the west side of Cleveland, went to Magnificat High School, and currently sits on the Board of Magnificat High School, is a CYO coach at St. Joe's in Avon Lake, is part of the Female Entrepreneur Summit, and part of presenting for the Women's Internal Nordson Network. She is also proud that Hunter is a member of Key4Women through Key Bank and has had a long-standing partnership with Key Bank.

Ms. Christman said, and that brings us to why they are here. They are a healthy, growing company and have struck a strategic plan called "Vision 2025", which she displayed on the screen.

She said that the area that she wants to focus on is goal number 4, which is upgrading their facilities. They have done a great job of transforming the building on Colorado and maximizing the space but the problem is that they do not have any more space. The goal with upgrading the facilities is to align the project scope to meet Hunter's needs of the present and also of the future as they continue to grow and develop their internal team. They want to evaluate and expand the space to support long-term growth and then to deliver a destination campus that has opportunities for their employees to have amenities that they do not have at Colorado Avenue.

Ms. Christman stated that they purchased the property at 37779 Chester Road in December of 2012, and hope that it will be the future home of Hunter International. They have done a lot of work to that property already to get ready to hopefully break ground on the project. Ms. Christman displayed the Phase 1 development plan that was completed in partnership with Bramhall Engineering and showed some pictures of the front building elevations, prepared by Star Builders, so they are working with two local companies. Their plans are broken down into 3 phases: Phase 1 is the plan that she showed with 21,000 sq. ft. as the footprint for the office space on two floors and approximately 100 parking spaces. Phase 2 would be a second building with two floors and that would be 30,000 sq. ft., and would add an additional 69 parking spaces. Phase 3, if they get to that point, is to purchase the adjacent property of 10 acres for further growth.

Ms. Christman said that the project investment for Phase 1 is a land value of \$1 million dollars, a number that they got to through their partners at Key Bank, the projected construction cost of \$3.5 million and \$500,000 for projected machinery and equipment costs, for a total investment of \$5 million dollars. Currently, there are 18 on-site, full-time jobs, with a \$1.42 million dollar payroll. They need the new building before they can hire more employees; they are definitely maxed out now. Ms. Christman then pointed out the job creation forecast which shows the new, permanent full-time employee jobs to be created on-site and shows growth for the next 12 months, 24 months, and 36 months.

Ms. Christman concluded by noting the current state of Hunter International in terms of economic impact and economic health at a time when a lot of companies are really struggling with growth or even keeping their doors open. Hunter currently has 472 job openings that their company is working on across 21 states. In any one week, if she took a snapshot of their onboarding spread sheet which shows moving STEM professionals into new roles across the country, there are probably 35 on there today, so every week they are onboarding and hiring individuals that will then be deployed to work.

Ms. Christman said that is everything that she has to present tonight and certainly would welcome any questions or any requests for clarification on anything that she has covered.

Mayor Jensen stated that this is not the typical kind of thing where someone would come before us for abatement. If you take our typical request for an abatement, this probably does not qualify for what we give abatement for but if you look at what Ms. Christman is doing in the business world, you cannot help but get excited and ask if there is something that the City can do that may

be different for what Hunter International brings to us. When you look at what Ms. Christman has done with SPARK and the many things that we would all be excited to have as part of our community, it is different and needs to be looked at differently. Some form of abatement or some form of a package we could do for them would be different but how do you get better than the company that she has built in terms of diversity and what it could bring to the students of Avon and bring to surrounding communities? He asked Council to keep an open mind and give Ms. Fechter and himself an opportunity to try to come up with ways of what we can offer that maybe we just do not do typically, and maybe come up with ideas themselves. Also, Hunter has a great building still on Colorado Avenue and we did not even talk about the possibilities of back filling a building like that. Again, how do we help Avon businesses to encourage them to stay here but also, too, to consider what a business brings to our community and surrounding communities.

Mr. Moore asked if Ms. Christman had a rough idea of the number of employees Hunter would have in that first phase building and Ms. Christman responded that they were hoping that they could have close to 100 employees in that building, and then Phase 2 would give them more flexibility to grow. She said that they are currently starting a business called STEM Hunter which is going to be in the job board industry so they are hoping that Phase 2 will give them the flexibility as STEM Hunter grows, to move into that space.

Mr. Radcliffe asked Ms. Christman for clarification. He knows that she has the employees here, but she said something about 342 employees. So do they work for her and she basically “leases them out” to her customers? Ms. Christman said that they are full-time W-2 employees of Hunter. About 25% of their staff has doctor’s level degrees or above so Hunter has done a lot to retain them to come back and go on long-term consulting projects with Hunter. In 2017, they started a profit-sharing plan so as they continue to grow and develop, they are giving back to their consultants that have been with them. Mr. Radcliffe said, so you are retaining and keeping that knowledge and you might use them for 3 years here on a certain project and then you might have a similar project come up after that and you will send that same group out. Ms. Christman said, yes, exactly. Mr. Radcliffe asked how much of this plan has changed with what we hear is changing in the work environment now where larger companies that are industrial-based or engineering-based are having employees work from home. How does that affect how she is going to manage and retain these employees?

Ms. Christman said, yes, a lot of engineers are working from home so their work force, because they are so specialized, all could move and work from home because it seems like the larger corporations are really moving to this work from home model until at least the beginning of 2021. And then they will slowly get back to work and it is still fluid that you do not know what work is going to look like. They have built a large building where they have the flexibility to move the inside by partitions, etc. For their team at Colorado Avenue right now, they collaborate and they would not have been able to go home and work as effectively as they did in the office, so everyone was anxious to get back. And a fair percentage of their employees are millennials and they want that interaction in the building and that is why building this campus destination is really

important to use to attract people to come to Hunter and build a career that otherwise would be part of the brain drain from NE Ohio.

Mr. Radcliffe asked Ms. Christman if she saw those people being able to work from this new building if a company that hired say, 20 employees did not want to put them on their own site; could they come and work in her building here instead of being at their home office? Ms. Christman said they definitely could.

Mr. McBride noted that the prediction for job creation on-site was for adding 4 full-time employees a year for the next 3 years and to him the salaries seemed low. Ms. Christman responded, yes, they were told by Jobs Ohio to give the most conservative estimate so this is the information that they provided to Jobs Ohio and she wanted to be consistent in not changing any of the numbers. She added that the numbers do not include bonus incentive and recruiting is definitely an industry where bonus incentive is part of that total reward and that is not included in the cost numbers in the projections.

Mr. Butkowski said that he appreciated the presentation but he did not see what Hunter International was asking of the City. Ms. Christman responded that the request is a tax abatement and similar to what Mayor Jensen was asking of Council, to be creative in it. She said that she realized that their payroll is not there yet because she does not have the stake to get it there yet. Ideally Hunter would want a 75% 10-year tax abatement but they are not Bendix and they are not there yet, but she hopes they get there and she has spent the last 14-1/2 years putting them in a position that they can be there. This building will give them the ability to get to that place and still own their property and build a beautiful campus destination. She was thinking even to reverse-engineer something because they are not there yet so say 50% up until a point and then you move to 75% because now we have 50-75-100 employees and now we are building Phase 2, and so she was hoping that we could get creative, that they could put something here. But really they are at a point that all things being equal, they are also looking at spaces in Westlake that are for sale or for rent. There are some beautiful spaces available that are similar in interior to something that they would want to build. So they are at a point where they need to make a decision. They have put about \$40,000 into the property on Chester Road to get it to the point to be ready to develop and they are anxious to do that but also they are not going to make a decision that does not make sense for the business.

Mr. Butkowski stated, in regard to the Phase 1 building that is slated to be 21,000 sq. ft. with 32 employees over the next 3 years, that is an awfully large space. He asked if Ms. Christman would then rent out some of that space? Ms. Christman said, no, they want to be the sole occupant; they thought through that, but that is not what they do. They want to invest in their business; they do not want to be landlords. Their intention in building the Chester Road buildings is to fill them with people who hopefully will live and be in this community and be part of the Hunter International story.

Mr. Butkowski asked Ms. Christman what her vision is over the next 5 years if she were to build the 21,000 sq. ft. facility. Ms. Christman said that it will probably take them about 8 months so

until that point, she is stuck with 20 employees at Colorado Avenue until they have more space. So if in 8 months they are at that space, she would say that she could easily hire in groups of 10 every quarter. So she would hope that they could have 40 people there in the first year and fill up the space.

Mr. McBride asked how many square feet were in her current building and Ms. Christman answered that it is just under 4,000 sq. ft., but they cannot all be there right now so they are rotating through. They compete with publicly-traded recruiters which have branches but that is not their model. Their model is to have a destination where all the recruiters can work together, train together, and transfer knowledge and that benefits their customers.

Mr. Moore asked if everybody would go immediately to the new building or what would they do with the building on Colorado Avenue? Would people be working at home? Ms. Christman said that she thought that they would wait and see what the market predicts when they get to the point that they are moving. They own the Chester Road property so there is no rush to make a decision what to do. Ms. Fechter asked Ms. Christman how much she spent on renovating the Colorado Avenue building and Ms. Christman answered, about \$500,000.

Mayor Jensen stated that maybe the Committee could take a vote, just in terms of saying whether they would like to go forward with continuing the conversation and see if there is a way that we could come up with something that would be beneficial for both the City and Hunter International. If there is no interest, he does not think it is fair to let Hunter International stay on the line.

Mr. Moore said that he would be in favor of doing that and try to come up with an idea that would work for all parties. He would like to be able to help a local business, especially with the unique things that Hunter is doing.

Mr. Butkowski said that he thought that it would be good to continue the conversation. He thought that we are going to have to get creative and try and come up with something that would be good for the City and the schools, as well as for Hunter International. He can appreciate STEM, as his background is microbiology so he understands that world. He said that he loves the concept and what Hunter is doing.

Ms. Christman thanked the Committee for the opportunity

Mr. Moore stated that it was a great presentation and thanked them for coming in.

Mr. Moore adjourned the meeting at 6:45 P.M.

Transcribed by Gail Hayden, Assistant Clerk of Council