

Community Improvement Corporations “CIC’s” 101:

Fairborn Community
Improvement
Corporation dba
*Fairborn Development
Corporation “FDC”*

Terms Associated with Economic Development:

CIC: Community Improvement Corporation

FDC: Fairborn Development Corporation

dba: “Doing Business as...”

AOC: Ohio Auditor of State

ODFC: Ohio Development Finance Commission

Land Bank: Land held by a public or private organization for future development or disposal.

Two Types of CIC's

Both types of CIC's are quasi-governmental non-profit corporations authorized under ORC Chapter 1724 & organized under ORC Chapter 1702

- **Traditional CIC's are Economic Development Corporations.**
- **Newer CIC's can be organized as County Land Reutilization Corporations, commonly known as County Land Banks.**

Economic Development CIC's

- There are nearly 300 Economic Development CIC's today.
- CIC's can be created by individual counties, townships, or municipalities OR by multiple entities.
- When you hear someone talk about a CIC they generally mean an Economic Development CIC

Role of Government in Economic Development

1851

Ohio Constitution amended to restricting State & Local Governments to Lend Credit/ Become Stockholder in Private Corporations.

Ohio Constitution, Article VIII, Sections 4 and 6

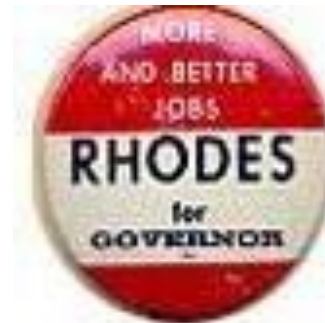
CLC authorized by legislation in 1961

Short History of CIC's

**CIC authorized by legislation in 1961 under
Governor DiSalle**

**Jim Rhodes beats Mike DiSalle in 1962 on a
“Jobs and Progress Platform”**

“Profit is not a dirty word in Ohio”



Short History of CIC's

1963

**Ohio Department of Development & Ohio
Development Finance Commission (ODFC)
Created by General Assembly**



**ODFC was State Entity to Issue Revenue Bonds
to Help Private Business & Industry**

Short History of CIC's

1964

- **Ohio Supreme Court** finds that the bonds issued by ODFC to assist business and industry violates Article 8, Section 4 of the Ohio Constitution.
- **Governor Rhodes** pleads for Constitutional Amendment so Ohio can compete with other States for development.



Kingsley Arter Taft

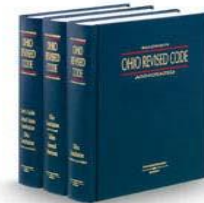
Chief Justice
1963-1970

Ohio Constitution Amended by Adding Article VIII, Section 13 to allow CIC's to carry out the following economic development activities:

- To create or preserve jobs and employment opportunities.
- To improve the economic welfare of the people of the state.
- To acquire, construct, enlarge, improve, or equip and to sell, lease, or exchange, or otherwise dispose of property, structures, equipment, and facilities within the State of Ohio for industry, commerce, distribution, and research.
- To make or guarantee loans and to borrow money and issue bonds or other obligations to provide monies for the acquisition, construction, enlargement, improvement, or equipment, of such property, structures, equipment and facilities.

Formation & Statutory Purpose of a CIC

A CIC is a non-profit corporation created and administered under ORC 1702 and 1724, for the following purposes:



“advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of a community or area” (ORC 1724.01(B)(1))

Must specify the territory of the CIC

Formation of a CIC

- File Articles of Incorporation with Secretary of State
- Must Designate a Statutory Agent, Location & Purpose
- Attorney General reviews and approves Articles of Incorporation
- Adopt Code of Regulations
- Governed by a Board of Directors & Officers



CIC Board of Directors

- Unlike Land Bank Board, CIC Board may have any number of members, provided:
- If the CIC is “a designated agency” for a county, township, or municipality then at least 40% must be elected or appointed officials of the political subdivision



FDC Board Membership

- A total of twelve (12) members;
- Five (5) persons who currently serve as elected or appointed officials of the City of Fairborn, and are appointed to the board by City Council;
- Seven (7) members shall be recruited and recommended by the Executive Committee and approved by a majority vote of the board. Members shall be recruited from business disciplines that support economic development and bring skills or expertise to bear on the success of the corporation. Any recruited members shall live in, work in, or otherwise support the economic growth of the City of Fairborn.

2024 FDC Board Members

Board:

- **Jeff Brock:** Board President, Executive Director-Gala of Hope; At-Large Member
- **Kevin DeWine:** Board Vice President, Partner-CBD Advisors; Resident/At-Large Member
- **Karen Huelsman:** Board Treasurer, Owner Innovative Auction, Resident/At-Large Member
- **Dan Kirkpatrick:** Mayor, Council ***Appointed;***
- **Mary Reaster:** City Council Member, Fairborn Resident; ***Council Appointed;***
- **Adam Fritsche:** City Council Member, Fairborn Resident; ***Council Appointed***
- **Joan Dautel:** Resident/At-Large Member;
- **Jamie Hensley:** Owner-Jamie's Goodyear, Resident/At-Large Member;
- **John Miller:** VP of Operations-Fairborn Cement Company; At-Large Member;
- **Eli Smith:** Board of Zoning Appeals, Fairborn Resident; ***Council Appointed;***
- **Open Seat:**
- **Open Seat:**

Board Staff:

- **Cherise Schell :** Executive Director, Economic Development Director;
- **Vacant:** Asst. Executive Director, Asst. ED Director;
- **Matt Halpin:** Downtown Revitalization;
- **Bev Myers:** Recording Secretary, Economic Development Department
- **Shannon Costello:** Legal Counsel, Coolidge Wall Co. LPA

CIC Powers

**Broad powers authorized under ORC Section 1724.02.
Most Important Include:**

- **Borrow money for any purpose of the CIC.**
- **Provide loans to individuals or businesses.**
- **Buy, lease, sell real or personal property.**
- **Acquire the good will, business rights, real or personal property, and assets of an individual or business.**
- **Charge fees to political subdivisions for services.**
- **Enter into contracts with federal, state and local governments**
- **Apply for and administer grants.**
- **Do all acts necessary or convenient to carry out statutory powers.**

Economic Development

Funding for CIC's

- County general funds
- County ED property tax levy
- Township general funds—only administrative costs—unanimous vote
- Municipal general funds
- Donations from Companies
- Membership Dues
- Grants
- Proceeds/fees from property sales
- Contracts for services



Designation of CIC's by Political Subdivisions

- One or more political subdivisions may designate a CIC as its agent by ordinance or resolution.
- Designated CIC's becomes the agent of the political subdivision for the “industrial, commercial, distribution, and research development.”
- After designation CIC and political subdivision(s) may enter into an agreement under ORC Section 1724.10.

Agreements Between CIC & Political Subdivisions

Preparation of Economic Development Plan for Industrial, Distribution, & Research Development & in Conformance with Plan:

- **Insure mortgage payments.**
- **Incur debt, mortgage property and issue obligations for the purpose of obtaining, constructing and improving buildings, properties and sites. Debt is not political subdivision debt.**
- **Promote and encourage growth in the political subdivision of industrial, commercial, distribution and research facilities.**



Agreements Between CIC & Political Subdivisions-Land Sale

CIC may **sell land** owned by political subdivisions for development without advertising & bidding

Sale can be at or below fair market value

Political subdivisions may **convey public property to a CIC** without advertising or bidding

Political subdivision must find transactions will promote welfare, stabilize the economy provide employment and assist in development of industrial, commercial, distribution & research facilities



CIC Transparency Requirements

- Must file **Annual Financial Report** with AOS.
- Subject to **Audits** by AOS
- Subject to **Sunshine Law & Public Records Law** with limited exceptions:
 - Financial and proprietary information, including trade secrets
 - Any other information submitted to the CIC in connection with the relocation, location, expansion improvement or preservation of a business is confidential until the entity commits in writing to proceed

OPEN
GOVERNMENT
DIRECTIVE

CIC's General

- Must generally comply with Ohio Ethics Law but no conflict for local government representatives on board—any questions related to this should be directed to Shannon Costello as our attorney.
- No eminent domain authority.
- Can only recommend tax abatements.
- Cannot levy taxes.
- Generally exempt from paying prevailing wages—check with Counsel as it relates to specific public projects.

FDC Highlights

- \$50,000 towards the extension of the Vectren natural gas line to the new Pepsi Distribution Facility.
- Sold the former Command Motel site to Tudor's Biscuit World.
- Funded several small business grants to encourage occupancy in the downtown area of Fairborn.
- Owner of the 'Spark' block from 305-313 W. Main Street (14 N. 3rd St.)
- Partnership with Fairborn Phoenix for the revitalization of the Fairborn Theater property.

Economic Development Corporations

- **Ohio Revised Code Chapter 1724:**
<http://codes.ohio.gov/orc/1724> .
- **County Commissioners Handbook**, Chapter 80: *Community Improvement Corporations and Industrial Development Bonds*
www.ccao.org . Click on Resources, County Commissioners Handbook, and finally, Chapter 80.





Questions?