



To: Members of Dublin City Council

From: Marsha I. Grigsby, City Manager *MLG*

Date: January 24, 2013

Initiated By: Dana L. McDaniel, Deputy City Manager/Director of Economic Development

Re: Resolution No. 02-13 – TechColumbus Agreement

Background

Attached is Resolution No. 02-13, authorizing the City Manager to enter into an Agreement with TechColumbus. This Agreement represents a continuation of services provided by TechColumbus focused on new company, technology and job creation in exchange for the City providing matching funds for the "TechStart" grant program. The State of Ohio's TechStart grant program is the primary funding mechanism to support this effort. TechColumbus is designated as the lead agency in the Central Ohio Region responsible for the administration of the TechStart grant program. This program is funded by a combination of the Ohio Third Frontier and local matching funds. Local matching funds are provided by participating local and county governments, higher institutions of learning, not-for-profit organizations and private companies and individuals. The City's 2013 Operating Budget included \$200,000 for its local match.

Business creation is one of several key economic development strategies employed by the City of Dublin. The centerpiece of this effort is the Dublin Entrepreneurial Center (DEC), its programs, associated activities and companies located in and interacting with the DEC, TechColumbus and the Small Business Development Center (SBDC). Businesses do not have to be located in the DEC to receive TechStart funding or access to programming. In fact, most Dublin companies receiving TechStart funds have not been located in the DEC. However, those located in and participating in programs at the DEC receive many services provided by TechColumbus. For the past several years, TechColumbus has provided City Council ongoing reports regarding their efforts in Dublin. Attached is a report by Mr. Rick Coplin of TechColumbus. Mr. Coplin is an employee of TechColumbus and maintains an office at the DEC. He is engaged in TechStart activities in and around Dublin as a result of the City's original Agreement with TechColumbus in 2007. He has worked very closely with Dublin staff in our Business Creation efforts.

The proposed agreement provides for the continuation of services by TechColumbus to include the following:

- Provide one experienced staff member with a significant focus on Dublin.
- Maintain an office/presence at the DEC at TechColumbus expense.
- Facilitate and promote networks among entrepreneurial/technology start-ups.
- Assess the potential and legitimacy of start-up companies/ideas.
- Market and communicate to promote services and funding.

- Provide assistance to compete for funding/capital (Tech Angel, VC, ESP funds & Small Business Loans).
- Provide access to “entrepreneur(s)-in-residence.”
- Provide access to entrepreneurial training.
- Provide and support training programs in Dublin.
- Generate “deal flow” as a result of the resources and activities listed above.

Recommendation

Staff recommends Council approve Resolution 02-13, authorizing the City Manager to execute the proposed Agreement with TechColumbus in order to receive services as described therein and to provide matching funds to TechColumbus in the amount of \$200,000 in 2013. Please address any questions to Dana McDaniel. TechColumbus staff will also be present at Council’s meeting to answer questions.

Through December 2012:

The City of Dublin has invested \$1,100,000 in the TechColumbus partnership.

Companies in Dublin have benefitted through:

TechColumbus Investments (TechGenesis, PreSeed, etc.)	\$4,688,714
Investment (OTAF, Side Cars and Other):	16,084,888
Other Grant or Debt Financing (Incl. IOLF):	6,189,167
Sales Revenues:	<u>8,334,512</u>
Total Inv/Debt/Rev:	\$35,297,281

Estimated tax revenues: \$272,692

(Based on job creation and payroll data at 2% income tax rate)

The Dublin TechColumbus partnership continues to produce results – **132 Dublin based companies** are currently engaged with or have received assistance through TechColumbus. Actively engaged companies currently represent 64 full time jobs with an average salary of \$34,927.75.

2012 Year to Date Highlights:

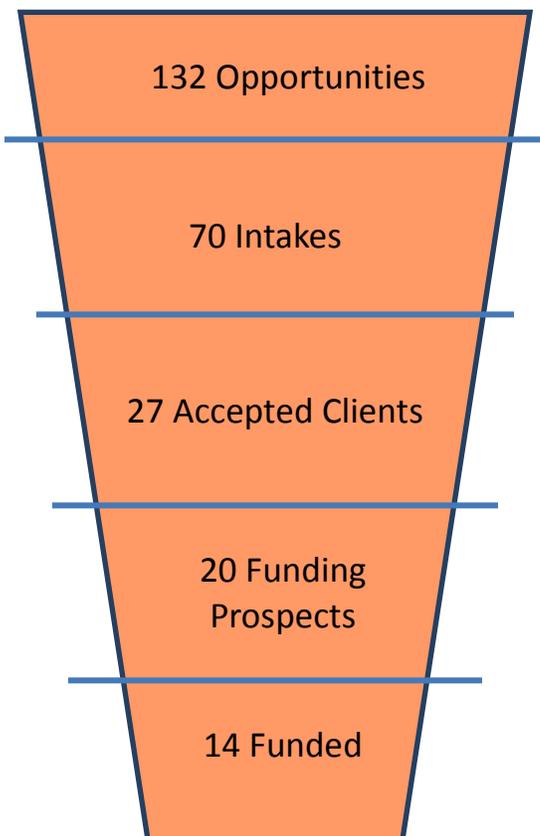
- The DEC has moved to the new facility at 565 Metro South, which houses The DEC, TechDEC, and the Dublin International Business Assistance Center. The DEC is now home to nearly 80 Dublin companies representing approximately 130 jobs.
- One Company (a DEC resident) utilized TechColumbus' Pre-Seed funding and has raised additional outside investment that has enabled it to make strategic hires, refine their product and increase sales efforts.
- Nine companies have attended TechStart Essentials, a 1½ day course designed to help entrepreneurs understand key components of starting and growing a technology company in Central Ohio. Companies receive guidance on teams, legal considerations, funding options etc. and are often referred to additional supportive resources.



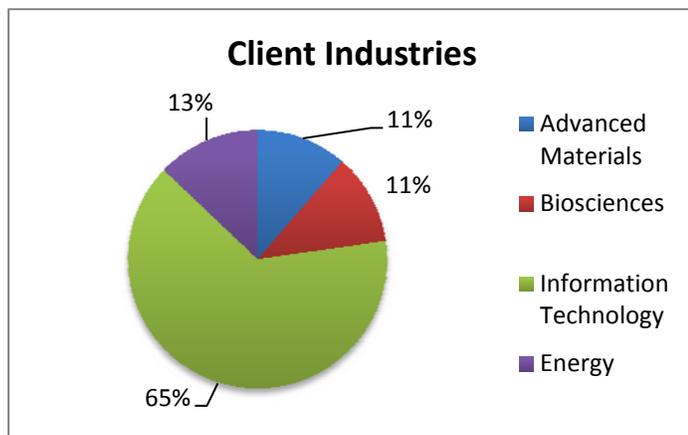
Appendix I: Deal Flow Summary – All Deal Flow Since 2006

Note: Only includes clients/opportunities with Dublin zip codes

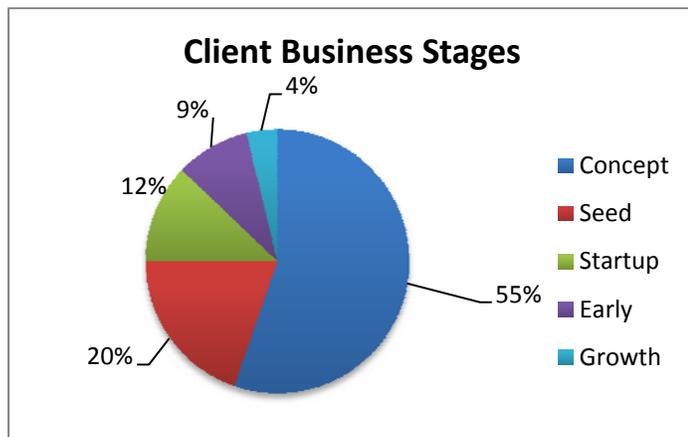
Activities in Period



Client Industries



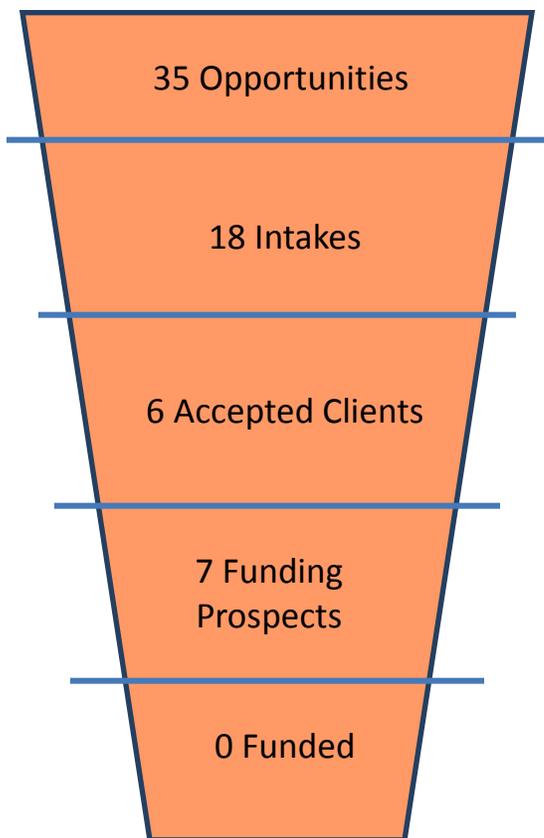
Client Business Stages



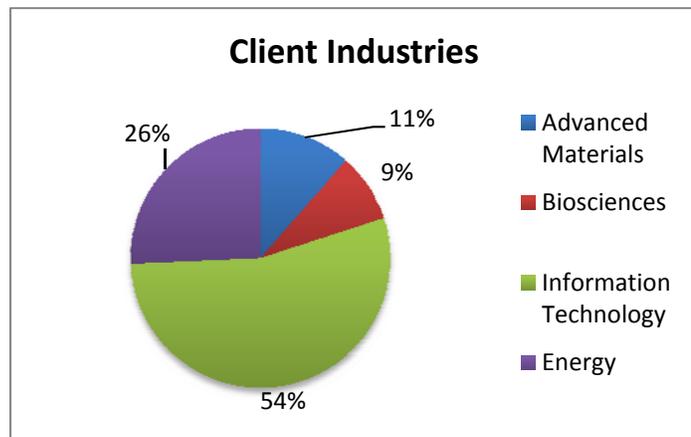
Appendix II: Deal Flow Summary – All Deal Flow Since July 1, 2011

Note: Only includes clients/opportunities with Dublin zip codes

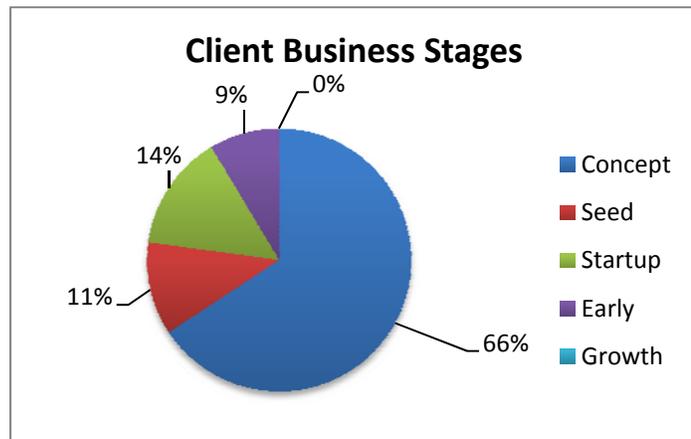
Activities in Period



Client Industries



Client Business Stages



RECORD OF RESOLUTIONS

Dayton Legal Blank, Inc., Form No. 30045

02-13

Resolution No. _____

Passed _____, 20____

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH TECHCOLUMBUS

WHEREAS, the City's dynamic local economy is the direct result of an entrepreneurial spirit; and

WHEREAS, the City recognizes that in addition to its efforts to retain, expand and attract business, the City must also set the conditions for new business, technology and job creation; and

WHEREAS, TechColumbus is the lead agency responsible for accelerating business growth, job creation and prosperity for the 15-county Central Ohio region with a focus on operating a regional technology business incubator, working with entrepreneurs and investors to develop and launch technology start-up companies, and growing young companies that will provide the jobs of the future; and

WHEREAS, the City and TechColumbus must facilitate entrepreneurship in order to increase the level of entrepreneurial activity and improve the chances of establishing successful technology enterprises by honing their skills and providing access to necessary tools, technical and financial resources, and by working proactively to enhance the local entrepreneurial environment; and

WHEREAS, it is the goal of both the City and TechColumbus to accelerate the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services in order to produce successful companies that will be financially viable, freestanding and create quality jobs for the region; and

WHEREAS, TechColumbus is designated as the lead agency in the Central Ohio region responsible for the administration of the TechStart program grant funding consisting of funds from the Ohio 3rd Frontier and local matching funds; and

WHEREAS, the City intends to continue its support of the regional effort to create new companies, technologies and jobs by providing \$200,000 in 2013 as matching funds for the TechStart program; and

WHEREAS, the City has previously supported the Entrepreneurial Signature Grant Program, the Regional Capitalization Program and TechStart program since 2007 in partnership with TechColumbus experiencing a nearly 17:1 return on investment in Dublin-based companies; and

WHEREAS, the City and TechColumbus desire to enter into an Agreement memorializing the responsibilities and commitments of each party to efficiently and effectively execute the TechStart program.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Dublin, State of Ohio, _____ of the elected members concurring:

Section 1. That City Council hereby authorizes the City Manager to execute the Agreement with TechColumbus, in the same or substantially the same form as attached hereto.

Section 2. That the City commits to a total of \$200,000 to be paid to TechColumbus in Fiscal Year 2013 as its local match towards the TechStart Program and in exchange for the services outlined in the Agreement to be executed by the City Manager.

RECORD OF RESOLUTIONS

Dayton Legal Blank, Inc., Form No. 30045

Resolution No. 02-13

Page 2 of 2
Passed _____, 20____

Section 3. That this Resolution shall take effect and be in force on the earliest date permitted by law.

Passed this _____ day of _____, 2013.

Mayor- Presiding Officer

ATTEST:

Clerk of Council

**Draft Agreement Between
City of Dublin, Ohio
and
TechColumbus**

This AGREEMENT (the “Agreement”) is made and entered into this _____ day of _____, 2013, by and between the CITY OF DUBLIN, OHIO (the “City”), a municipal corporation duly organized and validly existing under the Constitution and the laws of the State of Ohio (the “State”) and its Charter, and TechColumbus (“TechColumbus”) an Ohio not-for-profit Ohio corporation, under the circumstances summarized in the following recitals:

WHEREAS, the City’s dynamic local economy is the direct result of an entrepreneurial spirit; and

WHEREAS, the City recognizes that in addition to its efforts to retain, expand and attract business, the City must also set the conditions for new business and job creation; and

WHEREAS, TechColumbus is the lead agency responsible for accelerating business growth, job creation and prosperity for the 15 county Central Ohio region with a focus on operating a regional technology business incubator, working with entrepreneurs and investors to develop and launch technology start-up companies, and growing young companies that will provide the jobs of the future; and

WHEREAS, the City and TechColumbus must facilitate entrepreneurship in order to increase the level of entrepreneurial activity and improve the chances of establishing successful technology enterprises by honing their skills and providing access to necessary tools, technical and financial resources, and by working proactively to enhance the local entrepreneurial environment; and

WHEREAS, it is the goal of both the City and TechColumbus to accelerate the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services in order to produce successful companies that will be financially viable, freestanding and create quality jobs for the region; and

WHEREAS, TechColumbus is designated as the lead agency in the Central Ohio region responsible for the administration of the TechStart program grant funding consisting of funds from the Ohio 3rd Frontier and local matching funds; and

WHEREAS, the City intends to continue its support of the regional effort to create new companies, technologies and jobs by providing \$200,000 in 2013 as matching funds for the TechStart program; and

WHEREAS, the City has previously supported the Entrepreneurial Signature Grant Program, the Regional Capitalization Program and TechStart program since 2007 in partnership with TechColumbus experiencing a nearly 17:1 return on investment in Dublin-based companies; and

WHEREAS, the City and TechColumbus desire to enter into an Agreement memorializing the responsibilities and commitments of each party to efficiently and effectively execute the TechStart program.

NOW, therefore, the City and TechColumbus covenant agree and obligate themselves as follows:

- I. **Purpose.** The primary purpose of the program is to provide consistent, coordinated, effective and accessible assistance to technology entrepreneurs to catalyze the launch of new technology based businesses with an ultimate goal of creating high quality jobs in Central Ohio. The program will provide services to identify and mentor early stage organizations to create a sustainable technology based business cluster and a culture that provides future opportunities to thrive. Periodic program reviews will determine the amount and type of resources needed to achieve the agreed-upon goals. TechColumbus is required to remain flexible in the deployment of the resources across the entire 15 county region to insure that successful programs are funded based on the achievement of the desired metrics. TechColumbus will be required to report metrics to the State to justify future investments.

- II. **Services.** TechColumbus, as the manager of the TechStart program will, in a partnership with the City, provide the following services:
 - a. **Physical Presence.** TechColumbus will establish a physical presence in the Dublin Entrepreneurial Center (“DEC”) and provide a designated lead contact from the TechColumbus team who is responsible for coordinating TechColumbus services within the Dublin community. Tech Columbus will be responsible for the cost of its own office(s) and all related expenses in the DEC.

 - b. **Designated Lead’s responsibilities.** The designated lead will have responsibility for the following:
 - i. Provide Entrepreneurial development and outreach in Dublin and the counties of Delaware, Morrow, Marion, Logan and Union and will serve as TechColumbus’ “gateway” to the Northern and Western Central Ohio region.
 - ii. Identify prospective entrepreneurial start-up companies best suited for program and capital assistance with the assistance of the TechColumbus team
 - iii. Coordinate and communicate with both City Economic Development staff and its associated consulting team regarding Dublin-focused programming.
 - iv. Attend, at a minimum, a monthly staff and consultant meeting and semi-monthly DEC coordination meeting, unless otherwise determined by the parties.
 - v. Provide input to and when possible and appropriate provide resources in support of DEC programming, as determined by TechColumbus.

- vi. Maintain a Charter Membership in and participate on the Board of The International Entrepreneur (TIE-Ohio).
 - vii. Provide the City a *Quarterly Activity Report* summarizing the type and amount of activity in Dublin. The format and specifics of the content to be included in the report will be mutually agreed upon between the City and TechColumbus.
- c. **Deal flow.** TechColumbus and City will coordinate marketing, outreach and programming activities to stimulate deal flow. TechColumbus agrees to provide and/or support, as mutually agreed upon, entrepreneurial training (i.e. workshops, guest speakers and/or seminars by TechColumbus), leveraging off existing events/organizations when possible, to ensure program awareness and engage/entice potential entrepreneurs. TechColumbus agrees to invite the City and the City agrees to participate in the Deal Flow Assessment Committee (DFAC).
- d. **Coaching and mentoring.** TechColumbus will provide promising entrepreneurial companies and individuals access to their experienced and successful team of mentors, including entrepreneurs-in-residence, technology commercialization specialists, and startup coaches in order to create high-return commercialization ventures and/or ideas to market. TechColumbus also agrees to assist in the City's collaboration with area schools, colleges/ universities, public agencies and Cities to promote entrepreneurship and technology to students of all ages. The goal is to invest long term in our youth to promote technology, entrepreneurship and potentially workforce development.
- e. **Access to capital.** Through its coaching and mentoring services, which are the entry point to all TechColumbus/TechStart funding sources, the City and regional companies will have local access to:
- i. Proof of Concept Fund: Equity investments to assist capital efficient companies with market entry and to validate early tech ideas based on intellectual property (IP), validate IP, build prototypes, complete marketing studies, etc for the most promising opportunities.
 - ii. Pre-Seed Fund: Seed stage convertible debt funding for the most promising opportunities. With each investment, TechColumbus will assist the company to reach the goals of growth and follow-on, institutional or angel funding.
 - iii. Ohio TechAngel Funds: local angel funds managed by TechColumbus which make equity investments in Ohio tech startups.
 - iv. TechColumbus and SBDC expertise and access to SBA loan opportunities for small businesses.
- f. **Acknowledgement.** TechColumbus agrees to acknowledge the City in its sponsorship opportunities, website and other opportunities as a TechStart Partner.

- g. **TechStart contribution.** The City agrees to pay to TechColumbus \$200,000 in matching funds in 2013. Payments to TechColumbus will be made in four equal installments of \$50,000 each. The first payment will be made within 30 days of the execution of this Agreement. The remaining payments will be aligned with the calendar year quarter with remaining three payments being made no later than April 15, 2013, July 15, 2013 and October 15, 2013. The City reserves the right to audit this program by its own means or by a third party hired by the City at the City's expense and at a time(s) determined by the City for the purpose of auditing the use of the City and State provided funds.

III. **Miscellaneous.**

- a. **Notices.** Except as otherwise specifically set forth in this Agreement, all notices, demands, requests, consents or approvals given, required or permitted to be given hereunder shall be in writing and shall be deemed sufficiently given if actually received or if hand-delivered or sent by recognized, overnight delivery service or by certified mail, postage prepaid and return receipt requested, addressed to the other party at the address set forth in this Agreement or any addendum to or counterpart of this Agreement, or to such other address as the recipient shall have previously notified the sender of in writing, and shall be deemed received upon actual receipt, unless sent by certified mail, in which event such notice shall be deemed to have been received when the return receipt is signed or refused. For purposes of this agreement, notices shall be addressed to:
 - i. the City at: City of Dublin, Economic Development
5800 Shier Rings Road
Dublin, Ohio 43016-7295
 - ii. TechColumbus at: TechColumbus, Mr. Tom Walker
1275 Kinnear Road
Columbus, Ohio 43212

The parties, by notice given hereunder, may designate any further or different addresses to which subsequent notices; certificates, requests or other communications shall be sent.

- b. **Extent of Provisions; No Personal Liability.** All rights, remedies, representations, warranties, covenants, agreements and obligations of the City under this Agreement shall be effective to the extent authorized and permitted by applicable law. No representation, warranty, covenant, agreement, obligation or stipulation contained in this Agreement shall be deemed to constitute a representation, warranty, covenant, agreement, obligation or stipulation of any present or future trustee, member, officer, agent or employee of the City or TechColumbus in other than his or her official capacity. No official executing or approving the City's or TechColumbus' participation in this Agreement shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of the issuance thereof.

- c. **Most Favorite Nation.** The City shall be afforded the same opportunity to use ESP Grant dollars in the same manner TechColumbus may allow grant dollars to be used in other communities provided such use is not covered elsewhere or otherwise permitted or governed by this Agreement.
- d. **Successors.** This Agreement shall be binding upon and inure to the benefit of TechColumbus and its successors and assigns.
- e. **Recitals.** The City and TechColumbus acknowledge and agree that the facts and circumstances as described in the Recitals hereto are in an integral part of this Agreement and as such are incorporated herein by reference.
- f. **Amendments.** This Agreement may only be amended by written instrument executed by the City and TechColumbus.
- g. **Executed Counterparts.** This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same agreement. It shall not be necessary in proving this Agreement to produce or account for more than one of those counterparts.
- h. **Severability.** In case any section or provision of this Agreement, or any covenant, agreement, obligation or action, or part thereof, made, assumed, entered into or taken, or any application thereof, is held to be illegal or invalid for any reason, that illegality or invalidity shall not affect the remainder hereof or thereof, any other section or provision hereof, or any other covenant, agreement, obligation or action, or part thereof, made, assumed, entered into or taken, all of which shall be construed and enforced as if the illegal or invalid portion were not contained herein or therein. The illegality or invalidity of any application hereof or thereof shall not affect any legal and valid application hereof or thereof, and each section, provision, covenant, agreement, obligation or action, or part thereof, shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent permitted by law.
- i. **Termination and extension.** The City or TechColumbus may terminate this Agreement with at least 60 days prior written notice. Should the City terminate, it will pay in full its obligation for the period prior to termination. Should the City terminate its participation it does not forfeit Dublin-based companies' ability to continue to access TechColumbus services and/or grant dollars and they shall be given equal access as companies in other communities which provided no matching dollars. The City understands that should it terminate prior to the end of its one year commitment and not pay the full \$200,000, the State of Ohio may reduce the overall amount of Ohio 3rd Frontier grant dollars it makes available to the 15 county service area unless other sources of match are identified. Should TechColumbus terminate and provide proper notice to the City, TechColumbus will provide those services to the City as prescribed herein for the period of time for which the City has paid its installments.

- j. **Captions.** The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Agreement.
- k. **Governing Law and Choice of Forum.** This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio or applicable federal law. All claims, counterclaims, disputes and other matters in question between the City, its agents and employees, and TechColumbus, its employees and agents, arising out of or relating to this Agreement or its breach will be decided in a court of competent jurisdiction within Franklin, County, Ohio.
- l. **Survival of Representation and Warranties.** All representations and warranties of TechColumbus and the City in this Agreement shall survive the execution and delivery of this Agreement.
- m. **Indemnification.** TechColumbus agrees to indemnify, protect, defend and hold harmless the City and its elected officials, officers, employees, agents and volunteers from and against any claims, costs (including reasonable attorney's fees and court costs), expenses, damages, liabilities, obligations, losses or judgments to the extent arising out of , or in connection with, any claim, demand or action made, if such claims, costs, expenses, damages, liabilities, obligations, losses or judgments are directly or indirectly related to TechColumbus' furnishing or failing to furnish services as required herein.

Remainder of Page Intentionally Left Blank

IN WITNESS WHEREOF, the City and TechColumbus have caused this Agreement to be executed in their respective names by their duly authorized representatives, all as of the date first written above.

CITY OF DUBLIN, OHIO

By: _____

Printed: Marsha I. Grigsby

Title: City Manager

Approved as to Form:

By: _____

Printed: Stephen J. Smith

Title: Director of Law

TECHCOLUMBUS

By: _____

Printed: Tom Walker

Title: President & CEO

CERTIFICATION OF FUNDS

I hereby certify that the funds required to meet the City's obligation, payment, or expenditure under this Agreement have been lawfully appropriated or authorized for such purpose and are free from any obligation now outstanding.

Angel L. Mumma
Director of Finance

Date