

25 Aug 2016

The following is the stated opinion of Councilman Don Prince regarding the use of taxpayer dollars to incentivize private business in Mason:

I want to speak to this issue to be clear and on the record as opposing what we have done and are doing with this vote.

Approximately seven years ago, Council voted to subsidize this same business with a \$400,000 "loan" of taxpayer money. A loan that would be "forgiven" when certain conditions (successful business results) were met. These included increased employment, payroll and therefore earnings taxes paid to the city, as well as other creative mechanisms. This loan was to allow the businessman to purchase and renovate an office building that his company would partially use while the remainder could be rented to other businesses. This was approved by council and I was the lone dissenting vote.

A few months ago, we were again approached by the same businessman who proposed a similar but larger "deal" to the city. A different building, and this time he would need \$1,000,000.00 of taxpayer money for his project. The financial benefits to the city from the first deal were touted as reason to support the second. Similar success criteria were included in that proposal that would "forgive the loan". There was more reluctance by council this time, some wanting more time to consider it, but a sense of urgency was brought to bear implying that "the deal would fall through if it could not be approved at that time". Ultimately, it was approved that night, again with me being the only no vote. But now, here we are again being asked to make further concessions to that agreement "in order to close the deal".

I argued and voted against both of these deals, not because they were bad financial deals for the city, but bad deals for the Mason taxpayers, because it is inappropriate use of their money. This last time my opinions were assumed by some to be the result of me needing to do the bidding of the "Tea Party".

To be clear, I'm doing anyone's bidding, I'm not even a Tea Party member. I'm simply a conservative, and as such I believe in keeping taxes low and using the tax money we do take from people, properly and wisely. I recognize that taxpayers will have less to spend or invest themselves because of what we take. It is arrogant on our part to think we should invest their money as we see fit, to benefit other private citizens, and that they ought to be pleased because the city made money on the deal. We simply should not be supporting private business with monies collected in taxes from our citizens. This council action selects winners and losers by creating an un-level playing field, supporting those of our choosing while not supporting others. In other words, it is crony capitalism, elected officials spending other people's money to help individuals of their choosing become successful.

There are legitimate reasons to tax our citizens; Public Safety, Roads, Sewers, Water Supply, and even Parks. These are the reasons people pay their taxes. Not so that council has sufficient funds to give away as we see fit.

This is, in my opinion, a misuse of taxpayer funds, and even though it may incentivize companies to stay and grow in Mason, it has a downside. In addition to creating the un-level playing field, it also makes it more difficult to lower taxes on our residents, all of whom would appreciate tax relief. Less money in the hands of the consumers is bad for the economy. We should be about lowering taxes whenever possible, and allowing everyone to keep more of their hard earned money.

I would prefer to incentivize companies by lowering their tax burden and that of their employees, or by streamlining and reducing the cost of the permitting process rather than just handing them money that others have paid to us in taxes. We should not be perceived as a financial institution that provides 0% loans for certain companies.

I ask each of my colleagues to consider these thoughts as you cast your vote.

These are my opinions and perspective regarding this practice and do not reflect the views of the rest of council.

Don Prince

First, let me acknowledge my disappointment that this letter is required. It was reluctantly written in response to an unfortunate opinion letter submitted by councilman Don Prince, accompanied by the insistence it be included in the permanent record.

I personally asked Mr. Prince to retract his letter due to inaccurate and offensive content, but that did not happen. To my knowledge, this is the first time a Mason City Council person has submitted this type of protest letter into the minutes following a vote. Normally, a "No" vote is sufficient to register one's disapproval of a measure.

Since being elected mayor in December 2015, one of my primary goals has been to foster a culture of cooperation, consideration, mutual respect and transparency. Dissenting voices have been welcomed, contending positions have been courteously considered and opposition has been respected. In a healthy political environment (if that's not an oxymoron) an issue is debated, a vote is taken and those who do not prevail agree to disagree, and we move on to the next issue. We all find ourselves on the losing end of a vote from time to time and decorum requires a dignified acquiescence.

Many years ago the City of Mason adopted an economic development strategy ultimately resulting in Mason being rated 7th best city in America by Money Magazine. This ED strategy has been overwhelmingly celebrated by thoughtful residents, the business community as well as local, county and state officials. In the past sixteen years council has approved 30 ED incentive packages with near unanimous support. In fact, the only council person to vote "No" on an ED incentive package in the past 16 years is councilman Prince. And his "No" votes were exclusively on incentives for one company: Top Gun.

In his letter referencing our most recent incentive package, Mr. Prince writes, "*this council action creates an un-level playing field*" for our corporate citizens. He then goes further to accuse council of "*crony capitalism*" and "*unfair practices*".

Let me assure the public, this is absolutely not the case. The implicated city council members, our city manager, our ED staff and our legal team are people of integrity committed to doing what we sincerely believe is in the best interest of our community.

Collectively we are thoughtful and fair minded as we consider each ED package. Citizens may be absolutely confident that the economic incentive to which the dissenting council member objects, was vetted by our city manager, our ED staff, our legal team, the ED committee and city council with the same objectivity as every other package. It was approved on it's merits alone. If anything, this particular package was studied and considered with an increased level of scrutiny.

Mr. Prince's letter incorrectly asserts there was not time to consider the terms of this most recent incentive package. However, there were several months between when the package was first introduced to council and when the vote was taken, during which considerable negotiation occurred between city staff, legal council and the recipient company. As with most decisions, there are legitimate factors requiring a point at which deliberations must cease and a vote taken. We engaged in tough negotiations right up until the deadline, which was determined by the bank, not the City or the company in question. Moreover, those tough negotiations forced a forty five day extension of the deadline. To accuse anyone in the process of placing abrupt pressure on council to vote is an unfair and inaccurate characterization.

The letter falsely accuses council of selecting winners and losers by creating an "*un-level playing field*". The truth, however, is our highly respected economic development department, (which is widely recognized as one of the best in Ohio) in conjunction with our city manager, vets companies before they are introduced to the political process. Council does not chose which companies will be considered for incentive packages. Our ED staff takes the initiative based on long standing enthusiastic council support for an aggressive ED philosophy.

Council votes on ED packages on a case by case basis as they are presented to us by our professional experienced staff. Council studies the details, engages in objective disputation and dialogue then arrives at a decision. Let me emphasize, these incentive packages are initiated by staff then brought to council for consideration. Council decides on whether or not we agree with the terms and if not, what elements we would like changed. In this particular instance, council actually reduced some of the incentives recommended by staff.

So in effect, the accusation of "crony capitalism" besmirches the character of the the architects of the initial incentive package which are the economic development director, city manager and law director, neither of which consulted council prior to laying the groundwork for this proposal.

Mr. Prince's letter asserts, "*This in my opinion is a misuse of taxpayer funds, and even though it may incentivize companies to stay,...it also makes it more difficult to lower taxes.*" The letter concedes the obvious; our policy incentivizes companies to stay in Mason. Who would believe it helps taxpayers when companies leave Mason? There are thousands of cities that would love to lure companies away from Mason with the exact type of incentives Mason uses for retention.

Recruiting and retaining companies is the key to keeping taxes low in Mason. It is a quantifiable fact that our ED strategy has resulted in one of the lowest earnings tax rates in Ohio, particularly when our city services and amenities are among the very best in America (See attached).

No one enjoys paying taxes, but the best residents can hope for is that government will make wise use of their tax dollars, which is precisely how to keep taxes low. Every progressive city worth its salt is trying to do exactly what Mason has done so effectively. Our ED department consistently uses a conservative approach by targeting a 1-3 year ROI on incentives and on occasion will push it to a 5 year ROI.

Those who continue to inexplicably insist that economic incentives are a bad deal for our residents need to look at the facts. Mason is a prime example of how operating the government like a business is beneficial to the entire community. Mason has been operating with the same philosophy for over twenty years and enjoys strong financial health, top rated schools, enviable amenities, Moody's AAA rating, low crime, excellent city services, international recognition as one of the most livable cities in the United States, only a 1.12% earnings tax and declining property tax.

Critics prefer city council to operate more like a government than a business. Let's review how that approach has worked for the US federal government, which every sane mind recognizes is the epitome of how "government" operates: 19.4 trillion in debt, 503 billion deficit, downgraded credit rating, education ranking 17th among the 34 OECD countries (right on par with the Slovak Republic), dangerously decaying infrastructure, appalling waste

and escalating taxes. Which philosophy would you prefer your council to adopt?

I have attached the voting records of council members on ED incentive packages since 2009. Mr. Prince voted "yes" on every package placed before him except the Top Gun incentives. Ironically, Mr. Prince's voting record represents the only indication of inconsistency or bias from any staff member or council person. The rest of us have been consistent in our support of an aggressive ED strategy.

Criticism is unpleasant, yet helpful when accurate. But inaccurate criticism destroys trust, credibility and respect for the source. Again, I regret the necessity of this response, but it is important for the public to have a complete and accurate understanding of city policies.

Respectfully submitted,
Victor L. Kidd

Mason has the 5th lowest Income Tax Rate

City	Tax Rate	City	Tax Rate
Akron	2.25%	Mason	1.12%
Alliance	2.00%	Massillon	1.80%
Ashland	1.50%	Mayfield Heights	1.00%
Ashtabula	1.80%	Medina	1.25%
Athens	1.65%	Mentor	2.00%
Avon	1.75%	Miamisburg	2.25%
Avon Lake	1.50%	Middletown	1.75%
Barberton	2.25%	Newark	1.75%
Berea	2.00%	Niles	1.50%
Bowling Green	2.00%	North Olmsted	2.00%
Broadview Heights	2.00%	North Ridgeville	1.00%
Brook Park	2.00%	North Royalton	2.00%
Brunswick	1.85%	Norwood	2.00%
Canton	2.00%	Oregon	2.25%
Centerville	1.75%	Oxford	2.00%
Chillicothe	1.60%	Painesville	2.00%
Cincinnati	2.10%	Parma	2.50%
Cleveland	2.00%	Parma Heights	3.00%
Cleveland Heights	2.00%	Pemysburg	1.50%
Columbus	2.50%	Pickerington	1.00%
Cuyahoga Falls	2.00%	Piqua	2.00%
Dayton	2.25%	Portsmouth	2.00%
Delaware	1.85%	Reynoldsburg	1.50%
Dublin	2.00%	Riverside	1.50%
Eastlake	2.00%	Rocky River	2.00%
Elyria	1.75%	Sandusky	1.25%
Euclid	2.85%	Shaker Heights	2.25%
Fairborn	1.50%	Sidney	1.75%
Fairfield	1.50%	Solon	2.00%
Findlay	1.00%	South Euclid	2.00%
Forest Park	1.50%	Springfield	2.00%
Gahanna	1.50%	Steubenville	2.00%
Garfield Heights	2.00%	Stow	2.00%
Green	2.00%	Strongsville	2.00%
Grove City	2.00%	Sylvania	1.50%
Hamilton	2.00%	Toledo	2.25%
Hilliard	2.00%	Trotwood	2.25%
Huber Heights	2.25%	Troy	1.75%
Hudson	2.00%	Twinsburg	2.00%
Kent	2.25%	Upper Arlington	2.50%
Kettering	2.25%	Wadsworth	1.40%
Lakewood	1.50%	Warren	2.00%
Lancaster	1.75%	Westerville	2.00%
Lebanon	1.00%	Westlake	1.50%
Lima	1.50%	Willoughby	2.00%
Lorain	2.50%	Wooster	1.50%
Mansfield	2.00%	Xenia	2.25%
Maple Heights	2.50%	Youngstown	2.75%
Marion	2.00%	Zanesville	1.80%
Marysville	1.50%		

Meeting Date	Description	Vote	Council in attendance
2/13/2006	Skilled Care Pharmacy	7 - 0	V.Kidd, S. Osborne, T. Bradburn, M. Kline, T. Wurzbacher, T.Grossmann, C. Pelfrey
11/17/2009	Spear, Inc.	7 - 0	C. Shimrock, D. Prince, T. Bradburn, D. Nichols, M. Gilb, P. Beck, T. Grossmann
10/24/2011	AssureX	7 - 0	M. Gilb, C. Shimrock, R. Cox, T. Bradburn, C. Pelfrey, D. Nichols, D. Prince <i>CRA approved</i>
11/28/2011	Intelligrated	7 - 0	M. Gilb, C. Shimrock, R. Cox, T. Bradburn, C. Pelfrey, D. Nichols, D. Prince <i>CRA also approved</i>
1/9/2012	Seapine Software	6 - 0	B. Spaeth, T. Grossmann, C. Pelfrey, D. Prince, D. Nichols, V. Kidd (R. Cox absent) <i>Motion to waive the City's first right of refusal and CRA approved</i>
2/27/2012	Top Gun Sales Performance	6 - 1	V. Kidd, B. Spaeth, R. Cox, T. Grossmann, C. Pelfrey, D. Nichols voted YEA, D. Prince voted NAY to adopt & motion to adopt after 1st reading
3/18/2013	Festo	6 - 0	V. Kidd, B. Spaeth, T. Grossmann, C. Pelfrey, D. Nichols, D. Prince (R. Cox absent) <i>CRA & Community Wellness & Workforce Recruitment Incentive approved</i>
4/28/2014	AtriCure	6 - 0	V. Kidd, B. Spaeth, R. Cox, T. Grossmann, D. Prince, D. Nichols (C. Pelfrey absent) <i>CRA approved</i>
3/23/2015	Intelligrated #2	7 - 0	V. Kidd, B. Spaeth, R. Cox, J. Fox, C. Pelfrey, D. Prince, D. Nichols <i>CRA approved</i>
2/9/2015	Masters Pharmaceutical	7 - 0	V. Kidd, B. Spaeth, R. Cox, J. Fox, C. Pelfrey, D. Prince, D. Nichols
2/9/2015	MEAA - Mitsubishi	7 - 0	V. Kidd, B. Spaeth, R. Cox, J. Fox, C. Pelfrey, D. Prince, D. Nichols <i>CRA approved</i>
3/23/2015	P&G	7 - 0	V. Kidd, B. Spaeth, R. Cox, J. Fox, C. Pelfrey, D. Prince, D. Nichols
6/20/2015	Top Gun Sales Performance - VGC Triangle, LLC	6 - 1	D. Nelson, B. Spaeth, A. Chance, K. Grossmann, C. Pelfrey, V. Kidd voted YEA, D. Prince voted NAY
6/20/2015	Top Gun Sales Performance - Tech Resource Center	6 - 1	D. Nelson, B. Spaeth, A. Chance, K. Grossmann, C. Pelfrey, V. Kidd voted YEA, D. Prince voted NAY

Council Actions on Economic Incentives: Mason Port Authority Incentive Loan Agreements, Economic Participation Agreements and Community Reinvestment Area (CRA) Tax Abatement

Date	Company	Type of Incentive (Key)	Description - (Please summarize action in this column)	Company Investment Amount by Million	City Incentive Loan Amount	CRA Term/Yr	Jobs Retained/New	Payroll by Million	Vote	Action Notations
2/13/2006	Skilled Care Pharmacy	MPA	Approving & Authorizing the Execution of a Loan - Agreement with Skilled Care Pharmacy	\$ 9.4	\$ 400,000		240	\$	8.5 7-0	Ord. 2006-13
5/22/2006	Prasco	CRA	By Motion Approving a CRA	\$ 28.8	N/A	10	270	\$ 18.6	6-0	T. Bradburn absent
1/22/2007	Sinclair Community College	CRA	By Motion Approving a CRA	\$ 9.9	N/A	7	0/92	\$ 1.0	6-0-1	T. Wurzbacher abstain
7/16/2007	Crane Fencing to Pioneer Cladding	CRA	By Motion Approving a CRA	\$ 13.1	N/A	8	100/160	\$ 4.8	7-0	Crane Fencing/Key Notes - 7/16/2007 Minutes
7/16/2007	Touchstone Merchandise Group	CRA	By Motion Approving a CRA	\$ 3.3	N/A	5	44/70	\$ 2.90	7-0	
8/27/2007	Stress Engineering Incorporated	CRA	By Motion Approving a CRA	\$ 4.2	N/A	10	31/63	\$ 3.4	7-0	
10/22/2007	Basco Shower Door #3	CRA	By Motion Approving a CRA	\$ 3.8	N/A	7	150/210	\$ 27,500,000	6-0	S. Osborne absent
2/25/2008	American Business Personnel Services	CRA	By Motion Approving a CRA	\$ 4.0	N/A	4	203/27	\$ 1.5	7-0	
7/14/2008	Fulitec North Amer Corp. HQ #2	CRA	By Motion Approving a CRA	\$ 2.0	N/A	10	109/115	\$ 2.4	6-0-1	T. Grossman abstain
5/18/2009	Norfolk	CRA	By Motion Approving a CRA	\$ 8.4	N/A	10	52/45	\$ 2.4	7-0	Incentive grant agreement (Reidinger Lakewood Commerce Park)
7/13/2009	Rhinestahl #1	CRA	By Motion Approving a CRA	\$ 3.6	N/A	6	80/150	\$ 6.2	7-0	
8/17/2009	Spear, Inc.	MPA	Approving & Authorizing the Execution of a Loan - Agreement with Spear Health, Inc. By Motion Approving a CRA	\$ 7.0	\$ 50,000		108/138	\$ 2.15	7-0	Ord. 2009-87
10/24/2011	Asurex	MPA; CRA	Approving & Authorizing the Execution of a Loan - Agreement with Assurelix Health, Inc. By Motion Approving a CRA	\$ 1.4	\$ 100,000	15	30/90	\$ 7.2	7-0	Ord. 2011-96 (amending CRA #3), Ord. 2011-97 (MIPA funds), CRA approved
10/24/2011	TI Health	CRA	By Motion Approving a CRA	\$ 5.8	N/A	15	47	\$ 2.50		
11/16/2011	Rhinestahl #2	CRA	By Motion Approving a CRA	\$ 2.5	N/A	15	85/155	\$ 12.75	7-0	Community Wellness & Employee Recruitment Incentive
11/28/2011	Intelligent Expansion	MPA; CRA	Approving & Authorizing the Execution of a Loan - Agreement with Intelligent; By Motion Approving a CRA	\$ 10.0	\$ 300,000	15	200/400	\$ 28.0	7-0	Ord. 2011-110 CRA also approved
1/9/2012	Seapine Software	MPA; CRA	Approving & Authorizing the Execution of a Loan - Agreement with Seapine Software; By Motion Approving a CRA	\$ 5.5	\$			\$	6-1	R. Cox absent. Ord. 2012-1. Motion to waive the City's first right of refusal and CRA approved
2/27/2012	Top Gun Sales Performance	MPA; MBA; TRCA	Approving & Authorizing the Execution of a Loan - Agreement with Seapine Software; By Motion Approving a CRA	\$ 7.0	\$ 100,000	15	100/140	\$ 11.0	6-0	
10/8/2012	Empire	CRA	By Motion Approving a CRA	\$ 13.0	N/A	15	200	\$ 5.0	7-0	
3/18/2013	Festo	MPA; CRA	Approving & Authorizing the Execution of a Loan - Agreement with Festo; By Motion Approving a CRA	\$ 17.8	\$ 500,000	15	250	\$ 10.3	6-0	R. Cox absent. Ord. 2012-1. Motion to waive the City's first right of refusal and CRA approved
9/6/2013	Pioneer Cladding Retrofit	CRA	By Motion Approving a CRA	\$ 4.0	N/A	10	63/113	\$ 6.3	7-0	
4/28/2014	Atr/Cure	EPA; MPA; CRA	Approving & Authorizing the Execution of a Loan - Agreement with Atr/Cure; By Motion Approving a CRA	\$ 11.5	\$ 340,000	10	220	\$ 12.7	6-0	C. Palfrey absent. CRA approved
2/9/2015	Masters Pharmaceutical	MPA; CRA	Approving & Authorizing the Execution of a Loan - Agreement with Masters Pharmaceutical; By Motion Approving a CRA	\$ 15.0	\$ 100,000	15	219/319	\$ 8.2	7-0	
2/9/2015	MEAA - Mitsubishi 15	MPA; CRA	Approving & Authorizing the Execution of a Loan - Agreement with Mitsubishi Electric Automotive America; By Motion Approving a CRA	\$ 80.0	\$ 100,000	15	558/695	\$ 4.4	7-0	CRA approved
3/23/2015	Intelligent Expansion	MPA; CRA	Approving & Authorizing the Execution of a Loan - Agreement with Intelligent; By Motion Approving a CRA	\$ 12.0	\$ 400,000	15	590/628	\$ 16.6	7-0	CRA approved
3/23/2015	P&G	EPA, CRA, TIF, MPA	Authorizing the City Manager to Execute an Economic Participation Agreement and Authorizing Certain Economic Development Incentives	\$ 350.0	\$ 420,000,000	15	18,000/19,350	\$ 160.0	7-0	
6/20/2016	Top Gun Sales Performance - VGC Triangle, LLC	EPA	Authorizing the City Manager to enter into an Economic Participation Agreement for Strategic Real Estate Acquisition with VGC Triangle, LLC			0			6-1	D. Prince voted NAY
6/20/2016	Top Gun Sales Performance - Tech Resource Center	TRA	Authorizing an Addendum to the Technical Resource Center Recruitment Agreement with Top Gun Sales Performance, Inc. and Authorizing the City Manager to Provide that additional funds be made available			0			6-1	D. Prince voted NAY