

# MEMO

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*To:* The Hon. Ray McFall, Mayor, and Council of the Village of Boston Heights OH  
*From:* William J. Hinkle  
*Date:* 8 July 2004  
*Re:* Tax Incentive Review Council -- 2004 Meeting  
*Summary:* Recommendation to CONTINUE agreement

In advance of the official minutes of the 2004 TIRC meeting, here are my notes:

The Tax Incentive Review Council for the Village of Boston Heights met on 8 July 2004, at the Twinsburg Township Hall. The Village was represented by Mayor RayMcFall and William Hinkle. The meeting was chaired by Scott Wagner, who is Deputy Director of Development for Summit County. Also present was Chuck Wiedie, the Enterprise Zone Administrator for the Summit County Executive's office. Councilman Michael King represented the Summit County Council. Also represented were the Summit County Fiscal Office and Hudson City Schools.

The only tax abatement in Boston Heights is for the benefit of McLean Company on Chittenden Road (along with Boston Heights Realty Investment LLC, which owns the land and building). The company was represented at the TIRC meeting by its CFO, Mr. James DeHart.

The McLean facility is in the Western Reserve Enterprise Zone. McLean has a 5-year tax abatement of 100% of its real property investment and 100% of its tangible personal property investment, with investment values specified in the Agreement between McLean and the Village.

In return, McLean committed to create 5 new full-time and 2 new part-time jobs at its Boston Heights facility (adding \$210,000 to payroll), while using its "best efforts" to retain the former 16 full-time positions (with \$950,000 payroll). A 3-year job creation schedule was specified in the Agreement; there was some disagreement at the meeting as to when this period ended, but apparently it was no later than June 2004.

Mr. Wiedie reported that the company had met its target for personal and real property investment, but was still short on its job creation commitment.

Mr. DeHart reported that the McLean facility in Boston Heights now had 18 full-time employees, having added one administrative assistant in April 2004. They expected to add another shop employee (at \$9-10/hr) this month. The company did not expect to reach the Agreement target of 21 full-time employees this year. The anticipated 2004 payroll total is \$1,055,000.

Mr. DeHart reiterated his report of last year: that McLean's sales have been down for several years, mirroring the business slowdown that started just when the agreement began. He pointed out that the Akron-area unemployment rate has gone from 4% when the agreement began in 2000 to 5.7% in 2003, and that they too had been forced to consolidate their workforce. He also noted that McLean had lost distribution rights to two lines of machinery, and that their performance was

similar to the state of the entire construction machinery industry. In his view, the immediate business prospects were finally improving.

Mr. DeHart had prepared a table of property taxes paid and abated, as well as income taxes paid to the Village of Boston Heights. ~~(See below.)~~ He pointed out that a reduction or elimination in the property tax abatement might cause the company to have to cut its staff.

After Mr. DeHart left the meeting, a brief discussion seemed to support McLean's position that the general business cycle was the cause of the job creation shortfall, as allowed by ORC 5709.85(C)(1). Upon a motion by Mayor McFall, the Council unanimously voted to recommend to CONTINUE the current agreement.

Mr. Wiedie's opinion was that, as no change to the agreement was recommended, the Boston Heights Village Council need take no action. However, a reading of the newly-amended ORC 5709.85(C) and (E) suggests otherwise: that the Tax Incentive Review Council must make a written recommendation to the Village Council by 1 September, and that the Village Council must within 60 days vote to "accept, reject or modify" that recommendation.