



Legislation Text

File #: 1187-2019, **Version:** 1

BACKGROUND: The Columbus Department of Development is proposing to enter into a dual-rate Jobs Growth Incentive Agreement with Upstart Network, Inc. in an amount equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of new employees, who are also City of Columbus residents at the end of each calendar year, for a term of up to five (5) consecutive years.

Upstart Network, Inc. is the first online lending platform to leverage artificial intelligence and machine learning to price credit and automate the borrowing process for personal loans using non-traditional variables, such as education and employment, to predict creditworthiness. First launched in April 2012, Upstart has demonstrated strong credit performance and maintains one of the industry's highest consumer ratings according to leading consumer review sites.

Upstart Network, Inc. is proposing to invest approximately \$100,000 in technology, \$200,000 in machinery and equipment, \$100,000 in furniture and fixtures, and \$1,000,000 in leasehold improvements to establish operations at 711 N. High Street, Columbus, Ohio 43215, parcel number 010-031749 and 886 N. High Street, Columbus, Ohio 43215, parcel number 010-007464. With this project, the company plans to begin initial operations at 886 N. High Street, Columbus, Ohio 43215, parcel number 010-007464 and take a permanent lease of an approximately 15,446 sq. ft. at 711 N. High Street, Columbus, Ohio 43215, parcel number 010-031749 to support an administrative operation. Additionally, Upstart Network, Inc. will create 100 new full-time permanent positions with a cumulative estimated annual payroll of approximately \$10,750,000 to support its growth.

Upstart Network, Inc. is requesting a dual-rate Jobs Growth Incentive from the City of Columbus to assist with this expansion project. This legislation is presented as 30 day legislation.

FISCAL IMPACT: No funding is required for this legislation

To authorize the Director of the Department of Development to enter into a dual-rate Jobs Growth Incentive Agreement with Upstart Network, Inc. for a term of up to five (5) consecutive years in consideration of the company's proposed capital investment of \$1,400,000.00 and creation of 100 net new full-time permanent positions with an estimated annual payroll of approximately \$10,750,000.00.

WHEREAS, the City desires to increase employment opportunities and encourage the creation of new jobs in the City in order to improve the overall economic climate of the City and its citizens; and

WHEREAS, the Department of Development received a completed Jobs Growth Incentive Application from Upstart Network, Inc.; and

WHEREAS, Upstart Network, Inc. proposes to establish administrative operations by investing a total project cost of approximately \$1,400,000 in real property improvements. With this project, the company plans to begin initial operations at 886 N. High Street, Columbus, Ohio 43215, parcel number 010-007464 and take a permanent lease of an approximately 15,446 sq. ft. at 711 N. High Street, Columbus, Ohio 43215, parcel number 010-031749 to support an administrative operation; and

WHEREAS, Upstart Network, Inc. will create 100 net new full-time permanent positions with an estimated associated annual payroll of approximately \$10,750,000 at the proposed project site; and

WHEREAS, Upstart Network, Inc. has indicated that a Jobs Growth Incentive is crucial to its decision to establish administrative operations within the City of Columbus; and

WHEREAS, the City of Columbus desires to facilitate the future growth of Upstart Network, Inc. at the project site by providing a Jobs Growth Incentive; and **NOW THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

- SECTION 1.** That the Director of the Department of Development is hereby authorized to enter into a dual-rate Jobs Growth Incentive Agreement with Upstart Network, Inc. equal to (i) twenty-five percent (25%) of the City of Columbus income tax withheld on the Columbus payroll of new employees and (ii) thirty percent (30%) of the City of Columbus income tax withheld on the Columbus payroll of new employees, who are also City of Columbus residents at the end of each calendar year, for a term of up to five (5) consecutive years.
- SECTION 2.** Should Upstart Network, Inc. not be able to sufficiently document residency for an employee associated with this project during a calendar year of the term of the agreement, the default rate of the Jobs Growth Incentive to be applied that calendar year for that new employee shall be twenty-five percent (25%).
- SECTION 3.** Each year of the term of the agreement with Upstart Network, Inc. the City's obligation to pay the incentive is expressly contingent upon the passage of an ordinance appropriating and authorizing the expenditure of monies sufficient to make such payment and the certification of the City Auditor pursuant to Section 159 of the Columbus City Charter.
- SECTION 4.** That the City of Columbus Jobs Growth Incentive Agreement is signed by Upstart Network, Inc. within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.
- SECTION 5.** The City Council hereby extends authority to the Director of the Department of Development to amend Upstart Network, Inc.'s City of Columbus Jobs Growth Incentive Agreement for certain modifications to the agreement requested in writing by the company and or the City and deemed appropriate by the Director of Development with these modifications being specifically limited to reductions in length of term, methods of calculating the incentive, or adding or deleting business entities associated with the employment commitments related to this incentive. All other requested amendments must be approved by City Council.
- SECTION 6.** That this ordinance shall take effect and be in force from and after the earliest period allowed by law.