

MOTION:

**June 19, 2018
Regular Meeting
Res. No. 18-**

SECOND:

RE: AUTHORIZE THE EXECUTION OF AN AMENDED PERFORMANCE AGREEMENT BETWEEN SCRIB, LLC, AND THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PRINCE WILLIAM TO EXTEND THE REQUIREMENT FOR SCRIB, LLC., TO LOCATE ITS HEADQUARTERS OFFICE IN COMMERCIAL SPACE IN PRINCE WILLIAM COUNTY FROM DECEMBER 31, 2017, TO MARCH 29, 2019 – BRENTSVILLE MAGISTERIAL DISTRICT

ACTION:

WHEREAS, the Prince William Board of County Supervisors authorized the execution of a Performance Agreement between Scriyb, LLC., (Scriyb) and the Industrial Development Authority of the County of Prince William to transfer, budget and appropriate an Economic Development Opportunity Fund (EDOF) grant with a condition that Scriyb locates its Headquarters office in commercial space in Prince William County by December 31, 2017, (Resolution Number 16-838, dated November 22, 2016); and

WHEREAS, the Industrial Development Authority paid Scriyb, LLC the \$100,000 ED OF grant on December 27, 2016; and

WHEREAS, Scriyb is currently located at the Virginia Serious Game Institute and it plans to relocate its Headquarters office to a co-working space in Prince William County by March 29, 2019; and

WHEREAS, Scriyb, LLC., is an education technology software company, launched as a George Mason University spinout company in 2015. The Scriyb platform enables one teacher to teach multiple classrooms of students simultaneously. These classrooms can be spread across a school district, and the instructor has the ability to teach the course material to all students while providing classroom-specific assistance needing additional help. Importantly, the Scriyb platform improves academic achievement rates, thus reducing school system's remediation costs and ensuring re-accreditation; and

WHEREAS, Scriyb has purchased as of December 31, 2017, a total of \$16,000 in physical computer equipment. They have additionally purchased cloud computing services which, when combined with the physical purchases, exceed the \$25,000 in computer equipment purchases required under the existing Performance Agreement. However, Scriyb has committed to purchase an additional \$9,000 of physical computer equipment prior to their move to commercial space by March 29, 2019, per the amended Performance Agreement and;

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WHEREAS, there are currently no suitable co-working options located within three miles of Innovation Park and the George Mason University Science and Technology Campus; and

WHEREAS, Scriyb is requesting an extension of 15 months to locate its Headquarters office into commercial office space in Prince William County; and

WHEREAS, the amended Performance Agreement provides a 15-month extension to Scriyb to locate its Headquarters office into commercial office space in Prince William County by March 29, 2019;

NOW, THEREFORE, BE IT RESOLVED that the Prince William Board of County Supervisors hereby authorizes the Industrial Development Authority to execute an amended Performance Agreement with Scriyb, LLC., in a form approved by the County Attorney and in substantially the form attached to this resolution to extend the requirement for Scriyb, LLC., to locate its Headquarters Office on commercial space in Prince William County from December 31, 2017, to March 29, 2019.

ATTACHMENT: Amended Performance Agreement between the IDA and Scriyb, LLC

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

For Information:

Economic Development Executive Director

ATTEST: _____
Acting Clerk to the Board

FIRST AMENDMENT TO AGREEMENT

THIS FIRST AMENDMENT TO THE AGREEMENT is made this ____ day of _____, 2018, by and between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PRINCE WILLIAM**, (hereinafter referred to as "IDA"), a political subdivision of the Commonwealth of Virginia, and Scriyb, a Virginia LLC, registered to do business in the Commonwealth of Virginia.

WITNESSETH:

WHEREAS, the IDA has been created to promote the economic development of Prince William County, Virginia (the "County") pursuant to enabling legislation under Section 15.2-4900 *et seq.*, VA Code Ann.; and

WHEREAS, the IDA has authority to make grants of money or property for the purposes of economic development pursuant to Section 15.2-4905, VA Code Ann., and

WHEREAS, on December 21, 2016, Scriyb and the IDA entered into a Performance Agreement; and

WHEREAS, Scriyb has purchased as of December 31, 2017, a total of \$16,000 in physical computer equipment. They have additionally purchased cloud computing services which, when combined with the physical purchases, exceed the \$25,000 in computer equipment purchases required under the existing Performance Agreement. However, Scriyb has committed to purchase an additional \$9,000 of physical computer equipment prior to their move to commercial space by March 29, 2019, per the amended Performance Agreement; and

WHEREAS, the IDA paid Scriyb \$100,000 pursuant to the grant on December 27, 2016; and

WHEREAS, expansion and retention of software technology companies is an important part of the County's economic development effort; and

WHEREAS, Scriyb, LLC, is an education technology software company, launched as a George Mason University spinout company in 2015. The Scriyb platform enables one teacher to teach multiple classrooms of students simultaneously. These classrooms can be spread across a school district, and the instructor has the ability to teach the course material to all students while providing classroom-specific assistance needing additional help. Importantly, the Scriyb platform improves academic achievement rates, thus reducing school system's remediation costs and ensuring re-accreditation; and

WHEREAS, this Agreement is consistent with the agreement entered into by and between the IDA and the Board of County Supervisors for granting incentives to industries locating or expanding facilities in the County and for promoting long-term economic development in the County; and

WHEREAS, it is in the public interest of the citizens of Prince William County for the IDA to assist with the expansion of Scriyb in the County, which will benefit the County by enhancing it as a location for software technology companies, thereby promoting the health, safety, welfare, convenience, and prosperity of the citizens of the County; and

WHEREAS, the Board of County Supervisors in Resolution No.18-xxxx has duly authorized this First Amendment to the grant agreement;

WHEREAS, the IDA and Scriyb desire to enter into this Agreement to memorialize the understandings and conditions under which financial incentives will be provided to Scriyb to use in connection with its facility expansion in Prince William County, and to set forth the obligations and responsibilities of the parties in connection therewith;

NOW, THEREFORE, in consideration of the mutual promises of the parties and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby state and agree to that the Agreement shall remain in full force and effect subject to the following amendments:

1. Scriyb agrees to locate its Headquarters in commercial space in Prince William County by March 29, 2019;
2. Scriyb must pay back the full amount of the grant if it has not located its Headquarters office in commercial space in Prince William County by March 29, 2019. Scriyb will have to pay back a portion of the grant if it relocates its Headquarters outside of Prince William County prior to the end of 2021, according to the following schedule: 60% of grant amount if the Headquarters is relocated in 2019; 30% if the Headquarters is relocated in 2020; and 15% if the Headquarters is relocated in 2021.
3. This Amendment shall be construed in accordance with the laws of the Commonwealth of Virginia.
4. This Amendment may be signed in duplicate, and each of said duplicates shall constitute an original.

IN WITNESS WHEREOF, the parties hereto have hereafter set their signatures and seals by their respective duly authorized representatives.

ATTEST:

INDUSTRIAL DEVELOPMENT AUTHORITY
THE COUNTY OF PRINCE WILLIAM

BY: _____

Secretary/Treasurer

Pat O'Leary, Chairman

SCRIYB

BY: _____
Christopher Etesse, CEO



COUNTY OF PRINCE WILLIAM

OFFICE OF EXECUTIVE MANAGEMENT

1 County Complex Court, Prince William, Virginia 22192-9201
(703) 792-6600 Metro 631-1703 FAX: (703) 792-7484

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Christopher E. Martino
County Executive

April 27, 2018

TO: Board of County Supervisors

FROM: Jeffrey A. Kaczmarek, Executive Director
Department of Economic Development

THRU: Christopher E. Martino
County Executive

RE: Authorize the Execution of an Amended Performance Agreement between Scriyb, LLC, and the Industrial Development Authority of the County of Prince William (IDA) to Extend the Requirement for Scriyb, LLC, to Locate its Headquarters Office in Commercial Space in Prince William County from December 31, 2017 to March 29, 2019 – **Brentsville Magisterial District**

I. **Background** is as follows:

- A. The Prince William Board of County Supervisors authorized the execution of a Performance Agreement on November 22, 2016, between Scriyb, LLC, (Scriyb) and the IDA to transfer, budget and appropriate an Economic Development Opportunity Fund (EDOF) grant with a condition that the company locate its Headquarters office in commercial space in Prince William County by December 31, 2017 (Resolution 16-838). Scriyb, LLC, is an education technology software company, launched as a George Mason University spinout company in 2015. The Scriyb platform enables one teacher to teach multiple classrooms of students simultaneously. These classrooms can be spread across a school district, and the instructor has the ability to teach the course material to all students while providing classroom-specific assistance needing additional help. Importantly, the Scriyb platform improves academic achievement rates, thus reducing school system's remediation costs and ensuring re-accreditation.
- B. The IDA paid Scriyb, LLC, the \$100,000 EDOf grant on December 27, 2016.

II. **Current Situation** is as follows:

- A. **Scriyb's Current Location** – Scriyb, LLC, is currently located at the Virginia Serious Game Institute (VSGI) and had planned to relocate its operations to commercial space by December 31, 2017. However, they have been unable to

find suitable space in the immediate vicinity of the George Mason University Science & Technology Campus. In the interim, the County, in partnership with the VSIG and a private developer, have been working to develop a co-working space adjacent to the GMU campus in order to accommodate “graduates” of the Virginia Serious Game Institute as well as other technology companies needing to take advantage of Mason’s science and engineering assets. It is anticipated that this space will be available by the first quarter of 2019.

- B. Company Capacity & Plans – In the calendar year 2017, Scriyb closed \$278,000 in sales. It has a non-weighted \$4.8M sales pipeline of 83 deals, with an average deal size of \$57,831. In Fiscal Year 2017, Scriyb had the following full-time equivalents: 2.75 executives and administrative, 9 product and development, 3.25 sales and marketing and 1.25 teaching. Scriyb has purchased as of December 31, 2017, a total of \$16,000 in physical computer equipment. They have additionally purchased cloud computing services which, when combined with the physical purchases, exceed the \$25,000 in computer equipment purchases required under the existing Performance Agreement. However, Scriyb has committed to purchase an additional \$9,000 of physical computer equipment prior to their move to commercial space by March 29, 2019, per the amended Performance Agreement.
- C. Board Action Requested – Authorize the Execution of an Amended Performance Agreement between Scriyb, LLC, and the IDA to Extend the Requirement for Scriyb, LLC, to Locate its Headquarters Office in Commercial Space in Prince William County from December 31, 2017 to March 29, 2019.

III. Issues in order of importance are:

- A. Service Level/Policy Impact – How will this initiative affect service levels?
- B. Fiscal Impact – Is there a positive or negative impact on the County?
- C. Legal – Are there any legal implications?
- D. Timing – Why take this action now?

IV. Alternatives in order of feasibility are:

- A. Authorize the Execution of an Amended Performance Agreement between Scriyb, LLC, and the IDA to extend the requirement for Scriyb, LLC, to locate its Headquarters office in commercial space in Prince William County from December 31, 2017, to March 29, 2019.

1. Service Level/Policy Impact – Scriyb will have until March 29, 2019, to locate its Headquarters office in commercial space in Prince William County. This will help Scriyb continue to maintain its full-time equivalents: 2.75 executives and administrative, nine product and development, 3.25 sales and marketing, and 1.25 teaching while locating its Headquarters in commercial office space in Prince William County.
2. Fiscal Impact – Scriyb will be not be required to refund the total amount of the Economic Development Opportunity Fund grant (\$100,000) to the IDA, unless it fails to locate its Headquarters office in commercial space in Prince William County by the amended date of March 29, 2019.
3. Legal – The County Attorney’s Office has reviewed the attached resolution.
4. Timing – Authorizing the execution of an amended performance agreement will allow Scriyb to continue to expand and establish its Headquarters in Prince William County by March 29, 2019.

B. Take No Action

1. Service Level/Policy Impact – Scriyb has not met the conditions of its Performance Agreement, which include locating its headquarter office in commercial space in Prince William County by December 31, 2017. The County staff will initiate the clawback of the funds, which will negatively impact the company’s growth potential.
2. Fiscal Impact – Scriyb will be required to refund the total amount of the Economic Development Opportunity Fund grant (\$100,000) to the IDA if the amended Performance Agreement is not authorized and executed. The IDA will refund the Economic Development Opportunity Fund grant in full (\$100,000). The funds will be allocated to the County’s Economic Development Opportunity Fund.
3. Legal – The Prince William County legal staff will need to work directly with the Economic Development staff to initiate and process the clawback from Scriyb, LLC.
4. Timing – Scriyb may be further delayed in expanding and establishing its Headquarters in Prince William County or may relocate outside the County if it is required to refund its Economic Development Opportunity Fund grant.

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V. **Recommendation** is that the Board of County Supervisors concurs with Alternative A and approves the attached Resolution.

Staff: Jeffrey A. Kaczmarek Phone: (703)792-5500