



Legislation Details (With Text)

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On agenda: 7/19/2021 **Final action:** 7/22/2021

Title: To authorize the Director of the Department of Development to amend and restate the Enterprise Zone Agreement with Airside Four LLC for the purpose of (1) to remove Airside Four LLC as ENTERPRISE and party to the AGREEMENT and to be replaced with Rupert Holdings, LTD and Distinctive Surfaces, LLC, (2) to revise the proposed job creation goal from 10 net new full-time permanent positions with an annual payroll of approximately \$350,000.00 to 25 net new full-time permanent positions with an annual payroll of approximately \$1,000,400.00, (3) add a job retention commitment of 61 full-time jobs with an annual payroll of approximately \$2.43 million, (4) to revise the proposed total capital investment from \$4.5 million to approximately \$5.25 million, and (5) that the amended and restated agreement would fully follow the format of the City's current City of Columbus Enterprise Zone Agreement format; and to declare an emergency.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
7/22/2021	1	CITY CLERK	Attest	
7/20/2021	1	MAYOR	Signed	
7/19/2021	1	COUNCIL PRESIDENT	Signed	
7/19/2021	1	Columbus City Council	Approved	Pass

BACKGROUND: The need exists to amend and restate the Columbus Enterprise Zone Agreement between the City of Columbus and Airside Four LLC. Columbus City Council (“**COUNCIL**”), by Ordinance No. 1268-2018, passed May 21, 2018, authorized the City of Columbus (“**CITY**”) to enter into an Enterprise Zone Agreement (the “**AGREEMENT**”) with Airside Four LLC (the “**ENTERPRISE**”) for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a total project investment of approximately \$4.5 million to construct a 60,000-square-foot speculative office and distribution center at 4610 Bridgeway Avenue, Columbus, Ohio 43219, parcel number 520-298452; formerly a portion of parcel number 520-164556 (the “**PROJECT SITE**”), within the Gahanna-Jefferson School District and the Eastland-Fairfield Career & Technical Schools, and within the City of Columbus Enterprise Zone. Additionally, the **ENTERPRISE** committed to create 10 net new full-time permanent positions to the City of Columbus with an associated new annual payroll of approximately \$350,000 (the “**PROJECT**”) at the proposed **PROJECT SITE**. The **AGREEMENT** was made and entered into effective August 17, 2018 (Agreement #023-19-02). The **AGREEMENT** stated that construction on the real property improvements were expected to begin no later than August 2018 and that all real property improvements were expected to be completed by the August 2019, and that no real property exemption shall commence after 2020 nor extend beyond 2029. With the DTE-24 having been filed with the Franklin County Auditor on February 21, 2020 and the Final Determination having been issued by the Ohio Department of Taxation on February 16, 2001, the abatement is currently in place to run 2020 through 2029.

In a letter received by the **CITY** on behalf of the **ENTERPRISE** dated June 21, 2021 and through ensuing correspondence, it was confirmed that Rupert Holdings, LTD had acquired ownership of the **PROJECT SITE** from Airside Four LLC on June 7, 2021, with the transfer having been recorded at the County Auditor’s office on June 9, 2021.

Additionally, Distinctive Surfaces, LLC will now be the tenant and employer of record while Rupert Holdings, LTD will maintain ownership of the **PROJECT SITE**. Due diligence has been undertaken by the **CITY** in that Rupert Holdings, LTD and Distinctive Surfaces, LLC has agreed to fully assume the terms and commitments of the **ENTERPRISE** pursuant to the **AGREEMENT**, has submitted an updated Economic Development Incentive Application and that this application and all other pertinent information has been reviewed and vetted.

Therefore, there is a need to amend the **AGREEMENT** to (1) remove Airside Four LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replace with Rupert Holdings, LTD and Distinctive Surfaces, LLC (collectively, and hereinafter referred to as **ENTERPRISE**), (2) to revise the proposed job creation goal from 10 net new full-time permanent positions with an annual payroll of approximately \$350,000 to 25 net new full-time permanent positions with an annual payroll of approximately \$1,000,400, (3) the addition of a job retention commitment of 61 full-time jobs with an annual payroll of approximately \$2.43 million, and (4) to revise the total project investment from \$4.5 million to a total project investment of approximately \$5.25 million, which includes \$3.75 million in acquisition cost, \$500,000 in building improvements, \$500,000 in machinery & equipment, \$100,000 in furniture and fixtures, \$200,000 in inventory and \$200,000 in leasehold improvements.

This legislation is to authorize the Director of the Department of Development to amend and restate the **AGREEMENT** for the purpose of (1) to remove Airside Four LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replace with Rupert Holdings, LTD and Distinctive Surfaces, LLC (collectively, and hereinafter referred to as **ENTERPRISE**); whereas Distinctive Surfaces, LLC will now be the tenant and employer of record while Rupert Holdings, LTD will maintain ownership, (2) to revise the proposed job creation goal from 10 net new full-time permanent positions with an annual payroll of approximately \$350,000 to 25 net new full-time permanent positions with an annual payroll of approximately \$1,000,400, (3) to revise the project scope investment from a total project investment of approximately \$4.5 million to a total project investment of approximately \$5.25 million, which includes \$3.75 million in acquisition cost, \$500,000 in building improvements, \$500,000 in machinery & equipment, \$100,000 in furniture and fixtures, \$200,000 in inventory and \$200,000 in leasehold improvements, (4) the addition of a job retention commitment of 61 full-time jobs with an annual payroll of approximately \$2.43 million, and (5) that the amended and restated agreement would fully follow the format of the City's current City of Columbus Enterprise Zone Agreement format.

This legislation is being presented as an emergency measure in order to amend and restate the **AGREEMENT** in as expedient a manner as possible so that this amendment to the **AGREEMENT** can be executed and ensure that **ENTERPRISE** receive any future tax savings from the approved tax abatement.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to amend and restate the Enterprise Zone Agreement with Airside Four LLC for the purpose of (1) to remove Airside Four LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replace with Rupert Holdings, LTD and Distinctive Surfaces, LLC, (2) to revise the proposed job creation goal from 10 net new full-time permanent positions with an annual payroll of approximately \$350,000.00 to 25 net new full-time permanent positions with an annual payroll of approximately \$1,000,400.00, (3) add a job retention commitment of 61 full-time jobs with an annual payroll of approximately \$2.43 million, (4) to revise the proposed total capital investment from \$4.5 million to approximately \$5.25 million, and (5) that the amended and restated agreement would fully follow the format of the City's current City of Columbus Enterprise Zone Agreement format; and to declare an emergency.

WHEREAS, the City of Columbus ("**CITY**") entered into an Enterprise Zone Agreement (the "**AGREEMENT**") with Airside Four LLC and was approved by Columbus City Council ("**COUNCIL**") on May 21, 2018 by Ordinance No. 1268-2018 with this **AGREEMENT** made and entered into effective August 17, 2018; and

WHEREAS, the **AGREEMENT** granted a 75%/10-Year tax abatement on real property improvements; and

WHEREAS, the incentive was granted in consideration of a total project investment of approximately \$4.5 million to construct a 60,000-square-foot speculative office and distribution center at 4610 Bridgeway Avenue, Columbus, Ohio 43219, parcel number 520-298452; formerly a portion of parcel number 520-164556 (the "**PROJECT SITE**"), within the Gahanna-Jefferson School District and the Eastland-Fairfield Career & Technical Schools, and within the City of Columbus Enterprise Zone. Additionally, the **ENTERPRISE** committed to create 10 net new full-time permanent positions to the City of Columbus with an associated new annual

payroll of approximately \$350,000 (the “PROJECT”) at the proposed PROJECT SITE; and

WHEREAS, the DTE-24 having been filed with the Franklin County Auditor on February 21, 2020 and the Final Determination having been issued by the Ohio Department of Taxation on February 16, 2001, the abatement is currently in place to run 2020 through 2029; and

WHEREAS, in a letter received by the CITY on behalf of the ENTERPRISE dated June 21, 2021 and through ensuing correspondence, it was confirmed that Rupert Holdings, LTD had acquired ownership of the PROJECT SITE from Airside Four on June 7, 2021, with the transfer having been recorded at the County Auditor’s office on June 9, 2021. Additionally, Distinctive Surfaces, LLC will now be the tenant and employer of record while Rupert Holdings, LTD will maintain ownership of the PROJECT SITE. Due diligence has been undertaken by the CITY in that Rupert Holdings, LTD and Distinctive Surfaces, LLC has agreed to fully assume the terms and commitments of the ENTERPRISE pursuant to the AGREEMENT, has submitted an updated Economic Development Incentive Application and that this application and all other pertinent information has been reviewed and vetted; and

WHEREAS, there is a need to amend and restate the AGREEMENT for the purpose of (1) to remove Airside Four LLC as ENTERPRISE and party to the AGREEMENT and to be replace with Rupert Holdings, LTD and Distinctive Surfaces, LLC (collectively, and hereinafter referred to as ENTERPRISE, (2) to revise the proposed job creation goal from 10 net new full-time permanent positions with an annual payroll of approximately \$350,000 to 25 net new full-time permanent positions with an annual payroll of approximately \$1,000,400, (3) the addition of a job retention commitment of 61 full-time jobs with an annual payroll of approximately \$2.43 million, and (4) to revise the proposed total capital investment from \$4.5 million to a total project investment of approximately \$5.25 million, which includes \$3.75 million in acquisition cost, \$500,000 in building improvements, \$500,000 in machinery & equipment, \$100,000 in furniture and fixtures, \$200,000 in inventory and \$200,000 in leasehold improvements; and

WHEREAS, there is a need to amend and restate the AGREEMENT for the purpose of (1) to remove Airside Four LLC as ENTERPRISE and party to the AGREEMENT and to be replace with Rupert Holdings, LTD and Distinctive Surfaces, LLC (collectively, and hereinafter referred to as ENTERPRISE, (2) to revise the proposed job creation goal from 10 net new full-time permanent positions with an annual payroll of approximately \$350,000 to 25 net new full-time permanent positions with an annual payroll of approximately \$1,000,400, (3) the addition of a job retention commitment of 61 full-time jobs with an annual payroll of approximately \$2.43 million, (4) to revise the proposed total capital investment from \$4.5 million to a total project investment of approximately \$5.25 million, which includes \$3.75 million in acquisition cost, \$500,000 in building improvements, \$500,000 in machinery & equipment, \$100,000 in furniture and fixtures, \$200,000, and (5) that the amended and restated AGREEMENT would fully follow the format of the City’s current City of Columbus Enterprise Zone Agreement format; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to amend and restate the AGREEMENT with Airside Four LLC for the purpose of (1) to remove Airside Four LLC as ENTERPRISE and party to the AGREEMENT and to be replace with Rupert Holdings, LTD and Distinctive Surfaces, LLC (collectively, and hereinafter referred to as ENTERPRISE, (2) to revise the proposed job creation goal from 10 net new full-time permanent positions with an annual payroll of approximately \$350,000 to 25 net new full-time permanent positions with an annual payroll of approximately \$1,000,400, (3) the addition of a job retention commitment of 61 full-time jobs with an annual payroll of approximately \$2.43 million, (4) to revise the proposed total capital investment from \$4.5 million to a total project investment of approximately \$5.25 million, which includes \$3.75 million in acquisition cost, \$500,000 in building improvements, \$500,000 in machinery & equipment, \$100,000 in furniture and fixtures, \$200,000, and (5) that the amended and restated agreement would fully follow the format of the City’s current City of Columbus Enterprise Zone Agreement format; thereby, preserving the public health, property, and safety, **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 amend and restate the Enterprise Zone Agreement with Airside Four LLC to remove Airside Four LLC as ENTERPRISE and party to the AGREEMENT and to be replace with Rupert Holdings, LTD and Distinctive Surfaces, LLC (collectively, and hereinafter referred to as ENTERPRISE).

Section 2. That the Director of the Department of Development is hereby authorized to amend and restate the Enterprise Zone Agreement with Airside Four LLC to revise the proposed job creation goal from 10 net new full-time permanent positions with an annual payroll of approximately \$350,000 to 25 net new full-time permanent positions with an annual payroll of approximately \$1,000,400.

Section 3. That the Director of the Department of Development is hereby authorized to amend and restate the Enterprise Zone

Agreement with Airside Four LLC to add the addition of a job retention commitment of 61 full-time jobs with an annual payroll of approximately \$2.43 million.

Section 4. That the Director of the Department of Development is hereby authorized to amend and restate the Enterprise Zone Agreement with Airside Four LLC to revise the proposed total capital investment from \$4.5 million to a total project investment of approximately \$5.25 million, which includes \$3.75 million in acquisition cost, \$500,000 in building improvements, \$500,000 in machinery & equipment, \$100,000 in furniture and fixtures, \$200,000.

Section 5. That the Director of the Department of Development is hereby authorized to amend and restate the Enterprise Zone Agreement with Airside Four LLC to follow the full format of the City's current City of Columbus Enterprise Zone Agreement format.

Section 6. That the Amended and Restated City of Columbus Enterprise Zone Agreement be signed by Rupert Holdings, LTD and Distinctive Surfaces, LLC within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

Section 7. That for reasons stated in the preamble hereto, which is hereby made a part hereof, the ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor or ten days after the passage if the Mayor neither approves nor vetoes the same