



Legislation Details (With Text)

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On agenda: 12/8/2014 **Final action:** 12/10/2014

Title: To authorize the Director of Development to amend and/or restate the Community Reinvestment Area Agreement with MORSO Holding Co. for the first time to add an additional Landowner, Owner or Grantee to the Agreement, to add additional parcels which would be covered under the Agreement, to revise the Project description, employment and payroll parameters, to revise Project construction and allowable exemption dates, to clarify the assignment process for future entities which would be responsible for the fulfillment of certain Project parameters, and to authorize the Director of Development to approve any future assumption agreements related to the parameters of the Project on behalf of the City; and to declare an emergency.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
12/10/2014	1	CITY CLERK	Attest	
12/9/2014	1	MAYOR	Signed	
12/8/2014	1	COUNCIL PRESIDENT	Signed	
12/8/2014	1	Columbus City Council	Approved	Pass

BACKGROUND: Columbus City Council (COUNCIL), by Ordinance No. 1206-2007, passed July 23, 2007, authorized the City of Columbus (CITY) to enter into an Community Reinvestment Area Agreement (the AGREEMENT) with MORSO Holding Co. (the LANDOWNER, OWNERS or GRANTEE) to grant a tax abatement of one hundred percent (100%) for a period of ten (10) taxable years in association with the LANDOWNER's proposed project. The AGREEMENT was made and entered into effective March 14, 2008 (CRA Agreement Number 049-18000-15 / 08-001) in consideration of an expected \$135 million investment in real property improvements, exclusive of any amounts for acquisition of machinery and equipment, furniture and fixtures, inventory, infrastructure and roads, which collectively were expected to create approximately 1 million square feet of office space and the creation of an estimated four thousand (4,000) full-time equivalent employees ("FTE") and an estimated total annual payroll of approximately \$160 million (the "PROJECT") upon full build out and occupancy of the PROJECT, or an average of approximately two hundred (200) FTE per year, resulting in an estimated additional average annual payroll of approximately \$8 million per year located within the Columbus City School District and within the Easton Square Place Community Reinvestment Area (the "PROJECT SITE"). The AGREEMENT stated that no employee positions existed at that time at the PROJECT SITE and therefore no employee positions would be retained due to construction of the PROJECT, that the estimates provided in the AGREEMENT were good faith estimates and should not be construed in a manner that would limit the amount or term of the tax exemptions provided in the AGREEMENT and that the parties to the AGREEMENT recognize that the employment and any payroll estimates associated with the PROJECT may increase or decrease significantly and that all employees at the PROJECT will be hired by the OWNERS or their lessees. The AGREEMENT also stated that each building constructed as a part of the PROJECT may be treated separately for purposes of determining its qualification for and term of the tax exemption, that the commencement of construction of the PROJECT was expected to begin in 2008 and PROJECT completion was expected by 2027, that the OWNERS acknowledge that the tax exemption with respect to

each building is subject to the filing of a real property tax exemption application with the CITY following completion of construction of that building, that each exemption would commence the first year for which the real property would first be taxable were that property not exempted from taxation, and that no exemption was to commence after December 31, 2028 nor extend beyond December 31, 2037.

COUNCIL, by Ordinance No. 0709-2014, passed March 31, 2014, authorized the Director of the Department of Development to amend the existing Easton Square Place Community Reinvestment Area (“Easton Square Place CRA” or the “CRA”) and to petition the Director of the Ohio Development Services Agency (“ODSA”) for an amendment to the certification of the CRA to expand the CRA which consisted of twelve (12) parcels numbered 010-146538, 010-146541, 010-146550, 010-146723, 010-146724, 010-146725, 010-149714, 010-149718, 010-182472, 010-200908, 010-233783, and 010-282381 to include twenty-six (26) additional parcels numbered 010-015156, 010-146555, 010-146577, 010-147168, 010-147172, 010-147173, 010-147202, 010-147204, 010-204695, 010-230759, 010-233786, 010-233787, 010-243000, 010-247206, 010-257355, 010-258700, 010-266223, 010-280872, 010-290537, 600-104199, 600-105163, 600-113625, 600-115983, 600-202059, 600-204043, and 600-210656. The petition dated June 3, 2014 was submitted to the ODSA and the CITY received confirmation of the amended CRA in a letter dated June 17, 2014.

In an email to the CITY dated November 7, 2014, it was indicated that the GRANTEE was requesting that following the expansion of the Easton Square Place CRA, the AGREEMENT either be amended, or amended and restated, to add an additional LANDOWNER, OWNER or GRANTEE to the AGREEMENT, to add additional parcels which would be covered under the AGREEMENT, to revise the PROJECT description, employment and payroll parameters, to revise PROJECT construction and allowable exemption dates, to clarify the assignment process for future entities which would be responsible for the fulfillment of certain PROJECT parameters and to allow the Director of Development to approve any future assumption agreements related to the parameters of the PROJECT on behalf of the CITY without additional approval by COUNCIL.

This legislation is to authorize the Director of Development to amend and/or restate the AGREEMENT for the first time to (1) add Easton Gateway LLC as an additional LANDOWNER, OWNER or GRANTEE to the AGREEMENT; (2) add ten (10) parcels to the ten (10) parcels which currently comprise the PROJECT SITE as described in the AGREEMENT; (3) to revise the estimated total cost of construction of the PROJECT to be expected to exceed \$164 million; (4) to indicate that approximately 1.04 million square feet of office space would be created; (5) that PROJECT completion is expected by 2032; (6) that by the year 2032 approximately four thousand two hundred five (4,205) FTE jobs would be created with an estimated total annual payroll of approximately \$169 million upon full build out and occupancy of the PROJECT, or an average of approximately 175 FTE per year, resulting in an estimated additional average annual payroll of approximately \$7,041,667 per year; (7) that no exemption would commence after December 31, 2033 nor extend beyond December 31, 2042; (8) to clarify the assignment process for future entities which would be responsible for the fulfillment of certain investment, employment and payroll commitment parameters within the PROJECT; and (9) that the Director of the Department of Development for the CITY would be authorized to approve and sign any Assumption Agreement on behalf of the CITY.

This legislation is being presented as an emergency measure necessary for the immediate preservation of the public peace, property, health and safety of the City, and for the further reason that this legislation is required to be immediately effective so that investment and construction may commence immediately to provide for the creation of jobs and economic opportunities, which are vitally needed to enhance revenues for the City and to improve the economic welfare of the people.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to amend and/or restate the Community Reinvestment Area Agreement with MORSO Holding Co. for the first time to add an additional Landowner, Owner or Grantee to the Agreement, to add additional parcels which would be covered under the Agreement, to revise the Project description, employment and payroll parameters, to revise Project construction and allowable exemption dates, to clarify the assignment process for future entities which would be responsible for the fulfillment of certain Project parameters, and to authorize the Director

of Development to approve any future assumption agreements related to the parameters of the Project on behalf of the City; and to declare an emergency.

WHEREAS, the City of Columbus (CITY) entered into an Community Reinvestment Area Agreement (the “AGREEMENT”) with MORSO Holding Co. (LANDOWNER, OWNERS or GRANTEE), approved by Columbus City Council (COUNCIL) on July 23, 2007 by Ordinance No. 1206-2007 with this AGREEMENT made and entered into effective March 14, 2008; and

WHEREAS, the AGREEMENT granted a 100%/10-Year abatement on real property improvements; and

WHEREAS, the incentive was granted in consideration of an expected \$135 million investment in real property improvements, exclusive of any amounts for acquisition of machinery and equipment, furniture and fixtures, inventory, infrastructure and roads, which collectively were expected to create approximately 1 million square feet of office space and the creation of an estimated four thousand (4,000) full-time equivalent employees (“FTE”) and an estimated total annual payroll of approximately \$160 million (the “PROJECT”) upon full build out and occupancy of the PROJECT, or an average of approximately two hundred (200) FTE per year, resulting in an estimated additional average annual payroll of approximately \$8 million per year located within the Columbus City School District and within the Easton Square Place Community Reinvestment Area (the “PROJECT SITE”); and

WHEREAS, the AGREEMENT stated that no employee positions existed at that time at the PROJECT SITE and therefore no employee positions would be retained due to construction of the PROJECT, that the estimates provided in the AGREEMENT were good faith estimates and should not be construed in a manner that would limit the amount or term of the tax exemptions provided in the AGREEMENT and that the parties to the AGREEMENT recognize that the employment and any payroll estimates associated with the PROJECT may increase or decrease significantly and that all employees at the PROJECT will be hired by the OWNERS or their lessees; and

WHEREAS, the AGREEMENT stated that each building constructed as a part of the PROJECT may be treated separately for purposes of determining its qualification for and term of the tax exemption, that the commencement of construction of the PROJECT was expected to begin in 2008 and PROJECT completion was expected by 2027, that the OWNERS acknowledge that the tax exemption with respect to each building is subject to the filing of a real property tax exemption application with the CITY following completion of construction of that building, that each exemption would commence the first year for which the real property would first be taxable were that property not exempted from taxation, and that no exemption was to commence after December 31, 2028 nor extend beyond December 31, 2037; and

WHEREAS, COUNCIL, by Ordinance No. 0709-2014, passed March 31, 2014, authorized the Director of the Department of Development to amend the existing Easton Square Place Community Reinvestment Area (“Easton Square Place CRA” or the “CRA”) and to petition the Director of the Ohio Development Services Agency (“ODSA”) for an amendment to the certification of the CRA to expand the CRA which at that time consisted of twelve (12) parcels to include twenty-six (26) additional parcels; and

WHEREAS, the petition dated June 3, 2014 was submitted to the ODSA and the CITY received confirmation of the amended CRA in a letter dated June 17, 2014; and

WHEREAS, in an email to the CITY dated November 7, 2014, it was indicated that the GRANTEE was requesting that following the expansion of the Easton Square Place CRA, the AGREEMENT either be amended, or amended and restated, to add an additional LANDOWNER, OWNER or GRANTEE to the AGREEMENT, to add additional parcels which would be covered under the AGREEMENT, to revise the PROJECT description, employment and payroll parameters, to revise PROJECT construction and allowable exemption dates, to clarify the assignment process for future entities which would be responsible for the fulfillment of certain PROJECT parameters and to allow the Director of Development to approve any future assumption agreements related to the parameters of the PROJECT on behalf of the CITY without additional approval by COUNCIL; and

WHEREAS, an amendment or an amended and restated AGREEMENT is needed to accomplish the requested revisions to the PROJECT parameters, the PROJECT SITE and the assumption process; 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/or restate the AGREEMENT with MORSO Holding Co. to (1) add an additional LANDOWNER, OWNER or GRANTEE to the AGREEMENT; (2) add ten (10) parcels to the ten (10) parcels which currently comprise the PROJECT SITE as described in the AGREEMENT; (3) to revise the estimated total cost of construction of the PROJECT to be expected to exceed \$164 million; (4) to indicate that approximately 1.04 million square feet of office space would be created; (5) that PROJECT completion is expected by 2032; (6) that by the year 2032 approximately four thousand two hundred five (4,205) FTE jobs would be created with an estimated total annual payroll of approximately \$169 million upon full build out and occupancy of the PROJECT, or an average of approximately 175 FTE per year, resulting in an estimated additional average annual payroll of approximately \$7,041,667 per year; (7) that no exemption would commence after December 31, 2033 nor extend beyond December 31, 2042; (8) to clarify the assignment process for future entities which would be responsible for the fulfillment of certain investment, employment and payroll commitment parameters within the PROJECT; and (9) that the Director of the Department of Development for the CITY would be authorized to approve and sign any Assumption Agreement on behalf of the CITY; thereby preserving the public health, peace, property and safety, **NOW, THEREFORE**

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

SECTION 1. That the Director of Development is hereby authorized to amend and/or restate the Community Reinvestment Area Agreement with MORSO Holding Co. to add Easton Gateway LLC as an additional LANDOWNER, OWNER or GRANTEE to the AGREEMENT.

SECTION 2. That the Director of Development is hereby authorized to amend and/or restate the Community Reinvestment Area Agreement with MORSO Holding Co. to add the following ten (10) parcels - 010-015156, 010-146555, 010-147168, 010-147172, 010-147173, 010-147202, 010-204695, 010-233787, 010-266223 and 010-280872 - to the ten (10) following parcels - 010-146538, 010-146541, 010-146550, 010-146723, 010-146724, 010-146725, 010-149714, 010-149718, 010-182472 and 010-233783 - which currently comprise the PROJECT SITE as described in the AGREEMENT so that the PROJECT SITE would include twenty (20) total specific parcels.

SECTION 3. That the Director of Development is hereby authorized to amend and/or restate the Community Reinvestment Area Agreement with MORSO Holding Co., to revise the estimated total cost of construction of the PROJECT to be expected to exceed \$164 million.

SECTION 4. That the Director of Development is hereby authorized to amend and/or restate the Community Reinvestment Area Agreement with MORSO Holding Co. to indicate that approximately 1.04 million square feet of office space would be created.

SECTION 5. That the Director of Development is hereby authorized to amend and/or restate the Community Reinvestment Area Agreement with MORSO Holding Co. to indicate that PROJECT completion is expected by 2032.

SECTION 6. That the Director of Development is hereby authorized to amend and/or restate the Community Reinvestment Area Agreement with MORSO Holding Co. to indicate that by the year 2032 approximately four thousand two hundred five (4,205) FTE jobs would be created with an estimated total annual payroll of approximately \$169 million upon full build out and occupancy of the PROJECT, or an average of approximately 175 FTE per year, resulting in an estimated additional average annual payroll of approximately \$7,041,667 per year.

SECTION 7. That the Director of Development is hereby authorized to amend and/or restate the Community Reinvestment Area Agreement with MORSO Holding Co. to indicate that no exemption would commence after December 31, 2033 nor extend beyond December 31, 2042.

SECTION 8. That the Director of Development is hereby authorized to amend and/or restate the Community Reinvestment Area Agreement with MORSO Holding Co. to clarify the assignment process for future entities which would be responsible for the fulfillment of certain investment, employment and payroll commitment parameters within the PROJECT.

SECTION 9. That the Director of Development is hereby authorized to amend and/or restate the Community Reinvestment Area Agreement with MORSO Holding Co. to indicate that the Director of the Department of Development for the CITY would be authorized to approve and sign any Assumption Agreement on behalf of the CITY.

SECTION 10. That the AMENDED and/or RESTATED City of Columbus Community Reinvestment Area Agreement be signed by MORSO Holding Co. within ninety (90) days of passage of this ordinance, or this ordinance and the incentive authorized herein shall be null and void.

SECTION 11. 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.