



Legislation Details (With Text)

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File created: 4/25/2022 **In control:** Economic Development Committee

On agenda: 5/9/2022 **Final action:** 5/11/2022

Title: To authorize the Director of the Department of Development to amend the Enterprise Zone Agreement for a the first time for Assignment & Assumption with LGW STS, LLC, to remove Pinchal & Company LLC as ENTERPRISE and party to the AGREEMENT and to be replaced with LGW STS, LLC as ENTERPRISE and party to the AGREEMENT, to redefine the PROJECT SITE, revise the notice information, revise the jobs creation and commensurate payroll commitments, and to declare an emergency.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
5/11/2022	1	ACTING CITY CLERK	Attest	
5/10/2022	1	MAYOR	Signed	
5/9/2022	1	COUNCIL PRESIDENT	Signed	
5/9/2022	1	Columbus City Council	Approved	Pass

BACKGROUND: Columbus City Council (“**COUNCIL**”), by Ordinance No. 1627-2020, passed July 27, 2020, authorized the City of Columbus (“**CITY**”) to enter into an Enterprise Zone Agreement (the “**AGREEMENT**”) with Pinchal & Company LLC (“**ENTERPRISE**”), for a real property tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a proposed total capital investment of approximately \$29,680,750, which included \$26 million in real property improvements, and the creation of 20 net new full-time permanent positions with an associated annual payroll of approximately \$624,000 related to the construction of a new approximately 583,740 square-foot speculative industrial distribution and warehouse facility (the “**PROJECT**”) on approximately 87.230 acres +/- of undeveloped land located at 1594 London Groveport Road, parcel umber 495-232641 within the City of Columbus and within the City of Columbus Enterprise Zone (the “**PROJECT SITE**”). The **AGREEMENT** was made and entered into effective November 10, 2020 with the **PROJECT** expected to begin approximately March 2022, with all real property improvements expected to be completed by approximately December 2023 and with the abatement to commence no later than 2024 nor extend beyond 2033 (Agreement No. 023-20-07).

As of this date there has not been a filing of the DTE-24 with the Franklin County Auditor, no Final Determination from the Ohio Department of Taxation, and so no forgone tax benefit has yet been received.

Paragraph fourteen within Section 6 (Program Compliance) of the **AGREEMENT** states that the “**AGREEMENT** is not transferable or assignable without the express, written, approval of the **CITY**” and paragraph fifteen of that same section states that “any requested amendment...to any of the terms of the **AGREEMENT**...shall require the payment to the **CITY** by the **ENTERPRISE** of an AMENDMENT FEE in the amount of five-hundred dollars (\$500.00).”

In a letter from LGW STS, LLC on behalf of the **ENTERPRISE** dated March 7, 2022, received by the **CITY** and through ensuing correspondence, LGW STS, LLC confirmed that they had acquired ownership of the **PROJECT SITE**

from **ENTERPRISE** on December 23, 2021, with the transfer having been recorded at the County Auditor's Office on January 11, 2022. In addition, the **PROJECT SITE** has been revised to be Parcel Number 495-232641 London Groveport Road (legal description per the Franklin County Auditor as 1594 Lockbourne Rd, R22 T3 S2-2, 45.025 acres) with the current street address of 1465 London Groveport Road but that this street address may or may not change upon **PROJECT** completion. Due diligence has been undertaken by the **CITY** in that LGW STS, 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, the five-hundred dollars (\$500.00) Amendment Fee and that this application and all other pertinent information has been reviewed and vetted.

This legislation is to authorize the Director of the Department of Development to amend the **AGREEMENT** for the first time for Assignment & Assumption to (1) remove Pinchal & Company LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with LGW STS, LLC as **ENTERPRISE** and party to the **AGREEMENT**, whereby LGW STS, LLC will assume the terms and commitments of the **AGREEMENT**, (2) revise the description of the **PROJECT SITE**, (3) revise the notice information related to **ENTERPRISE** within Section 6 of the **AGREEMENT**, and (4) to correct the job creation and commensurate payroll commitments is Section 2 of the **AGREEMENT**.

This legislation is being presented as an emergency measure in order for this amendment to be legislated in as expedient a manner as possible so that this amendment to the **AGREEMENT** might be fully executed with the proper property owner, which will allow the **ENTERPRISE** to remain in compliance and receive any future tax savings from the proposed abatement.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to amend the Enterprise Zone Agreement for a the first time for Assignment & Assumption with LGW STS, LLC, to remove Pinchal & Company LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with LGW STS, LLC as **ENTERPRISE** and party to the **AGREEMENT**, to redefine the **PROJECT SITE**, revise the notice information, revise the jobs creation and commensurate payroll commitments, and to declare an emergency.

WHEREAS, the City of Columbus ("**CITY**") entered into an Enterprise Zone Agreement (the "**AGREEMENT**") with Pinchal & Company LLC ("**ENTERPRISE**"), approved by Columbus City Council ("**COUNCIL**") by Ordinance No. 1627-2020, passed July 27, 2020, with this **AGREEMENT** made and entered into effective November 10, 2020; and

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

WHEREAS, the incentive was granted in consideration of a proposed total capital investment of approximately \$29,680,750, which included \$26 million in real property improvements, and the creation of 20 net new full-time permanent positions with an associated annual payroll of approximately \$624,000 related to the construction of a new approximately 583,740 square foot speculative industrial distribution and warehouse facility (the "**PROJECT**") on approximately 87.230 acres +/- of undeveloped land located at 1594 London Groveport Road, parcel umber 495-232641 within the City of Columbus and within the City of Columbus Enterprise Zone (the "**PROJECT SITE**"). The **AGREEMENT** was made and entered into effective November 10, 2020 with the **PROJECT** expected to begin approximately March 2022, with all real property improvements expected to be completed by approximately December 2023 and with the abatement to commence no later than 2024 nor extend beyond 2033 (Agreement No. 023-20-07); and

WHEREAS, as of this date there has not been a filing of the DTE-24 with the Franklin County Auditor, no Final Determination from the Ohio Department of Taxation, and so no forgone tax benefit has yet been received; and

WHEREAS, paragraph fourteen within Section 6 (Program Compliance) of the **AGREEMENT** states that the "**AGREEMENT** is not transferable or assignable without the express, written, approval of the **CITY**" and paragraph fifteen of that same section states that "any requested amendment...to any of the terms of the **AGREEMENT**...shall

require the payment to the **CITY** by the **ENTERPRISE** of an AMENDMENT FEE in the amount of five-hundred dollars (\$500.00);” and

WHEREAS, in a letter from LGW STS, LLC on behalf of the **ENTERPRISE** dated March 7, 2022, received by the **CITY** and through ensuing correspondence, LGW STS, LLC confirmed that they had acquired ownership of the **PROJECT SITE** from **ENTERPRISE** on December 23, 2021, with the transfer having been recorded at the County Auditor’s Office on January 11, 2022. In addition, the **PROJECT SITE** has been revised to be Parcel Number 495-232641 London Groveport Road (legal description per the Franklin County Auditor as 1594 Lockbourne Rd, R22 T3 S2-2, 45.025 acres) with the current street address of 1465 London Groveport Road but that this street address may or may not change upon **PROJECT** completion; and

WHEREAS, due diligence has been undertaken by the **CITY** in that LGW STS, 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, the five-hundred dollars (\$500.00) Amendment Fee and that this application and all other pertinent information has been reviewed and vetted; and

WHEREAS, a first amendment to the **AGREEMENT** is now needed for Assignment & Assumption to remove Pinchal & Company LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with LGW STS, LLC as **ENTERPRISE** and party to the **AGREEMENT**, revise the description of the **PROJECT SITE**, revise the notice information related to **ENTERPRISE** within Section 6 of the **AGREEMENT** and to correct the job creation and commensurate payroll commitments in Section 2 of the **AGREEMENT**; and

WHEREAS, the Director of the Department of Development of the **CITY** has investigated the Economic Development Application of LGW STS, LLC and concurs with the Columbus City Council on the basis that LGW STS, LLC, is qualified by financial responsibility and business experience to create and preserve employment opportunities in the Columbus Enterprise Zone and improve the economic climate of the **CITY**; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to seek an Amendment for Assignment and Assumption to the **AGREEMENT** with Pinchal & Company LLC to (1) remove Pinchal & Company LLC as **ENTERPRISE** and to be replaced by LGW STS, LLC as **ENTERPRISE** and party to the **AGREEMENT**, LGW STS, LLC will assume the terms and commitments of the **AGREEMENT** as **ENTERPRISE**, (2) revise the description of the **PROJECT SITE** (3) revise the notice information related to **ENTERPRISE** within Section 6 of the **AGREEMENT**, and (4) revise the job creation and commensurate payroll commitments in Section 4 of the **AGREEMENT**; 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 Council of Columbus finds that the enterprise submitting this proposal is qualified by financial responsibility and business experience to create and preserve employment opportunities in the zone and improve the economic climate of the municipal corporation.

SECTION 2. That the Director of the Department of Development is hereby authorized to amend the Enterprise Zone Agreement with Pinchal & Company LLC (the **AGREEMENT**) to remove Pinchal & Company LLC as **ENTERPRISE** to be replaced with LGW STS, LLC as **ENTERPRISE** whereby LGW STS, LLC will assume the terms and commitments of the **AGREEMENT** as **ENTERPRISE**.

SECTION 3. That the Director of the Department of Development is hereby authorized to amend Section 1 (Establishment by Corporation) of the **AGREEMENT** to state that the **PROJECT SITE** is revised to be Parcel Number 495-232641 London Groveport Road (legal description per the Franklin County Auditor as 1594 Lockbourne Rd, R22 T3 S2-2, 45.025 acres) with the current street address of 1465 London Groveport Road but that this street address may or may not change upon **PROJECT** completion.

SECTION 4. That the Director of the Department of Development is hereby authorized to amend within Section 2 (Employment and Payroll) of the **AGREEMENT**, the “**ENTERPRISE** shall create or cause to be created four (4) full-time jobs

with an annual payroll of approximately \$124,800 to the **ENTERPRISE** shall create or cause to be created twenty (20) full-time jobs with an associated annual payroll of approximately \$624,000” as approved by the original ordinance.

SECTION 5. That the Director of the Department of Development is hereby authorized to amend within Section 6 (Program Compliance) of the **AGREEMENT**, the “if to the **ENTERPRISE**” section regarding written communication to Pinchal & Company LLC to LGW STS, LLC C/O Brian W. McMackin.

SECTION 6. That this **FIRST AMENDMENT** for Assignment & Assumption to the City of Columbus Enterprise Zone Agreement be signed by LGW STS, LLC within ninety (90) days of passage of this ordinance, or this ordinance and the incentive authorized 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.