



## Legislation Details (With Text)

**File #:** 1774-2008      **Version:** 1

**Type:** Ordinance      **Status:** Passed

**File created:** 11/2/2008      **In control:** Finance & Economic Development Committee

**On agenda:** 12/1/2008      **Final action:** 12/3/2008

**Title:** To authorize the Director of the Department of Finance and Management to execute a Lease Agreement with the County Commissioners of Franklin County for the building located at 375 S. High Street, and known as the Franklin County Municipal Court Building.

**Sponsors:** Kevin L. Boyce, Hearcel Craig

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
12/3/2008	1	CITY CLERK	Attest	
12/2/2008	1	MAYOR	Signed	
12/1/2008	1	Columbus City Council	Approved	Pass
12/1/2008	1	COUNCIL PRESIDENT	Signed	
11/24/2008	1	Columbus City Council	Read for the First Time	
11/13/2008	1	Finance Drafter	Sent for Approval	
11/13/2008	1	CITY ATTORNEY	Reviewed and Approved	
11/13/2008	1	Finance Drafter	Sent to Clerk's Office for Council	
11/12/2008	1	Finance Drafter	Sent for Approval	
11/12/2008	1	Finance Reviewer	Reviewed and Approved	
11/12/2008	1	FINANCE DIRECTOR	Reviewed and Approved	

**Background:** In November of 1975, the City entered into a lease agreement with the County Commissioners of Franklin County, Ohio ("County") for the rental of a building to be constructed at 375 South High Street to house the Municipal Court and known as the Franklin County Municipal Court Building. The City's initial lease term under this agreement was for a period of twenty-seven (27) years and expired in 2006. As the City and County wished to modify lease terms, the City chose not to allow the lease to automatically renew for the automatic ten-year renewal term and terminated the lease agreement. The City has been has a holdover tenant in the building during the negotiation of a new lease with terms acceptable to both parties.

The City and County have now reached agreement on all terms and wish to enter into a new lease agreement. Under the terms of the new lease agreement the City will pay to the County as annual rent, the sum of the County's actual cost of janitorial services for the City's allocated space and the pro-rated cost of building casualty insurance allocated based on the square footage of the City's occupancy.

In addition, upon the City's expenditure of an accumulated total of \$30 million dollars in capital expense, but not later than December 31, 2030, the City shall have an option to take fee title to the building by payment of the Option Purchase Price as defined in the lease. The "Option Purchase Price" shall be fifteen per cent (15%) of the appraised fair market value of the Building less credits for the following:

- a. \$2,000,000.00 for the vacated right of way of Wall Alley and Noble Streets conveyed by Tenant to Landlord for its new courthouse, said property vacation shall be granted by Tenant to Landlord no later than sixty (60) days after the effective date of this Agreement;
- b. Any un-reimbursed expense incurred by the City in connection with relocation of utilities for the new courthouse; and
- c. Interest on the amounts set forth in a) and b) from January 1, 2008 until the date of City's Option Notice calculated each January 1st using City's average annual rate of interest earned on its investments for the previous twelve (12) months.
- d. Fifteen percent (15%) of City's capital improvement expenditures for improvements made, during the term of this Lease or renewal thereof, to: the building exterior; common areas; building electrical, plumbing and mechanical systems; and one hundred percent (100%) of City's capital improvement expenditures for improvements made to County's Reserved Premises.

The lease will be for a one-year term continuing automatically for successive one-year terms unless the City provides sixty (60) days written notice, prior to the end of the then current term, of its intent to terminate the lease.

**Fiscal Impact:** The estimated cost of this lease for 2009 term will be \$372,000.00.

To authorize the Director of the Department of Finance and Management to execute a Lease Agreement with the County Commissioners of Franklin County for the building located at 375 S. High Street, and known as the Franklin County Municipal Court Building.

**WHEREAS**, the City desires to enter into a lease agreement with the County Commissioners of Franklin County, Ohio for the rental of that certain real property located at 375 S. High Street, Columbus Ohio, commonly known as the Franklin county Municipal Court Building; and

**WHEREAS**, the aforementioned building will house the operations of the Municipal Court; and

**WHEREAS**, the lease agreement will contain an option to allow the City to take fee title to the building after meeting certain conditions and upon payment of the Option Purchase Price as defined in the lease; now, therefore:

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

**SECTION 1.** That the the Director of the Department of Finance and Management is hereby authorized to execute those documents approved by the Department of Law, Division of Real Estate, necessary to enter into a lease agreement by and between the City of Columbus, Ohio and the County Commissioners of Franklin County, Ohio for the real property located at 375 S. High Street, Columbus, Ohio 43215.

**SECTION 2.** That the terms and conditions of this lease shall be in a form approved by the City Attorney's office and shall include the following terms:

a) The lease shall have an initial term of one (1) year commencing on March 1, 2009 and continuing automatically for successive one-year terms unless the City provides sixty (60) days written notice, prior to the expiration of the then current term, of its intention not to terminate the lease at the end of the term, and subject to the annual appropriation and certification of funds for payment of rent.

b) The annual rent paid will be the sum of the County's actual cost operating cost to provide janitorial service to the space occupied or used by City and the pro-rated cost, based on the City's occupancy of the building casualty insurance, excluding any coverage for contents.

c) Upon the City's expenditure of an accumulated total of \$30 million dollars in capital expense by no later than December 31, 2030, the City shall have an option to take fee title to the building upon proper notice and payment of the Option Purchase Price as defined in the lease.

d) Such other terms and conditions as are required and/or approved by the City Attorney's Office.

**SECTION 3.** That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

