



Legislation Details (With Text)

File #: 1609-2019 **Version:** 1

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File created: 6/6/2019 **In control:** Economic Development Committee

On agenda: 6/24/2019 **Final action:** 6/27/2019

Title: To authorize the Director of the Department of Development to amend the Community Reinvestment Area Agreement between the City of Columbus, Rickenbacker West Owner, LLC and the Columbus-Franklin County Finance Authority, to remove Rickenbacker West Owner, LLC and the Columbus-Franklin County Finance Authority to be replaced with Granite (1901 Beggrow) LLC and to add language requiring an Amendment Fee for future Grantee-initiated Amendments; and to declare an emergency.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
6/27/2019	1	CITY CLERK	Attest	
6/26/2019	1	ACTING MAYOR	Signed	
6/24/2019	1	COUNCIL PRESIDENT	Signed	
6/24/2019	1	Columbus City Council	Approved	Pass

BACKGROUND: Columbus City Council (COUNCIL), by Ordinance No. 2349-2017, passed October 2, 2017, authorized the City of Columbus (CITY) to enter into an Community Reinvestment Area Agreement (the AGREEMENT) with Rickenbacker West Owner, LLC (ENTERPRISE) and the Columbus-Franklin County Finance Authority (FINANCE AUTHORITY) for a tax abatement of one-hundred percent (100%) for a period of fifteen (15) years in consideration of a proposed approximately \$34.5 million investment in real property improvements and the creation of 80 net new full-time positions with an associated annual payroll of approximately \$2.4 million related to the construction of an 802,149-square-foot industrial warehouse for lease to one or more tenants (the PROJECT) on parcel numbers 495-234526 and 495-287286 off of Beggrow Street, Columbus, Ohio 43137 and within the Rickenbacker Community Reinvestment Area (the PROJECT SITE). The AGREEMENT was made and entered into effective October 12, 2017 (CRA #049-18000-14/17-000) with no real property exemption to commence after 2020 nor extend beyond 2034. ENTERPRISE and FINANCE AUTHORITY submitted an application for abatement related to the PROJECT to the CITY on October 18, 2018, and the City certified to the Franklin County Auditor on November 13, 2018 that the project described in the application met the necessary requirements for exemption and granted a 15-year, 100% exemption to the applicable improvements on Parcel Number 495-297812, 1901 Beggrow Street, Lockbourne, Ohio 43137, to commence January 1, 2019 with the term of the abatement to run through 2033.

In a letter to the CITY dated May 16, 2019 from Granite REIT, the CITY was advised that Granite (1901 Beggrow) LLC (GRANITE) had entered into a contract with ENTERPRISE to transfer to GRANITE the interest of ENTERPRISE on that certain property at 1901 Beggrow Street (Parcel Number 495-297812) with the closing of the sale scheduled to occur on May 23, 2019. The CITY was subsequently advised by representatives of ENTERPRISE and FINANCE AUTHORITY that the sale closing occurred on May 23, 2019 and that ENTERPRISE and FINANCE AUTHORITY did “want to assign the development incentives to the buyer and request that the City approve such an assignment.”

Due diligence has been undertaken by the CITY in that GRANITE 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.

Furthermore, representatives of ENTERPRISE confirmed to the CITY that the compensation agreements provided for in the AGREEMENT, entered into by and between the Columbus City School District and Pizzuti Land LLC will not be assigned and that Pizzuti Land LLC will continue to maintain compliance with the compensation agreements.

Additionally, Columbus City Council, by Ordinance No. 3221-2018, passed March 13, 2019, authorized the Director of Development to establish a fee schedule that supports the Department's administrative and project costs associated with administering Department programs with one of those fees being an Amendment Fee.

This legislation is to authorize the Director of the Department of Development to amend the AGREEMENT for the first time to remove Rickenbacker West Owner, LLC and the Columbus-Franklin County Finance Authority as ENTERPRISE and FINANCE AUTHORITY respectively to be replaced with Granite (1901 Beggrow) LLC as ENTERPRISE, whereby Granite (1901 Beggrow) LLC will assume the terms and commitments of the AGREEMENT and to add language requiring an Amendment Fee for future Grantee-initiated Amendments.

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 prior to the 2019 Tax Incentive Review Council (the "TIRC") so that the TIRC might be advised of this amendment.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to amend the Community Reinvestment Area Agreement between the City of Columbus, Rickenbacker West Owner, LLC and the Columbus-Franklin County Finance Authority, to remove Rickenbacker West Owner, LLC and the Columbus-Franklin County Finance Authority to be replaced with Granite (1901 Beggrow) LLC and to add language requiring an Amendment Fee for future Grantee-initiated Amendments; and to declare an emergency.

WHEREAS, the City of Columbus (CITY) entered into a Community Reinvestment Area Agreement (the AGREEMENT) with Rickenbacker West Owner, LLC (ENTERPRISE) and the Columbus-Franklin County Finance Authority (FINANCE AUTHORITY), approved by Columbus City Council (COUNCIL) on October 2, 2017 by Ordinance No. 2349-2017 with this AGREEMENT made and entered into effective October 12, 2017); and

WHEREAS, the AGREEMENT granted a 100%/15-Year abatement on real property improvements; and

WHEREAS, the incentive was granted in consideration of an \$34.5 million investment in real property improvements and the creation of 80 net new full-time positions with an associated annual payroll of approximately \$2.4 million related to the construction of an 802,149-square-foot industrial warehouse for lease to one or more tenants (the PROJECT) on parcel numbers 495-234526 and 495-287286 off of Beggrow Street, Columbus, Ohio 43137 and within the Rickenbacker Community Reinvestment Area with no real property exemption to commence after 2020 nor extend beyond 2034; and

WHEREAS, ENTERPRISE and FINANCE AUTHORITY submitted an application for abatement related to the PROJECT to the CITY on October 18, 2018, and the City certified to the Franklin County Auditor on November 13, 2018 that the project described in the application met the necessary requirements for exemption and granted a 15-year, 100% exemption to the applicable improvements on Parcel Number 495-297812, 1901 Beggrow Street, Lockbourne, Ohio 43137, to commence January 1, 2019 with the term of the abatement to run through 2033.

WHEREAS, in a letter to the CITY dated May 16, 2019 from Granite REIT, the CITY was advised that Granite (1901 Beggrow) LLC (GRANITE) had entered into a contract with ENTERPRISE to transfer to GRANITE the interest of ENTERPRISE on that certain property at 1901 Beggrow Street (Parcel Number 495-297812) with the closing of the sale scheduled to occur on May 23, 2019; and

WHEREAS, the CITY was subsequently advised by representatives of ENTERPRISE and FINANCE AUTHORITY that the sale closing occurred on May 23, 2019 and that ENTERPRISE and FINANCE AUTHORITY did “want to assign the development incentives to the buyer and request that the City approve such an assignment;” and

WHEREAS, due diligence has been undertaken by the CITY in that GRANITE 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, furthermore, representatives of ENTERPRISE confirmed to the CITY that the compensation agreements provided for in the AGREEMENT, entered into by and between the Columbus City School District and Pizzuti Land LLC will not be assigned and that Pizzuti Land LLC will continue to maintain compliance with the compensation agreements; and

WHEREAS, Columbus City Council, by Ordinance No. 3221-2018, passed March 13, 2019, authorized the Director of Development to establish a fee schedule that supports the Department’s administrative and project costs associated with administering Department programs with one of those fees being an Amendment Fee; and

WHEREAS, an amendment for assignment and assumption is needed to remove Rickenbacker West Owner, LLC and the Columbus-Franklin County Finance Authority as ENTERPRISE and FINANCE AUTHORITY respectively to be replaced with Granite (1901 Beggrow) LLC as ENTERPRISE, whereby Granite (1901 Beggrow) LLC will assume the terms and commitments of the AGREEMENT; 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 to the AGREEMENT so that this amendment to the AGREEMENT might be fully executed prior to the 2019 Tax Incentive Review Council (the “TIRC”) so that the TIRC might be advised of this amendment, 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 the Department of Development is hereby authorized to amend the Community Reinvestment Agreement for assignment and assumption with Rickenbacker West Owner, LLC and the Columbus-Franklin County Finance Authority, to remove Rickenbacker West Owner, LLC and the Columbus-Franklin County Finance Authority as ENTERPRISE and FINANCE AUTHORITY respectively and be replaced with Granite (1901 Beggrow) LLC as ENTERPRISE, whereby Granite (1901 Beggrow) LLC will assume the terms and commitments of the AGREEMENT.

Section 2. That the Director of Development is hereby authorized to amend the modification provision as contained in Section 22 of the AGREEMENT to indicate that any requested amendment or modification to any of the terms of this AGREEMENT made to the CITY by the ENTERPRISE or any other potential Grantee associated with this AGREEMENT shall require the payment to the CITY by the ENTERPRISE or any other potential Grantee an AMENDMENT FEE in the amount of \$500.

Section 3. That this FIRST AMENDMENT for assignment and assumption to the City of Columbus Community Reinvestment Area Agreement be signed by Granite (1901 Beggrow) LLC within ninety (90) days of passage of this ordinance, or this ordinance and the incentive authorized herein shall be null and void.

Section 4. 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.