



Legislation Text

File #: 2423-2021, **Version:** 1

BACKGROUND: Columbus City Council (**COUNCIL**), by Ordinance No. 1205-2018, passed May 14, 2018, authorized the City of Columbus (**CITY**) to enter into an Enterprise Zone Agreement (the “**AGREEMENT**”) with Columbus Industrial Owner I, LLC (hereinafter “**ENTERPRISE**”) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of the company’s investment of approximately \$15 million in real property improvements and the creation of five (5) net new full-time permanent positions with a total payroll of approximately \$156,000. The project involved the construction of an approximately 280,000 square foot speculative industrial warehouse on the east side of Walcutt Road, north of Trabue Road on Parcel Number 560-184817 (“**PROJECT SITE**”) located within the Hilliard City School District and the Tolles Career & Technical Center and within the Columbus Enterprise Zone, (hereinafter referred to as the “**PROJECT**”). The **AGREEMENT** was made and entered into effective August 13, 2018.

The **AGREEMENT** was subsequently authorized by **COUNCIL**, by Ordinance No. 1257-2019, passed May 13, 2019, to be Amended for the first time for Assignment & Assumption to (i) assign the **AGREEMENT** to HCP 1860 Walcutt Road, LLC, whereby HCP 1860 Walcutt Road, LLC assumed the terms of the **AGREEMENT**; and (ii) redefined the Project Site as the 20.118 acre parcel split from the original parcel, transferred to HCP 1860 Walcutt Road, LLC and identified as parcel number 560-298454. The First Amendment was made and entered into effective August 9, 2019.

In a letter received by the **CITY** on behalf of the **ENTERPRISE** dated August 23, 2021 and through ensuing correspondence, it was confirmed that Lex 1860 Walcutt LLC had acquired ownership of the **PROJECT SITE** from HCP 1860 Walcutt Road, LLC on August 16, 2021, and the transfer of ownership is in the process of being recorded by the County Auditor. Due diligence has been undertaken by the **CITY** in that Lex 1860 Walcutt 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.

Following the recorded transfer of ownership, this legislation is to authorize the Director of the Department of Development to amend the **AGREEMENT** for the second time for Assignment & Assumption to remove HCP 1860 Walcutt Road, LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with Lex 1860 Walcutt LLC as **ENTERPRISE** and party to the **AGREEMENT**, whereby Lex 1860 Walcutt LLC will assume the terms and commitments 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 current 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 second time for Assignment & Assumption with HCP 1860 Walcutt Road, LLC, to remove HCP 1860 Walcutt Road, LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with Lex 1860 Walcutt LLC as **ENTERPRISE** and party to the **AGREEMENT**; and to declare an emergency.

WHEREAS, the City of Columbus (“**CITY**”) entered into an Enterprise Zone Agreement (the “**AGREEMENT**”) with Columbus Industrial Owner I, LLC (hereafter referred to as “**ENTERPRISE**”), approved by Columbus City Council (

“COUNCIL”) on May 14, 2018 by Ordinance No. 1205-2018 with this **AGREEMENT** made and entered into effective August 13, 2018; and

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

WHEREAS, the incentive was granted in consideration of company’s investment of approximately \$15 million in real property improvements and the creation of five (5) net new full-time permanent positions with a total payroll of approximately \$156,000. The project involved the construction of an approximately 280,000 square foot speculative industrial warehouse on the east side of Walcutt Road, north of Trabue Road on Parcel Number 560-184817 located within the Hilliard City School District and the Tolles Career & Technical Center and within the Columbus Enterprise Zone, (hereinafter referred to as the “**PROJECT**”); and

WHEREAS, in a letter dated March 12, 2019 from a representative of the **ENTERPRISE**, the City was notified of a parcel split and property transfer that occurred in the fall of 2018 between Columbus Industrial Owner I, LLC and its affiliate HCP 1860 Walcutt Road, LLC. The letter further requested that the **AGREEMENT** be amended to (i) assign the Agreement to HCP 1860 Walcutt Road, LLC; and (ii) redefine the Project Site as the 20.118 acre parcel split from the original parcel, transferred to HCP 1860 Walcutt Road, LLC and identified as parcel number 560-298454. The First Amendment was made and entered into effective August 9, 2019; and

WHEREAS, in a letter received by the **CITY** on behalf of the **ENTERPRISE** dated August 23, 2021 and through ensuing correspondence, it was confirmed that Lex 1860 Walcutt LLC had acquired ownership of the **PROJECT SITE** from HCP 1860 Walcutt Road, LLC on August 16, 2021; and

WHEREAS, due diligence has been undertaken by the **CITY** in that Lex 1860 Walcutt 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, a second amendment to the **AGREEMENT** is now needed for Assignment & Assumption to remove HCP 1860 Walcutt Road, LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with Lex 1860 Walcutt LLC as **ENTERPRISE** and party to 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 for Assignment & Assumption to the **AGREEMENT** with HCP 1860 Walcutt Road, LLC for the purpose of removing HCP 1860 Walcutt Road, LLC as **ENTERPRISE** and party to the **AGREEMENT** to be replaced by Lex 1860 Walcutt LLC as **ENTERPRISE** and party to the **AGREEMENT** which will allow the **ENTERPRISE** to remain in compliance and receive any future tax savings from the proposed abatement; thereby preserving the public health, peace, property and safety.

NOW, THEREFORE

BE IT ORDAINED BY THE COUNCIL OF COLUMBUS

Section 1. That following the recorded transfer of ownership, the Director of the Department of Development is hereby authorized to amend the Enterprise Zone Agreement for Assignment and Assumption with HCP 1860 Walcutt Road, LLC to remove HCP 1860 Walcutt Road, LLC as **ENTERPRISE** and party to the **AGREEMENT** to be replaced by Lex 1860 Walcutt LLC as **ENTERPRISE** and party to the **AGREEMENT**. Lex 1860 Walcutt LLC will assume the terms and commitments of the **AGREEMENT**.

Section 2. That this **SECOND AMENDMENT** for Assignment and Assumption to the City of Columbus Enterprise Zone Agreement be signed by Lex 1860 Walcutt LLC within ninety (90) days of passage of this ordinance, or this ordinance and the incentive authorized herein shall be null and void.

Section 3. 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.