



Legislation Text

File #: 1147-2023, **Version:** 1

BACKGROUND: The City Attorney’s office filed a nuisance abatement action in the Franklin County Environmental Court against Paxe Latitude LP (“Paxe”) on January 28, 2022. This lawsuit sought to address chronic code violations and criminal activity occurring at Paxe’s apartment complex located at 525 Sawyer Boulevard, commonly known as “Sawyer Towers” or “Latitude Five 25”. On Christmas Day, December 25, 2022, all residents were evacuated from the complex due to unsafe conditions caused by frozen and bursting waters pipes. On February 16, 2023, the City prevailed on a motion for contempt and Paxe was ordered to pay over \$4,000,000.00 in fines. On February 20, 2023, Paxe filed for bankruptcy in the United States Bankruptcy Court for the District of New Jersey in *In re Paxe Latitude LP*, 23-11337 seeking to avoid payment of its fines. In order to retain local counsel, the City entered into a special counsel agreement with Klestadt Winters Jureller Southard & Stevens LLP on February 28, 2023, for payment not to exceed \$50,000.00. Special counsel filed a motion to dismiss on the City’s behalf seeking return of the case to Ohio and provided representation and multiple hearings in New Jersey. The bankruptcy court denied the City’s motion to dismiss, allowing the proceedings to continue in the United States Bankruptcy Court for the District of New Jersey. The continuation of the bankruptcy case will require additional court appearances and filings in New Jersey, and an additional \$50,000.00 in funds are now needed to allow for continued representation.

FISCAL IMPACT: This contract will be funded by the Environmental Fund. The amount of the contract modification is \$50,000.00. The total amount of this contract, as modified, is \$100,000.00.

COMPANY: Klestadt Winters Jureller Southard & Stevens, LLP, 200 West 41st Street, 17th Floor, New York, New York 10036, FID: 13-4142915, CC044556, expires 3/8/2025

To authorize the City Attorney to modify an existing contract with Klestadt Winters Jureller Southard & Stevens LLP, for the case of *In re Paxe Latitude LP*, 23-11337, pending in the United States Bankruptcy Court for the District of New Jersey; and to authorize the expenditure of \$50,000.00 from the Environmental Fund. (\$50,000.00)

WHEREAS, the City Attorney’s office filed a nuisance abatement action in the Franklin County Environmental Court against Paxe Latitude LP (“Paxe”) on January 28, 2022; and

WHEREAS, this lawsuit sought to address chronic code violations and criminal activity occurring at Paxe’s apartment complex located at 525 Sawyer Boulevard, commonly known as “Sawyer Towers” or “Latitude Five 25”; and

WHEREAS, On Christmas Day, December 25, 2022, all residents were evacuated from the complex due to unsafe conditions caused by frozen and bursting waters pipes; and

WHEREAS, on February 16, 2023, the City prevailed on a motion for contempt and Paxe was ordered to pay over \$4,000,000.00 in fines; and

WHEREAS, on February 20, 2023, Paxe filed for bankruptcy in the United States Bankruptcy Court for the District of New Jersey in *In re Paxe Latitude LP*, 23-11337 seeking to avoid payment of its fines; and

WHEREAS, in order to retain local counsel, the City entered into a special counsel agreement with Klestadt Winters Jureller Southard & Stevens LLP on February 28, 2023, for payment not to exceed \$50,000.00; and

WHEREAS, special counsel filed a motion to dismiss on the City's behalf seeking return of the case to Ohio and provided representation and multiple hearings in New Jersey; and

WHEREAS, the bankruptcy court denied the City's motion to dismiss, allowing the proceedings to continue in the United States Bankruptcy Court for the District of New Jersey; and

WHEREAS, the continuation of the bankruptcy case will require additional court appearances and filings in New Jersey, and an additional \$50,000.00 in funds are now needed to allow for continued representation; **NOW, THEREFORE**,

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

Section 1. That the City Attorney is hereby authorized to modify the contract entered into on February 28, 2023, with Klestadt Winters Jureller Southard & Stevens LLP for special legal counsel services to represent the City of Columbus in the case of *In re Paxe Latitude LP*, 23-11337, pending in the United States Bankruptcy Court for the District of New Jersey, to state that the maximum amount to be paid pursuant to the Contract is amended to \$100,000.00, which maximum amount may not be exceeded without approval of additional modification by Columbus City Council.

Section 2. That for the purposes stated in Section 1, the amount of \$50,000.00, or so much thereof as may be necessary, be and is hereby authorized in the 2297 Environmental Fund, 24-2401 City Attorney, per the accounting codes in the attachment to this ordinance.

Section 3. Funds are hereby deemed appropriated and expenditures authorized to carry out the purposes of this ordinance and the City Auditor shall establish such accounting codes as necessary.

Section 4. This modification is made in accordance with the relevant provisions of the City Code Chapter 329 relating to contract modifications.

Section 5. The City Auditor is authorized to establish such accounting codes as necessary, to make any accounting changes to revise the funding source for all agreements, contracts, or modifications associated with this ordinance.

Section 6. That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.