



Legislation Text

File #: 0974-2023, **Version:** 1

Background: In 2004, the City, as lessee, and The RiverSouth Authority (the “Authority”), as lessor, entered into a Master Lease of real property underlying the Lazarus Building on South High Street. The lease rental payments under this Master Lease and a First Supplemental Lease supported the issuance by the Authority of its \$37,870,000 RiverSouth Area Redevelopment Bonds, 2004 Series A (the “2004 Bonds”), to pay for the cost of acquiring the former Lazarus properties and to make some initial improvements to the Lazarus Building. In 2005, a Second Supplemental Lease was entered into to support the issuance by the Authority of its \$42,850,000 RiverSouth Area Redevelopment Bonds, 2005 Series A (the “2005 Bonds”), to pay for additional improvements in the RiverSouth area and for additional improvements to the Lazarus Building to accommodate new tenants including the Ohio Department of Jobs and Family Services.

In 2012, interest rates for bonds were at a level which made it advantageous to refund a portion of the then outstanding 2004 Bonds, so the City and the Authority entered into the Third Supplemental Lease to support the issuance of the RiverSouth Area Redevelopment Refunding Bonds 2012 Series (the “2012 Bonds”). In 2014, interest rates for bonds were at a level which made it advantageous to refund the remaining outstanding 2004 Bonds and a portion of the outstanding 2005 Bonds, so the City and the Authority entered into the Fourth Supplemental Lease to support the issuance of the RiverSouth Area Redevelopment Refunding Bonds 2014 Series A (the “2014 Bonds”). Those 2012 Bonds and 2014 Bonds are scheduled to no longer be outstanding after years 2024 and 2025 respectively. This ordinance authorizes the City to enter into a Fifth Supplemental Lease Agreement with the Authority to allow the Authority to issue additional obligations in a maximum principal amount of \$60 million to provide funds for the continued redevelopment and revitalization of the RiverSouth Area and other downtown projects in alignment with the 2022 Downtown Columbus Strategic Plan concepts. Under the lease, the City's payments will go towards paying debt service on the new bonds issued by the Authority.

Emergency Justification: Emergency action is requested in order to allow the Authority to timely issue bonds contemplated by the Fifth Supplemental Lease Agreement that the City desires to enter into with the Authority by separate legislation, at the most advantageous interest rates so that the continued redevelopment and revitalization of the RiverSouth Area can continue in support of the 2022 Columbus Downtown Strategic Plan, thereby also financially benefiting the City.

Fiscal Impact: No funding is required for this legislation. Upon the issuance of any new obligations by the Authority, the administration will submit legislation for City Council consideration for the appropriation and authorization of the expenditure of funds for the to-be-determined annual lease payment amount not to exceed \$4.8 million annually.

To authorize the Director of the Department of Development to enter into a Fifth Supplemental Lease Agreement with The RiverSouth Authority in connection with the issuance of new obligations supporting redevelopment and revitalization of the RiverSouth Area and other downtown projects in alignment with the 2022 Downtown Columbus Strategic Plan concepts; and to declare an emergency.

WHEREAS, to further the redevelopment and revitalization of several square blocks in downtown Columbus generally bounded by Town Street and State Street on the north, High Street and Wall Street on the east, Rich Street and Cherry

Street on the south, and Front Street and Ludlow Street on the west (the “RiverSouth Area”), the Columbus Downtown Development Corporation (“CDDC”) petitioned this Council for the creation of The RiverSouth Authority (the “Authority”) as a new community authority pursuant to Chapter 349 of the Ohio Revised Code (the “Revised Code”), and by adoption of its Ordinance No. 1007-2004 on June 21, 2004, this Council approved the creation of that Authority and appointed five members of its Board of Trustees; and

WHEREAS, pursuant to Ordinance No. 1009-2004, passed by this Council on June 21, 2004, the City then entered into a Master Lease Agreement and a First Supplemental Lease Agreement with the Authority in support of the Authority's issuance of its \$37,870,000 RiverSouth Area Redevelopment Bonds, 2004 Series A (the “2004 Bonds”), to pay costs of CDDC’s acquisition of certain former Lazarus properties and redevelopment initiatives in and for the RiverSouth Area; and

WHEREAS, pursuant to Ordinance No. 1312-2005, passed by Council on July 25, 2005, the City entered into a Second Supplemental Lease Agreement with the Authority in support of the Authority's issuance of its \$42,850,000 RiverSouth Area Redevelopment Bonds, 2005 Series A (the “2005 Bonds”), to pay for additional improvements in and for the RiverSouth Area, including additional improvements to the former Lazarus Building which were necessary to prepare the property for reuse by new tenants including the Ohio Department of Jobs and Family Services; and

WHEREAS, pursuant to Ordinance No. 0382-2012, passed by Council on February 27, 2012, the City entered into a Third Supplemental Lease Agreement with the Authority in support of the Authority's issuance of its \$26,625,000 RiverSouth Area Redevelopment Refunding Bonds, 2012 Series A (the “2012 Bonds”), to refund at a lower interest cost a portion of the Authority's then outstanding 2004 Bonds; and

WHEREAS, pursuant to Ordinance No. 0541-2014, passed by Council on March 10, 2014, the City entered into a Fourth Supplemental Lease Agreement with the Authority in support of the Authority's issuance of its \$31,100,000 RiverSouth Area Redevelopment Refunding Bonds, 2014 Series A (the “2014 Bonds”), to refund at a lower interest cost the Authority’s then outstanding 2004 Bonds and a portion of its 2005 Bonds; and

WHEREAS, the 2012 Bonds and the 2014 Bonds are scheduled to no longer be outstanding after years 2024 and 2025 respectively; and

WHEREAS, pursuant to Resolution 0164X-2022, adopted by Council on October 3, 2022, Council accepted the 2022 Downtown Columbus Strategic Plan concepts (the “2022 Downtown Plan”) prepared by CDDC; and

WHEREAS, subsequent to the formulation of the 2022 Downtown Plan, CDDC petitioned this Council for the expansion of the Authority’s new community district to include additional parcels downtown outside the RiverSouth Area (the “Expansion Area”) and to supplement the Authority’s new community development program pursuant to Revised Code Chapter 349, and

WHEREAS, by adoption of Resolution No. 0018X-2023 on January 30, 2023, this Council determined the sufficiency of CDDC’s amending petition in order to authorize a hearing on it, and following said hearing, this Council is considering another resolution submitted by the administration to approve the Expansion Area and supplemental program; and

WHEREAS, the City now desires to enter into a Fifth Supplemental Lease Agreement with the Authority in support of the Authority’s issuance of up to \$60,000,000.00 of RiverSouth Area Redevelopment Obligations, as further described in the new agreement, to pay for additional improvements in and for the RiverSouth Area, the Expansion Area, and other downtown projects aligned with the 2022 Downtown Plan that are included in the Authority’s supplemental program; and

WHEREAS, an emergency exists in the usual daily operation of the City and the Department of Development, in that it is immediately necessary to enter into the Fifth Supplemental Lease Agreement, in order to allow the Authority to timely issue any obligations contemplated by the Fifth Supplemental Lease Agreement at the most advantageous interest rates thereby financially benefiting the City, as the amount of the lease payments are dependent on the interest rate of new debt service, and any further delay will likely result in a higher interest rate on the bonds, all for the immediate preservation of the public health, peace, property and safety; now therefore:

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

Section 1. Council finds that entering into the Fifth Supplemental Lease Agreement ("Lease") by and between the City and the Authority, in the form presently on file with the Department of Development, is in the City's best interest, which provides for, among other things, the financing and development of certain improvements in the RiverSouth Area, the Expansion Area, and other downtown projects aligned with the 2022 Columbus Downtown Strategic Plan.

Section 2. Council authorizes and directs the City's Director of the Department of Development to sign and execute the Lease, along with any changes or amendments thereto that are not inconsistent with this ordinance and not substantially adverse to the City, which shall be approved by the Director of the Department of Development and the City Attorney, provided, that the approval of such changes and amendments thereto, and the character of those changes and amendments as not being inconsistent with this ordinance or substantially adverse to the City shall be evidenced conclusively by the execution and delivery of the Fifth Supplemental Lease Agreement by the Director of the Department of Development.

Section 3. The Director of the Department of Development, the City Auditor, the City Attorney, and other appropriate officials of the City are authorized to execute other instruments, subject to approval by the City Attorney's Office, and to take any other actions as may be necessary to implement the Fifth Supplemental Lease Agreement, this ordinance, and the transactions contemplated by each.

Section 4. That for the reasons stated in the preamble hereto, which are made a part hereof, this ordinance is 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 its passage if the Mayor neither approves nor vetoes the same.