



Legislation Text

File #: 3247-2021, Version: 1

Background: Pursuant to Ordinance 2069-2021 passed by City Council on July 26, 2021, the City and The Ohio State University ("OSU") were authorized to enter into a memorandum of understanding (the "MOU") to outline the City and OSU's respective commitments for a major expansion of the OSU west campus within the City between the CSX railroad to the east, North Star Road to the west, Lane Avenue to the north, and the southern boundary of the parcels along Kinnear Road (the "Innovation District"). OSU is proposing a \$3 to \$4 billion capital investment of new improvements over a period of twenty to thirty years including 1,500 to 2,000 residential units; 100,000 to 200,000 square feet of retail; a 180 to 220-bed hotel; up to 500,000 square feet of medical facilities; and 4 to 6 million square feet of lab and commercial office space that will need new public water and sewer utilities that will connect the City's existing water and sewer infrastructure to the boundary of the Innovation District (the "Off-Site Improvements") as well as new public infrastructure improvements within the Innovation District (the "On-Site Improvements" and together with the Off-Site Improvements, the "Public Infrastructure Improvements"). Consistent with the MOU, the Department of Development has submitted for City Council consideration Ordinance 3171-2021 to establish a new tax increment financing area over the Innovation District pursuant to Ohio Revised Code Section 5709.40(B) (the "Innovation District TIF") to exempt from taxation one-hundred percent (100%) of the improvements to each parcel within the Innovation District for up to a thirty (30) year coextensive period for all parcels; to simultaneously direct and require the owners of each parcel within the Innovation District to make annual payments in lieu of taxes (the "Service Payments"); to request the distribution of the applicable portions of those Service Payments to the Columbus City Schools and the City; and to deposit the non-school Service Payments in a special fund established by City Council (the "Innovation District TIF Fund"). This Ordinance approves and authorizes a new Tax Increment Financing Agreement (the "Agreement") between the City and OSU (and together with its affiliated entities, the "Developer") for the reimbursement of the principal expenses of the Public Infrastructure Improvements to the City and the Developer using Service Payments. This Ordinance will also appropriate and authorize the expenditure of the Service Payments in the Innovation District TIF Fund pursuant to the Agreement.

Emergency Justification: Emergency legislation is necessary to allow the Developer to maintain its project schedule and allow for the timely reimbursement of the public infrastructure improvements in progress.

Fiscal Impact: No funding is required for this legislation. The City is appropriating and authorizing the expenditure of Service Payments generated by the parcels in the Innovation District TIF subject to Ordinance 3171-2021 that are to be deposited in the Innovation District TIF Fund all in accordance with the Tax Increment Financing Agreement.

To appropriate and authorize the expenditure of service payments in lieu of taxes generated by the parcels subject to the Innovation District TIF and deposited in the Innovation District Municipal Public Improvement Tax Increment Equivalent Fund pursuant to the Tax Increment Financing Agreement; to authorize the Director of the Department of Development (the "Director") to execute and deliver a Tax Increment Financing Agreement between the City and The Ohio State University (and together with its affiliated entities, the "Developer") for the financing and reimbursement of costs of public infrastructure improvements benefiting the Innovation District between the CSX railroad to the east, North Star Road to the west, Lane Avenue to the north, and the southern boundary of the parcels along Kinnear Road; and to declare an emergency.

WHEREAS, Ordinance 2069-2021 passed by City Council on July 26, 2021 authorized the City and The Ohio State University ("OSU") to enter into a memorandum of understanding (the "MOU") to outline the City and OSU's respective commitments for a major expansion of the OSU west campus within the City between the CSX railroad to the east, North Star Road to the west, Lane Avenue to the north, and the southern boundary of the parcels along Kinnear Road (the "Innovation District"); and

WHEREAS, pursuant to the MOU, OSU has proposed to invest approximately three to four billion dollars (\$3,000,000,000 - \$4,000,000,000) over a period of twenty to thirty years in order to develop real property and create an innovation program area within the Innovation District, which will include 1,500 to 2,000 residential units; 100,000 to 200,000 square feet of retail; a 180 to 220-bed hotel; up to 500,000 square feet of medical facilities; and four to six million (4,000,000 - 6,000,000) square feet of labs and offices to be developed (the “Project”); and

WHEREAS, the Project will require new public water and sewer utilities that will connect the City’s existing water and sewer infrastructure to the boundary of the Innovation District (the “Off-Site Improvements”) as well as new public infrastructure improvements within the Innovation District (the “On-Site Improvements” and together with the Off-Site Improvements, the “Public Infrastructure Improvements”); and

WHEREAS, in keeping with the MOU, the Department of Development has submitted to City Council for consideration Ordinance 3171-2021 (the “TIF Ordinance”) to establish a new non-school tax increment financing area covering the Innovation District pursuant to Ohio Revised Code Section 5709.40(B) (the “Innovation District TIF”) to exempt from taxation one-hundred percent (100%) of the improvements to each parcel within the Innovation District for up to a thirty (30) year coextensive period for all parcels; to simultaneously direct and require the owners of each parcel within the Innovation District to make annual payments in lieu of taxes (the “Service Payments”); to request the distribution of the applicable portions of those Service Payments to the Columbus City Schools and the City; and to deposit the non-school Service Payments in a special fund established by City Council (the “Innovation District TIF Fund”); and

WHEREAS, OSU has agreed to provide front-end financing for the design of the Off-Site Improvements as well as the design and construction expenses of any On-Site Improvements provided that the City reimburses the eligible principal expenses associated with those Public Infrastructure Improvements over time from the Service Payments; and

WHEREAS, subject to appropriation by City Council, the City will provide initial funding to construct the Off-Site Improvements provided that the City is also reimbursed over time from the Service Payments; and

WHEREAS, the City is willing to appropriate and authorize the expenditure of the Service Payments in the Innovation District TIF Fund to reimburse the eligible principal expenses of the Public Infrastructure Improvements provided that OSU (and together with its affiliated entities, the “Developer”) approves and enters into a Tax Increment Financing Agreement (the “Agreement”) with the City pursuant to which the City agrees to allocate the Service Payments between the City and the Developer under the terms and conditions of the Agreement; and

WHEREAS, OSU has agreed that the Agreement will include provisions for compliance with Columbus City Code Chapter 377 (Wage Theft) mutually agreed upon by OSU and the City; and

WHEREAS, the City and the Developer may enter into further subsequent agreements as determined by the City to further define the terms and conditions pursuant to which the Public Infrastructure Improvements will be designed, constructed, and maintained, including but not limited to Guaranteed Maximum Reimbursement Agreements, Contribution Agreements, Maintenance Agreements, Easement Agreements, and Restrictive Covenants (each as referenced herein and those agreements hereinafter individually and collectively referred to as the “Subsequent Agreements”); and

WHEREAS, an emergency exists in the usual daily operations of the Department of Development in that it is immediately necessary to appropriate the Service Payments and enter into the foregoing Agreement and Subsequent Agreements to expedite the development and financing of the Public Infrastructure Improvements in progress all for the preservation of the public health, peace, property, and safety, that preservation; **NOW, THEREFORE**,

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

Section 1. That the Director of Development (the “Director”), for and in the name of the City, is hereby authorized

to execute and deliver the Tax Increment Financing Agreement (the “Agreement”) presently on file with the Director along with any changes or amendments thereto not inconsistent with this Ordinance and not substantially adverse to the City and which shall be approved by the Director 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 substantially adverse to the City, shall be evidenced conclusively by the Director’s execution and delivery thereof.

Section 2. That the Director or other appropriate officers of the City are authorized to execute the Subsequent Agreements, defined herein, as well as any ensuing amendments to those Subsequent Agreements, and such other agreements and instruments, subject to approval by the City Attorney’s Office, and to take all actions as may be necessary to implement this Ordinance and the transactions contemplated by the Agreement and/or the Subsequent Agreements.

Section 3. That the service payments in lieu of taxes and property tax rollback payments deposited into the Innovation District Municipal Public Improvement Tax Increment Equivalent Fund (the “TIF Fund”) created by Ordinance 3171-2021, shall be deemed appropriated for the purposes set forth in the Agreement and/or the Subsequent Agreements and authorized to be expended therefrom in accordance with the Agreement and the Subsequent Agreements, and the City Auditor is authorized to make payments to The Ohio State University or its designee from the TIF Fund in accordance with the Agreement and/or the Subsequent Agreements upon order of the Director or his or her designee and that no order shall be drawn or money paid except by voucher, the form of which shall be approved by the City Auditor.

Section 4. That the City Auditor is authorized to make annual transfers of \$5,000 from the TIF Fund to the Business Tax Incentive Fund (2229), subject to the authorization of the Director, for the City TIF Administrative Fee, as defined in and in accordance with the Agreement and Ordinance 3221-2018.

Section 5. That 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, amendments, or modifications associated with this Ordinance and the transactions contemplated by the Agreement, the Subsequent Agreements and/or their amendments.

Section 6. That the City Auditor is hereby authorized to transfer the unencumbered balance in a project account or subfund to the unallocated balance account within the same fund upon receipt of certification by the Director of the Department administering said project that the project has been completed and the monies are no longer required for said project.

Section 7. That for reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is hereby declared to be an emergency measure and shall take effect and be in full force from and after its passage and approval by the Mayor or ten days after passage if the Mayor neither approves nor vetoes the same.