



Legislation Text

File #: 3007-2022, Version: 1

BACKGROUND: Columbus City Council (COUNCIL), by Ordinance No. 1948-2018, passed July 23, 2018, authorized the City of Columbus (CITY) to enter into an Enterprise Zone Agreement (the AGREEMENT) with OBM HQ, LLC, FDP Investments I, LLC & FDP Investments II, LLC (collectively the OWNER) and CoverMyMeds LLC (the future office tenant), for a real property tax abatement of one-hundred percent (100%) for a period of fifteen (15) consecutive years in consideration of a proposed \$225 million investment in real property improvements, the retention and relocation of approximately 592 existing full-time permanent positions with an associated annual payroll of approximately \$43,162,000 and the creation of approximately 1,032 net new full-time jobs with an associated annual payroll of approximately \$75,000,000 related to the construction of one (1) new approximately 200,000 square-foot Class A office building, ancillary campus amenities and surface parking (“PHASE 1”) and subject to market conditions, the construction of another one (1) Class A office building of up to approximately 200,000 square feet along with one or more associated parking structures containing up to approximately 1,150 parking spaces at a later date (“PHASE 2”) (collectively the building or buildings, related amenities, and parking structures that are actually constructed shall be referred to as the “PROJECT”) with eighty-six (86) parcels shown in Attachment 1 of the AGREEMENT (referred to in Section 1 of the AGREEMENT as Exhibit B) located along McKinley Avenue west of North Hartford Avenue within the City of Columbus and within the Columbus Central Enterprise Zone (The PROJECT SITE). The AGREEMENT was made and entered into effective February 6, 2019 with the abatement for PHASE 1 to commence no later than tax year 2022 nor extend beyond tax year 2036 and the abatement for PHASE 2 to commence no later than tax year 2030 nor extend beyond tax year 2044.

This AGREEMENT was subsequently authorized by COUNCIL to be Amended three separate times, (1) the first time to (i) add McKesson Corporation as an additional entity, (ii) to assign all of the benefits and obligations from OBM HQ, LLC, FDP Investments I, LLC and FDP Investments II to CHI Franklinton, LP, (iii) to add additional sites related to employment, (iv) to revise assignment and transfer language within the AGREEMENT, (v) to revise the parcel list and (vi) to add Amendment Fee language for future amendments, all by Ordinance No. 1258-2019, passed May 20, 2019 and made and entered into effective July 10, 2019; (2) the second time to add CHI Franklinton Phase II, LP to the AGREEMENT and assign all of the benefits and obligations as related to Phase 2 of the PROJECT to CHI Franklinton Phase II, LP by Ordinance No. 0871-2020, passed April 20, 2020 and made and entered into effective July 30, 2020; (3) the third time to add an entity in relation to Phase 1 of the PROJECT whereby through assignment, MK 1 Property Company LLC, a Delaware limited liability company would assume the obligations and commitments of the AGREEMENT from CHI Franklinton, LP as Owner related to Phase 1 of the PROJECT by Ordinance No. 1119-2021, passed May 10, 2021 and made and entered into effective June 2, 2021.

Through more recent conversations and written correspondence, the CITY received a formal request from CHI Franklinton Phase II, LP to assign all of the benefits and obligations of the AGREEMENT related to Phase 2 of the PROJECT from CHI Franklinton Phase II, LP as Owner to MK 2 Property Company LLC, a Delaware limited liability company whereby MK 2 Property Company LLC will assume the obligations and commitments of the AGREEMENT from CHI Franklinton Phase II, LP as Owner related to Phase 2 of the PROJECT.

Paragraph thirteen within Section 6 (Program Compliance) of the AGREEMENT states that the “AGREEMENT is not transferable or assignable without the express, written, approval of the CITY and subsequent authorization by Columbus City Council” and that “such approval and authorization shall not be unreasonably withheld, conditioned or delayed.”

This legislation is being presented as 30 day legislation and as such this Fourth Amendment for Assignment & Assumption might be fully executed so that the OWNER is able to continue to move forward with the obligations and

commitments as described in the AGREEMENT.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to amend for assignment and assumption the Enterprise Zone Agreement with CoverMyMeds LLC, McKesson Corporation, MK 1 Property Company LLC & CHI Franklinton Phase II, LP to remove CHI Franklinton Phase II, LP as OWNER related to the AGREEMENT and to add MK 2 Property Company, LLC, a Delaware Limited Liability Company as OWNER related to Phase 2.

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

WHEREAS, the incentive was granted in consideration of an approximately \$225 million investment in real property improvements, the retention and relocation of 592 employees, and the creation of 1,032 full-time jobs with an annual payroll of approximately \$75,000,000 related to the construction of two (2) new Class A office buildings of up to approximately 200,000 square feet each along with ancillary campus amenities, surface parking and one or more associated parking structures totaling approximately 1,150 parking spaces in two (2) phases described as PHASE 1 and PHASE 2, collectively referred to as the PROJECT to be constructed on eighty-six (86) parcels located along McKinley Avenue west of North Hartford Avenue within the City of Columbus and within the Columbus Central Enterprise Zone (the PROJECT SITE) with the abatement for PHASE 1 to commence no later than tax year 2022 nor extend beyond tax year 2036 and the abatement for PHASE 2 to commence no later than tax year 2030 nor extend beyond tax year 2044; and

WHEREAS, this AGREEMENT was subsequently authorized by COUNCIL to be Amended three separate times, (1) the first time to (i) add McKesson Corporation as an additional entity, (ii) to assign all of the benefits and obligations from OBM HQ, LLC, FDP Investments I, LLC and FDP Investments II to CHI Franklinton, LP, (iii) to add additional sites related to employment, (iv) to revise assignment and transfer language within the AGREEMENT, (v) to revise the parcel list and (vi) to add Amendment Fee language for future amendments, all by Ordinance No. 1258-2019, passed May 20, 2019 and made and entered into effective July 10, 2019; (2) the second time to add CHI Franklinton Phase II, LP to the AGREEMENT and assign all of the benefits and obligations as related to Phase 2 of the PROJECT to CHI Franklinton Phase II, LP by Ordinance No. 0871-2020, passed April 20, 2020 and made and entered into effective July 30, 2020; (3) the third time to add an entity in relation to Phase 1 of the PROJECT whereby through assignment, MK 1 Property Company LLC, a Delaware limited liability company would assume the obligations and commitments of the AGREEMENT from CHI Franklinton, LP as Owner related to Phase 1 of the PROJECT by Ordinance No. 1119-2021, passed May 10, 2021 and made and entered into effective June 2, 2021.

WHEREAS, through more recent conversations and written correspondence, the CITY received a formal request from CHI Franklinton Phase II, LP to assign all of the benefits and obligations of the AGREEMENT related to Phase 2 of the PROJECT from CHI Franklinton Phase II, LP as Owner to MK 2 Property Company LLC, a Delaware limited liability company whereby MK 2 Property Company LLC will assume the obligations and commitments of the AGREEMENT from CHI Franklinton Phase II, LP as Owner related to Phase 2 of the PROJECT; and

WHEREAS, Paragraph thirteen within Section 6 (Program Compliance) of the AGREEMENT states that the “AGREEMENT is not transferable or assignable without the express, written, approval of the CITY and subsequent authorization by Columbus City Council” and that “such approval and authorization shall not be unreasonably withheld, conditioned or delayed;” and

WHEREAS, due diligence has been undertaken by the CITY in that MK 2 Property Company LLC, a Delaware

limited liability company has agreed to fully assume the terms and commitments of the OWNER pursuant to the AGREEMENT, and that and all other pertinent information has been reviewed and vetted; and

WHEREAS, the Director of the Department of Development is requesting authorization to amend the AGREEMENT, for assignment and assumption purposes, with CoverMyMeds LLC, McKesson Corporation, MK 1 Property Company LLC & CHI Franklinton Phase II, LP to remove CHI Franklinton Phase II, LP and to add MK 2 Property Company LLC, a Delaware limited liability company as OWNER related to Phase 2 so that the OWNER is able to continue to remain compliant and move forward with the time sensitive obligations and commitments as described in the AGREEMENT.

NOW, THEREFORE

BE IT ORDAINED BY THE COUNCIL OF COLUMBUS

SECTION 1. That the Director of Development is authorized to amend the Enterprise Zone AGREEMENT with CoverMyMeds LLC, McKesson Corporation, MK 1 Property Company LLC and CHI Franklinton Phase II, LP to remove CHI Franklinton Phase II, LP and to be replaced by MK 2 Property Company LLC, a Delaware limited liability company as an additional business entity associated with the ownership and investment commitments related to Phase 2 of the AGREEMENT.

SECTION 2. That the Director of Development is authorized to delineate through assignment and assumption which certain sections of the AGREEMENT will be the responsibility of the various parties to the AGREEMENT.

SECTION 3. That this FOURTH AMENDMENT FOR ASSIGNMENT AND ASSUMPTION to the City of Columbus Enterprise Zone Agreement be signed by CHI Franklinton Phase II, LP (as Assignor), CoverMyMeds LLC (as Enterprise), McKesson Corporation (as Enterprise), MK 1 Property Company LLC (as Owner) and MK 2 Property Company LLC (as Owner and Assignee) 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 this ordinance shall take effect and be in force from and after the earliest period allowed by law.