



Legislation Details (With Text)

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Title: To authorize the Director of Development to amend the Enterprise Zone Agreement for the first time to replace Lightning Propco I, LLC with GPT Charter Street Owner LLC as the enterprise and party to the Agreement; and to declare an emergency.

Sponsors:

Indexes:

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Attachments:

Date	Ver.	Action By	Action	Result
7/26/2017	1	CITY CLERK	Attest	
7/25/2017	1	ACTING MAYOR	Signed	
7/24/2017	1	COUNCIL PRESIDENT	Signed	
7/24/2017	1	Columbus City Council	Approved	Pass

BACKGROUND: Columbus City Council (“COUNCIL”), by Ordinance No. 1277-2016, passed June 6, 2016, authorized the City of Columbus (“CITY”) to enter into an Enterprise Zone Agreement (the AGREEMENT) with Lightning Propco I, LLC (property owner) and Micro Electronics, Inc. (tenant) (hereinafter collectively known as the “ENTERPRISE”) for an exemption of fifty percent (50%) on real property improvements for a term of eight (8) taxable years in consideration of the project's proposed investment of approximately \$2.97 million, including \$2.67 million for building construction, the retention of 104 full-time permanent positions with an associated annual payroll of approximately \$3,005,612, and the creation of 5 new full-time permanent positions with an associated new annual payroll of approximately \$130,000 at 2701 Charter Street Columbus, Ohio 43228 (the “PROJECT SITE”). The AGREEMENT was made and entered into to be effective October 11, 2016 by and between the CITY and the ENTERPRISE with the term to commence no later than 2017 and to extend no later than 2024.

In a letter from the parent company of Lightning Propco I, LLC, Evergreen Industrial Properties, dated June 21, 2017, the property owner informed the CITY that since the AGREEMENT was executed in 2016 they positioned the warehouse at the PROJECT SITE occupied by Micro Electronics, Inc. for sale to GPT Charter Street Owner LLC, an affiliate of Gramercy Property Trust, a global investor and asset manager of commercial real estate. The letter went on to state that the sale of the PROJECT SITE was expected to be finalized on June 22, 2017 and that it was the desire of both Lightning Propco I, LLC and Micro Electronics, Inc., as well as the prospective buyer, that the property tax abatement as described in the Enterprise Zone Agreement be assumed by GPT Charter Street Owner LLC.

A subsequent letter dated June 23, 2017 from Gramercy Property Trust following the purchase of the PROJECT SITE reaffirmed this desire to remove Lightning Propco I, LLC as ENTERPRISE and party to the AGREEMENT and name GPT Charter Street Owner LLC as ENTERPRISE and party to the AGREEMENT. As requested by the CITY, this subsequent letter was accompanied by an updated Economic Development Incentive Application so that the CITY could undertake the necessary due diligence before recommending the AGREEMENT be amended.

Both letters related to the sale of the PROJECT SITE insisted that the sale is not expected to disrupt the operations of Micro Electronics, Inc. Micro Electronics, Inc. will continue to occupy the PROJECT SITE as part of their amended

lease arrangement and is expected to remain as a tenant through at least August 31, 2026 per their current Lease Agreement.

This legislation is to authorize the Director of Development to amend the AGREEMENT for the first time to remove Lightning Propco I, LLC as ENTERPRISE and party to the AGREEMENT to be replaced with GPT Charter Street Owner LLC as ENTERPRISE and party to the AGREEMENT.

This legislation is 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 without unnecessary delay.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to amend the Enterprise Zone Agreement for the first time to replace Lightning Propco I, LLC with GPT Charter Street Owner LLC as the enterprise and party to the Agreement; and to declare an emergency.

WHEREAS, the Columbus City Council approved the Enterprise Zone Agreement with Lightning Propco I, LLC (property owner) and Micro Electronics, Inc. (tenant) (hereinafter collectively known as the “ENTERPRISE”) on June 6, 2016 by Ordinance No. 1277-2016. The AGREEMENT was entered into effective October 11, 2016 by and between the CITY, Lightning Propco I, LLC (property owner) and Micro Electronics, Inc. (tenant); and

WHEREAS, the AGREEMENT grants the ENTERPRISE an exemption of fifty percent (50%) on real property improvements for a term of eight (8) taxable years; and

WHEREAS, the incentive was granted in consideration of the project's proposed investment of approximately \$2.97 million, including \$2.67 million for building construction, the retention of 104 full-time permanent positions at the PROJECT SITE with an associated annual payroll of approximately \$3,005,612, and the creation of 5 new full-time permanent positions with an associated new annual payroll of approximately \$130,000 at the PROJECT SITE; and

WHEREAS, in a letter from the parent company of Lightning Propco I, LLC, Evergreen Industrial Properties, dated June 21, 2017, the property owner informed the CITY that since the AGREEMENT was executed in 2016 they positioned the warehouse occupied by Micro Electronics, Inc. located at 2701 Charter Street Columbus, Ohio 43228 (the “PROJECT SITE”) for sale to GPT Charter Street Owner LLC; and

WHEREAS, a subsequent letter dated June 23, 2017 from Gramercy Property Trust following the purchase of the PROJECT SITE requested that Lightning Propco I, LLC be removed as ENTERPRISE and party to the AGREEMENT and that GPT Charter Street Owner LLC be named as ENTERPRISE and party to the AGREEMENT; and

WHEREAS, due diligence has been undertaken by the City in that GPT Charter Street Owner LLC has submitted an updated Economic Development Incentive Application and that this application and all other pertinent information has been reviewed and vetted; and

WHEREAS, an amendment is needed to remove Lightning Propco I, LLC as ENTERPRISE and party to the AGREEMENT and be replaced with GPT Charter Street Owner LLC as ENTERPRISE and party to the AGREEMENT; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to take action on this AGREEMENT in order for this amendment to be legislated in as expedient manner as possible so that this amendment to the AGREEMENT can be executed without unnecessary delay, thereby preserving the public health, peace, property, safety and welfare;

NOW, THEREFORE

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

Section 1. That the Director of Development is hereby authorized to amend the AGREEMENT with Lightning Propco I, LLC and Micro Electronics, Inc. to remove Lightning Propco I, LLC as ENTERPRISE and party to the AGREEMENT and name GPT Charter Street Owner LLC as ENTERPRISE and party to the AGREEMENT

Section 2. That all other terms of the Enterprise Zone Agreement are not modified by this amendment.

Section 3. That the amendment to the City of Columbus Enterprise Zone Agreement be signed by both GPT Charter Street Owner LLC and Micro Electronics, Inc. within 90 days of passage of this ordinance, or this ordinance and the tax incentive authorized herein shall be null and void.

Section 4. For the reasons stated in the preamble hereto, which is hereby 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 (10) days after passage if the Mayor neither approves nor vetoes the same.