



Legislation Details (With Text)

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On agenda: 2/27/2023 **Final action:** 3/1/2023

Title: To authorize the Director of the Department of Development to amend the Enterprise Zone Agreement for the first time for Assignment & Assumption with T. Marzetti Company, LLC, to remove T. Marzetti Company as ENTERPRISE and party to the AGREEMENT and to be replaced with Marzetti Manufacturing Company as ENTERPRISE and party to the AGREEMENT and to declare an emergency.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
3/1/2023	1	CITY CLERK	Attest	
2/28/2023	1	MAYOR	Signed	
2/27/2023	1	COUNCIL PRESIDENT	Signed	
2/27/2023	1	Columbus City Council	Approved	Pass

BACKGROUND: Columbus City Council (“**COUNCIL**”), by Ordinance No. 0154-2021, passed February 22, 2021, authorized the City of Columbus (“**CITY**”) to enter into an Enterprise Zone Agreement (the “**AGREEMENT**”) with T. Marzetti Company (“**ENTERPRISE**”), for a real property tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a proposed total capital expenditure of approximately \$18,000,000, which included \$5.4 million in real property improvements, \$2.6 million in improvements, and \$10 million in machinery and equipment to expand its current manufacturing facility. Additionally, the **ENTERPRISE** committed to create twenty (20) net new full-time permanent positions with an annual payroll of approximately \$900,000 and retain one-hundred four (104) full-time jobs with an annual payroll of approximately \$5,742,374 (the “**PROJECT**”) at 1709 Frank Road, Columbus, Ohio 43223, parcel number 570-126842 within the City of Columbus and within the City of Columbus Enterprise Zone (the “**PROJECT SITE**”). The **AGREEMENT** was made and entered into effective April 22, 2021 with the **PROJECT** expected to begin approximately spring 2021, with all real property improvements expected to be completed by October 2022 and with the abatement to commence no later than 2022 nor extend beyond 2031 (Agreement No. 023-21-11).

Paragraph fourteen within Section 7 (Program Compliance) of the **AGREEMENT** states that the “**AGREEMENT** is not transferable or assignable without the express, written, approval of the **CITY**” and paragraph fifteen of that same section states that “any requested amendment...to any of the terms of the **AGREEMENT**...shall require the payment to the **CITY** by the **ENTERPRISE** of an **AMENDMENT FEE** in the amount of five-hundred dollars (\$500.00).”

In a letter received by the **CITY** on behalf of the **ENTERPRISE** dated January 25, 2023, and through ensuing correspondence, it was confirmed that Marzetti Manufacturing Company has acquired ownership of the **PROJECT SITE** from T. Marzetti Company with the transfer having been recorded at the County Auditor’s Office on December 22, 2022. Through an internal company restructuring, the **ENTERPRISE** transferred its operations, along with its other manufacturing-related assets, to its wholly-owned subsidiary, Marzetti Manufacturing Company. Due diligence has been

undertaken by the **CITY** in that Marzetti Manufacturing Company has agreed to fully assume the terms and commitments of the **ENTERPRISE** pursuant to the **AGREEMENT**, has submitted an updated Economic Development Incentive Application, the five-hundred dollars (\$500.00) Amendment Fee and that this application and all other pertinent information has been reviewed and vetted.

This legislation is to authorize the Director of the Department of Development to amend the **AGREEMENT** for the first time for Assignment & Assumption to (1) remove T. Marzetti Company as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with Marzetti Manufacturing Company as **ENTERPRISE** and party to the **AGREEMENT**, whereby Marzetti Manufacturing Company will assume the terms and commitments of the **AGREEMENT**, and (2) revise the notice information related to **ENTERPRISE** within Section 7 of the **AGREEMENT**.

Based on the above, the Director of the Department of Development of the **CITY** has investigated the Economic Development Application of Marzetti Manufacturing Company and concurs with the Columbus City Council on the basis that Marzetti Manufacturing Company is qualified by financial responsibility and business experience to create and preserve employment opportunities in the Columbus Enterprise Zone and improve the economic climate of the **CITY**; and

This legislation is being 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 with the proper property owner, which will allow the **ENTERPRISE** to remain in compliance and receive any future tax savings from the proposed abatement.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to amend the Enterprise Zone Agreement for the first time for Assignment & Assumption with T. Marzetti Company, LLC, to remove T. Marzetti Company as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with Marzetti Manufacturing Company as **ENTERPRISE** and party to the **AGREEMENT** and to declare an emergency.

WHEREAS, the City of Columbus ("**CITY**") entered into an Enterprise Zone Agreement (the "**AGREEMENT**") with T. Marzetti Company (hereafter referred to as "**ENTERPRISE**"), approved by Columbus City Council ("**COUNCIL**") on February 22, 2021 by Ordinance No. 0154-2021; and

WHEREAS, the **AGREEMENT** granted a 75%/10-Year abatement on real property improvements; and

WHEREAS, the incentive was granted in consideration of company's investment of approximately \$18,000,000, which included \$5.4 million in real property improvements, \$2.6 million in improvements to its existing facility, and \$10 million in machinery and equipment to expand its current manufacturing facility 17,000 square feet at 1709 Frank Road, Columbus, Ohio 43223, parcel number 570-126842 (the "**PROJECT SITE**") located within the South-Western City School District, and within the Columbus Enterprise Zone, (hereinafter referred to as the "**PROJECT**"); and

WHEREAS, additionally, **ENTERPRISE** committed to creating twenty (20) net new full-time permanent positions with an annual payroll of approximately \$900,000 and retain one-hundred four (104) full-time jobs with an annual payroll of approximately \$5,742,374.00 at the **PROJECT SITE**; and

WHEREAS, paragraph fourteen within Section 7 (Program Compliance) of the **AGREEMENT** states that the "**AGREEMENT** is not transferable or assignable without the express, written, approval of the **CITY**" and paragraph fifteen of that same section states that "any requested amendment...to any of the terms of the **AGREEMENT**...shall

require the payment to the **CITY** by the **ENTERPRISE** of an **AMENDMENT FEE** in the amount of five-hundred dollars (\$500.00);” and

WHEREAS, in a letter received by the **CITY** on behalf of the **ENTERPRISE** dated January 25, 2023, and through ensuing correspondence, it was confirmed that Marzetti Manufacturing Company has acquired ownership of the **PROJECT SITE** from T. Marzetti Company with the transfer having been recorded at the County Auditor’s Office on December 22, 2022; and

WHEREAS, due diligence has been undertaken by the **CITY** in that Marzetti Manufacturing Company has agreed to fully assume the terms and commitments of the **ENTERPRISE** pursuant to the **AGREEMENT**, and has submitted an updated Economic Development Incentive Application, including the five-hundred dollar (\$500.00) Amendment Fee and that this application and all other pertinent information has been reviewed and vetted; and

WHEREAS, a first amendment to the **AGREEMENT** is now needed to remove T. Marzetti Company as **ENTERPRISE** and party to the **AGREEMENT**, and to be replaced with Marzetti Manufacturing Company as **ENTERPRISE** and party to the **AGREEMENT**, and to revise the notice information related to the **ENTERPRISE** within Section 7 of the **AGREEMENT** (the "**First Amendment for Assumption and Assignment**"); and

WHEREAS, the City's Director of the Department of Development has investigated the Economic Development Application of Marzetti Manufacturing Company and is recommending that City Council authorize the Director to enter into the First Amendment for Assumption and Assignment based on Marzetti Manufacturing Company being qualified by financial responsibility and business experience to create and preserve employment opportunities in the Columbus Enterprise Zone and improve the economic climate of the **CITY**; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to seek a this First Amendment for Assignment & Assumption to the **AGREEMENT** with T. Marzetti Company to (1) remove T. Marzetti Company as **ENTERPRISE** and to be replaced by Marzetti Manufacturing Company as **ENTERPRISE** and party to the **AGREEMENT**, Marzetti Manufacturing Company will assume the terms and commitments of the **AGREEMENT** as **ENTERPRISE**, and (2) revise the notice information related to **ENTERPRISE** within Section 7 of the **AGREEMENT**; thereby preserving the public health, peace, property and safety;
NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF COLUMBUS:

Section 1. That the Council of Columbus finds that the **ENTERPRISE** submitting this proposal is qualified by financial responsibility and business experience to create and preserve employment opportunities in the zone and improve the economic climate of the City.

Section 2. The Director of the Department of Development ("Director") is authorized to amend the **AGREEMENT** with T. Marzetti Company to remove T. Marzetti Company as the **ENTERPRISE** and party to the **AGREEMENT**, and replaced by/with the Marzetti Manufacturing Company as **ENTERPRISE** and party to the **AGREEMENT**, whereby Marzetti Manufacturing Company will assume the terms and commitments of the **AGREEMENT** as **ENTERPRISE**.

Section 3. That the Director is authorized to amend the notice and communication provision in Section 7 of the **AGREEMENT**, to reflect that the **ENTERPRISE** is Marzetti Manufacturing Company, with a new **ENTERPRISE** company contact.

Section 4. That the Director is authorized to sign the **FIRST AMENDMENT** for Assignment & Assumption on behalf of the City, to change the **ENTERPRISE** from T. Marzetti Company to the Marzetti Manufacturing Company. The **FIRST AMENDMENT** to Assignment and Assumption must be fully executed by the parties within ninety (90)

days of passage of this ordinance, or the incentive authorized herein shall be null and void.

Section 5. For reasons stated in the preamble hereto, which is made a part hereof, the ordinance is hereby 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 the passage if the Mayor neither approves nor vetoes the same.