



Legislation Text

File #: 1643-2014, **Version:** 1

BACKGROUND: Columbus City Council (Council), by Ordinance 2237-03, passed October 6, 2003, authorized the City of Columbus (City) to enter into an Enterprise Zone Agreement (Agreement) with Value City Department Stores, Inc. and Northland Associates LLC for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a proposed total investment of approximately \$19,100,000 comprised of \$2,000,000 in land acquisition, \$14,600,000 in real property improvements, \$2,000,000 in machinery and equipment and \$500,000 in new furniture and fixtures; the retention of 548 full-time jobs and the creation of 110 new full-time positions with an associated annual payroll of approximately \$6,080,000 related to the renovation of the 300,000 square foot former Northland Mall Lazarus Store, the parcel number at that time being 010-103735 (subsequently renumbered to 010-270389) with an address of 1649 Morse Road, Columbus, Ohio 43229, within the City of Columbus Enterprise Zone (Zone #023) and within the Columbus City School District. This authorizing ordinance was subsequently amended to instead authorize an Enterprise Zone Agreement with Retail Ventures, Inc. and three of its subsidiaries including Value City Department Stores, Inc., Shonac Corporation and Retail Ventures Services, Inc. (Collectively the "Retail Ventures Entities") and Northland Associates LLC by Ordinance 0053-2004, passed January 12, 2004. The Agreement was made and entered into to be effective February 4, 2004 (EZA #023-04-01).

Due to economic conditions there was no investment in personal property nor were 548 full-time jobs retained nor were 110 new full-time positions created; however 2 (two) new jobs were created by Retail Ventures Entities, more than the \$14.6 million in real property investment called for in the Agreement was made and the renovated 300,000 square foot facility was sublet to the State of Ohio to which the State of Ohio subsequently relocated and retained 790 jobs with an estimated payroll of \$22 million. Based on this, Council, by Ordinance 0507-2006, passed July 24, 2006 authorized the Director of Development to amend the Agreement for the first time to reflect a change in investment from \$19 million to \$16.6 million, to change the creation of 110 full-time positions to the creation of 2 full-time positions and to change the retention of 548 full-time jobs to the retention of 790 jobs from the State of Ohio, with this first amendment made and entered into effective December 20, 2006.

In a letter from the Vice President of Tax, DSW Inc., received by the City on October 12, 2012, several corporate changes were outlined and changes to the parties to the Agreement were requested. In February 2005 the name of Shonac Corporation was changed to DSW Inc., and on May 11, 2011 Retail Ventures, Inc. (RVI) and DSW Inc. (DSW) completed a merger with RVI becoming a wholly owned subsidiary of DSW. Resultantly, DSW has requested that all reference to Retail Ventures Entities be removed from the Agreement and replaced with DSW Inc., leaving the City, DSW Inc., and Northland Associates LLC as parties to the Agreement. Based on this, Council, by Ordinance 2395-2012, passed November 5, 2012, amended the Agreement for the second time to remove Retail Ventures, Inc., Value City Department Stores, Inc., Shonac Corporation and Retail Ventures Services, Inc. as parties to the Enterprise Zone Agreement and to add DSW Inc. as a party to the Enterprise Zone Agreement so that the Agreement would be between the City, DSW Inc., and Northland Associates LLC.

Prior to Northland Associates LLC ("Northland") executing their portion of the amendment, the City was advised that Northland sold the property and in a letter to the City from DSW Inc. dated March 11, 2013 it was advised that on or about December 3, 2012, Northland transferred all interest in the property located at 1649 Morse Road, Parcel Number: 010-270389 to Taurus CD159 Columbus OH, LP ("Taurus"). Following a lengthy process of due diligence it is the desire of the City to replace Northland with Taurus.

This legislation to amend Ordinance 2395-2012, which authorized the amending of the Agreement for the second time is requested to be considered as an emergency so that Retail Ventures, Inc., Value City Department Stores, Inc., Shonac

Corporation, Retail Ventures Services, Inc. and Northland Associates LLC be removed as parties to the Agreement to be replaced by DSW Inc. as Enterprise and Taurus CD159 Columbus OH, LP as Owner so that the amendment might be fully executed prior to the 2014 Tax Incentive Review Council (the “TIRC”) so that the TIRC might be advised of this amendment.

FISCAL IMPACT: No funding is required for this legislation.

To amend Ordinance 2395-2012 authorizing the Director of the Department of Development to amend the Enterprise Zone Agreement with Retail Ventures, Inc. et al to remove and replace various parties to the Agreement to reflect several corporate changes; and to declare an emergency.

WHEREAS, the City of Columbus (City) entered into an Enterprise Zone Agreement (the “EZA”) with Retail Ventures, Inc., Value City Department Stores, Inc., Shonac Corporation, Retail Ventures Services, Inc. and Northland Associates LLC, approved by Columbus City Council on October 6, 2003 by Ordinance 2237-03 and on January 12, 2004 by Ordinance 0053-2004, effective February 4, 2004; and

WHEREAS, the EZA granted a 75%/10-Year abatement on real property improvements and personal property investment; and

WHEREAS, the EZA committed Retail Ventures, Inc., Value City Department Stores, Inc., Shonac Corporation, Retail Ventures Services, Inc. and Northland Associates LLC to an investment of \$19,100,000 in personal property and real property improvements, the retention of 548 full-time jobs and the creation of 110 new full-time positions related to the renovation of the former 300,000 square foot Northland Mall Lazarus located at 1649 Morse Road, in Columbus, Ohio and within the City of Columbus Enterprise Zone; and

WHEREAS, the EZA was subsequently authorized by Council to reflect a change in investment from \$19 million to \$16.6 million, to change the creation of 110 full-time positions to the creation of 2 full-time positions and to change the retention of 548 full-time jobs to the retention of 790 jobs from the State of Ohio, with this first amendment made and entered into effective December 20, 2006; and

WHEREAS, a letter from the Vice President of Tax, DSW Inc. received by the City on October 12, 2012 related that the name of Shonac Corporation had been changed to DSW Inc., and that Retail Ventures, Inc. and DSW Inc. had merged with the result being Retail Ventures, Inc. becoming a wholly owned subsidiary of DSW Inc. Based on this a request was made that Retail Ventures, Inc., Value City Department Stores, Inc., Shonac Corporation and Retail Ventures Services, Inc. be removed from the EZA to be replaced by DSW Inc., leaving the City, DSW Inc., and Northland Associates LLC as parties to the EZA; and

WHEREAS, Council, by Ordinance 2395-2012, passed November 5, 2012, amended the Agreement for the second time to remove Retail Ventures, Inc., Value City Department Stores, Inc., Shonac Corporation and Retail Ventures Services, Inc. as parties to the Enterprise Zone Agreement and to add DSW Inc. as a party to the Enterprise Zone Agreement so that the Agreement would be between the City, DSW Inc., and Northland Associates LLC; and

WHEREAS, prior to Northland Associates LLC (“Northland”) executing their portion of the amendment, the City was advised that Northland sold the property and in a letter from DSW Inc. received by the City on August 14, 2013 it was advised that on or about December 3, 2012, Northland transferred all interest in the property located at 1649 Morse Road, Parcel Number: 010-270389 to Taurus CD159 Columbus OH, LP (“Taurus”). Following a lengthy process of due diligence it became the desire of the City to replace Northland with Taurus; and

WHEREAS, an amendment to Ordinance 2395-2012 is needed so that instead of the Agreement being between the City, DSW Inc., and Northland Associates LLC, the Agreement would be between the City, DSW Inc., and Taurus CD159

Columbus OH, LP be considered as an emergency so that the amendment might be fully executed prior to the 2014 Tax Incentive Review Council (the “TIRC”) so that the TIRC might be advised of this amendment; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to seek an amendment to Ordinance 2395-2012 thereby preserving the public health, peace, property and safety, **NOW, THEREFORE**,

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

SECTION 1. That Ordinance 2395-2012 is hereby amended to authorize the Director of the Department of Development to amend the Enterprise Zone Agreement with Retail Ventures, Inc., Value City Department Stores, Inc., Shonac Corporation, Retail Ventures Services, Inc. & Northland Associates LLC to remove Retail Ventures, Inc., Value City Department Stores, Inc., Shonac Corporation, Retail Ventures Services, Inc. and Northland Associates LLC as parties to the Enterprise Zone Agreement to be replaced by DSW Inc. as Enterprise and Taurus CD159 Columbus OH, LP as Owner.

SECTION 2. That the amendment to the City of Columbus Enterprise Zone Agreement be signed by DSW Inc. and Taurus CD159 Columbus OH, LP within one hundred twenty (120) days of passage of this ordinance, or this ordinance and the incentive authorized herein shall be null and void.

SECTION 3. That for reasons stated in the preamble hereto, which is hereby 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.