



Legislation Text

File #: 1557-2014, **Version:** 1

BACKGROUND: Columbus City Council, by Ordinance 1275-2009, passed October 26, 2009, authorized the City of Columbus (City) to enter into an Enterprise Zone Agreement (Agreement) with Continental/Olentangy Hotel, LLC (Enterprise) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a proposed \$13.6 million investment in real property improvements and the creation of 15 full-time jobs with an associated annual payroll of approximately \$527,000 related to the construction of a new 4-story limited service hotel with approximately 134 rooms, associated parking and landscaping amenities on parcel numbers 010-077863 and 010-040234, plus a parcel to be added to parcel number 010-077863, located at 1421-1437 Olentangy River Road in Columbus Ohio and within the City of Columbus Enterprise Zone. The Agreement was made and entered into effective January 20, 2010 (EZA #023-10-01) with the abatement currently effective from 2012-2021 applied to parcel number 010-077863.

Following discussion with Continental/Olentangy Hotel, LLC, a letter to the City from Black Sapphire C Columbus University 2014 Inc., dated April 2, 2014 was received April 14, 2014, confirming that Black Sapphire C Columbus University 2014 Inc. had acquired ownership of parcel number 010-077863 from Continental/Olentangy Hotel, LLC on April 2, 2014. It was noted in the letter that the hotel will continue to be franchised by Marriott International as a Springhill Suites and will continue to be operated by Concord Hospitality Enterprises and so there would be no disruption of day-to-day operations as a result of the transaction. Due diligence has been undertaken by the City in that Black Sapphire C Columbus University 2014 Inc. has agreed to fully assume the terms and commitments of the Enterprise pursuant to the Agreement, has submitted an updated Economic Development Incentive Application and that this application and all other pertinent information has been reviewed and vetted.

This legislation is to authorize the Director of Development to amend the Agreement for the first time to remove Continental/Olentangy Hotel, LLC as Enterprise and party to the Agreement and to be replaced with Black Sapphire C Columbus University 2014 Inc. as Enterprise and party to the Agreement.

This legislation is being presented as an emergency measure in order for this amendment to be legislated in as expedient manner as possible so that this amendment to the Agreement 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 authorize the Director of Development to amend the Enterprise Zone Agreement with Continental/Olentangy Hotel, LLC, to remove Continental/Olentangy Hotel, LLC as Enterprise and party to the Agreement and to be replaced with Black Sapphire C Columbus University 2014 Inc. as Enterprise and party to the Agreement; and to declare an emergency.

WHEREAS, the City of Columbus (City) entered into an Enterprise Zone Agreement (Agreement) with Continental/Olentangy Hotel, LLC, approved by Columbus City Council on October 26, 2009 by Ordinance 1275-2009 with this Agreement made and entered into effective January 20, 2010; and

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

WHEREAS, the incentive was granted in consideration of a \$13.6 million investment in real property improvements and the creation of 15 full-time jobs with an annual payroll of approximately \$527,000 related to the construction of a new 4-

story limited service hotel with approximately 134 rooms, associated parking and landscaping amenities at 1421-1437 Olentangy River Road in Columbus Ohio and within the City of Columbus Enterprise Zone with the abatement currently effective from 2012-2021 applied to parcel number 010-077863; and

WHEREAS, a letter to the City from Black Sapphire C Columbus University 2014 Inc., dated April 2, 2014 and received April 14, 2014 confirmed that Continental/ Olentangy Hotel, LLC had sold its real estate ownership interest in the project to Black Sapphire C Columbus University 2014 Inc. with the sale having occurred on April 2, 2014; and

WHEREAS, due diligence has been undertaken by the City in that Black Sapphire C Columbus University 2014 Inc. has agreed to fully assume the terms and commitments of the Enterprise pursuant to the Agreement, 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 Continental/Olentangy Hotel, LLC as Enterprise and party to the Agreement and to be replaced with Black Sapphire C Columbus University 2014 Inc. as Enterprise and party to the Agreement; 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 the Agreement with Continental/Olentangy Hotel, LLC for the purpose of removing Continental/Olentangy Hotel, LLC as Enterprise and party to the Agreement to be replaced by Black Sapphire C Columbus University 2014 Inc. as Enterprise and party to the Agreement; 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 the Director of Development is hereby authorized to amend the Enterprise Zone Agreement with Continental/Olentangy Hotel, LLC, to remove Continental/Olentangy Hotel, LLC as Enterprise and party to the Agreement to be replaced by Black Sapphire C Columbus University 2014 Inc. as Enterprise and party to the Agreement.

SECTION 2. That this First Amendment to the City of Columbus Enterprise Zone Agreement be signed by Black Sapphire C Columbus University 2014 Inc. within ninety (90) 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.