



Legislation Text

File #: 1948-2018, **Version:** 1

BACKGROUND: The need exists to enter into an Enterprise Zone Agreement with a real estate development partnership comprised of OBM HQ, LLC, FDP Investments I, LLC, and FDP Investments II, LLC (collectively, the “Owner”) and CoverMyMeds LLC (the future office tenant). The Ohio Enterprise Zone law (Section 5709.62(C) of the Ohio Revised Code) requires the City to enter into Council-approved agreements between the City and participating companies.

CoverMyMeds LLC (“CoverMyMeds”), an operating company under McKesson Corporation, is a leader in electronic prior authorization (ePA) solutions, and one of the fastest growing health care technology companies in the U.S. CoverMyMeds’ software suite automates the medication prior authorization process for more than 500 electronic health records (EHR) systems, 49,000 pharmacies, 700,000 providers and most health plans and Pharmacy Benefit Managers (PBMs). By ensuring appropriate access to medications, the company helps its customers avoid billions of dollars each year in administrative waste and avoidable medical spending caused by prescription abandonment.

CoverMyMeds, in collaboration with the Owner, intends to initially construct one (1) new approximately 200,000-square-foot Class A office building and ancillary amenities and may, at a later date, construct another one (1) approximately 200,000-square-foot Class A office building (total of approximately 400,000 square feet), one or more associated parking structures (hereinafter collectively referred to as the “Project”) to serve as a new headquarters campus for CoverMyMeds. This new headquarters campus will be developed in two phases with the first phase (“Phase 1”) including the construction of the first office building, the ancillary campus amenities, and surface parking. At a later date, a potential second phase (“Phase 2”) of the Project is projected to include the construction of the second office building and an estimated 1,150-space structured parking garage.

Subject to market conditions, Phase 1 is expected to be completed by the conclusion of calendar year 2021 with an anticipated investment of approximately \$100,000,000 and a potential Phase 2 may be completed by the conclusion of calendar year 2024, with an additional anticipated investment of approximately \$125,000,000. An additional \$15,000,000 is expected to be invested by CoverMyMeds to furnish the new campus. This new campus will be located along McKinley Ave. west of North Hartford Ave. on what is currently multiple parcels (collectively hereinafter the “Project Site”), which are located within the boundaries of the Columbus City School District and the West Franklinton neighborhood.

In total, this new headquarters campus Project is expected to support the retention and relocation of approximately 592 existing full-time permanent employment positions with an associated annual payroll of approximately \$43,162,000 from their current offices located at 2 Miranova Place, Columbus, Ohio 43215 and 41 South High Street, Columbus, Ohio 43215 to the Project Site. Additionally, CoverMyMeds expects to create approximately 1,032 net new full-time permanent employment positions with an associated annual payroll of approximately \$75,000,000 at the Project Site within the next five (5) years (by December 31, 2022).

The Department of Development recommends an Enterprise Zone property tax abatement of one-hundred percent (100%) for a period of fifteen (15) consecutive years on real property improvements for the purpose of constructing a new headquarters office campus and creating new employment.

Pursuant to Ohio Revised Code Section 5709.62(D), the Columbus City School District has been advised of this project and has approved the 100%/15-year abatement for CoverMyMeds LLC, OBM HQ, LLC, FDP Investments I, LLC, and FDP Investments II, LLC. A copy of the Columbus City School District Resolution approving the abatement is attached which was contingent upon the execution of a Compensation Agreement between the City of Columbus, the Columbus

City School District, CoverMyMeds LLC, and the entities comprising the Owner.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to enter into an Enterprise Zone Agreement with OBM HQ, LLC, FDP Investments I, LLC, and FDP Investments II, LLC (collectively, the “Owner”) and CoverMyMeds LLC (the future office tenant) for a property tax abatement of one-hundred percent (100%) for a period of fifteen (15) consecutive years on real property improvements in consideration of a proposed total investment of approximately \$225,000,000.00 in new building and garage construction, the retention and relocation of approximately 592 existing full-time permanent employment positions, the creation of approximately 1,032 net new full-time permanent employment positions within the next five (5) years, and to authorize the Director of Development to enter into a Compensation Agreement with the Columbus City School District, CoverMyMeds LLC, and the Owner pursuant to this project.

WHEREAS, the Columbus City Council authorized the designation of the Central Enterprise Zone by legislation, Ordinance Number 779-85, dated April 22, 1985; and subsequently amended the Zone by Ordinance Nos. 2722-85 in 1986; 2080-89 in 1989; 1949-92, 2690-92 and 2249-92 in 1992; 1079-94 and 1228-94 in 1994; 2196-95 and 2817-95 in 1995; 0533-99 in 1999; 1785-00 in 2000; 1464-02 in 2002; 0225-03 in 2003; and 0032-2012 in 2012; and

WHEREAS, the Director of the Development Department of the State of Ohio determined that the Columbus Enterprise Zone as amended by the aforementioned Ordinances continued to contain the characteristics set forth in Section 5709.61 (A) of the Ohio Revised Code and recertified said Zone in 1986, December 20, 1989, September 28, 1992, October 22, 1992, December 17, 1992, May 31, 1994, June 24, 1994, June 16, 1995, October 5, 1995, December 19, 1995, April 1, 1999, September 25, 2000, January 27, 2003, August 19, 2003 and most recently on April 3, 2012 as an "urban jobs and enterprise zone" under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, CoverMyMeds, in collaboration with the Owner, intends to initially construct one (1) new approximately 200,000-square-foot Class A office building and ancillary amenities and may, at a later date, construct another one (1) approximately 200,000-square-foot Class A office building (total of approximately 400,000 square feet), one or more associated parking structures (hereinafter collectively referred to as the “Project”) to serve as a new headquarters campus for CoverMyMeds to be located along McKinley Ave. west of North Hartford Ave. on what is currently multiple parcels; and

WHEREAS, this new headquarters campus Project will be developed in two phases with the first phase (“Phase 1”) including the construction of the first approximately 200,000-square-foot office building, the ancillary campus amenities, and surface parking; and

WHEREAS, at a later date, a potential second phase (“Phase 2”) of the Project is projected to include the construction of the second approximately 200,000-square-foot office building and an estimated 1,150-space structured parking garage; and

WHEREAS, contingent on the City granting an Enterprise Zone property tax abatement, Phase 1 is expected to be completed by the conclusion of calendar year 2021 with an anticipated real property investment of approximately \$100,000,000 and a potential Phase 2 may be completed by the conclusion of calendar year 2024, with an additional anticipated real property investment of approximately \$125,000,000; and

WHEREAS, CoverMyMeds LLC is expected to retain and relocate approximately 592 existing full-time permanent employment positions with an associated annual payroll of approximately \$43,162,000 from their current offices located at 2 Miranova Place, Columbus, Ohio 43215 and 41 South High Street, Columbus, Ohio 43215 to the Project Site; and

WHEREAS, CoverMyMeds LLC expects to create 1,032 net new full-time permanent employment positions with an associated annual payroll of approximately \$75,000,000 at the Project Site within the next five (5) years (by December 31, 2022) following construction and occupancy of the campus; thereby increasing job opportunities and strengthening

the economy of the City; and

WHEREAS, representatives for CoverMyMeds LLC have indicated that receiving this tax incentive from the City is crucial to their decision to advance the aforementioned construction in Columbus; and

WHEREAS, the Board of Education for the Columbus City School District has been notified in accordance with Ohio Revised Code Section 5709.83 and has been provided with a copy of the tax incentive application and a draft copy of the agreement authorized by this legislation; and

WHEREAS, pursuant to Section 5709.62(D) of the Ohio Revised Code, school board approval must be granted for an incentive that exceeds either ten (10) years or the percentage of the improvements to be exempted exceed seventy-five percent (75%), or both; and

WHEREAS, the Columbus City School District approved the one-hundred percent (100%)/fifteen (15) consecutive year incentive on June 29, 2018; and

WHEREAS, a copy of the Columbus City School District Resolution approving the abatement is attached; and

WHEREAS, this aforementioned Columbus City School District resolution is contingent upon the execution of a Compensation Agreement between the City of Columbus, the Columbus City School District, CoverMyMeds LLC, and the entities comprising the Owner; and

WHEREAS, the City desires to increase employment opportunities and encourage the creation of new jobs in the City in order to improve the overall economic climate of the City and its citizens; and

WHEREAS, the City, having the appropriate authority to offer a tax incentive on this project, desires to enter into such a binding formal agreement in order to foster economic growth for the preservation of the public health, property, safety and welfare; **NOW THEREFORE**,

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

SECTION 1. That City hereby finds and determines that the project will (1) create jobs in the State and City (2) the project is economically sound and will benefit the people of the State and City by increasing opportunities for employment and strengthening the economy of the State and City; and (3) receiving the aforementioned tax abatement is a critical factor in the decision by representatives for CoverMyMeds LLC and the Owner to advance the aforementioned construction.

SECTION 2. That the Director of Development is hereby authorized and directed to enter into and execute an Enterprise Zone Agreement with a partnership comprised of OBM HQ, LLC, FDP Investments I, LLC, and FDP Investments II, LLC (collectively, the “Owner”) and CoverMyMeds LLC (the future office tenant) to provide therewith an exemption of one-hundred percent (100%) on real property improvements for a term of fifteen (15) consecutive taxable years in association with the project's proposed total investment of approximately \$240,000,000 (of which includes approximately \$225,000,000 relate to real property improvements), the retention and relocation of approximately 592 existing full-time permanent employment positions with an associated annual payroll of approximately \$43,162,000, and the creation of approximately 1,032 net new full-time permanent employment positions with an associated annual payroll of approximately \$75,000,000 within the next five (5) years (by December 31, 2022) at a Project Site located along McKinley Ave. west of North Hartford Ave. on what is currently multiple parcels.

SECTION 3. That the City of Columbus Enterprise Zone Agreement shall be signed by all parties within one hundred eighty (180) days of passage of this ordinance or this ordinance and the abatement 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.