



Legislation Text

File #: 3099-2019, Version: 1

BACKGROUND: Columbus City Council (“**COUNCIL**”), by Ordinance No. 1731-2019, passed July 22, 2019, authorized the City of Columbus (“**CITY**”) to enter into an Enterprise Zone Agreement (the “**AGREEMENT**”) with Pinchal and Company LLC (the “**ENTERPRISE**”) for a tax abatement of seventy five percent (75%) for a period of ten (10) years in consideration of a proposed total capital investment of roughly \$10,190,000, which included \$1.16 million in acquisition cost and \$9.03 million in real property improvements, and the creation of four (4) full-time permanent positions with an associated annual payroll of approximately \$124,800 related to the construction of a new 200,000-square-foot speculative distribution and warehouse facility (the (“**PROJECT**”) located at 6732 and 6770 Shook Road, Columbus, Ohio 43137, parcel numbers 512-232659 and 512-232662 (the “**PROJECT SITE**”), within the City of Columbus Enterprise Zone. The **AGREEMENT** was made and entered into effective September 12, 2019 with the abatement to begin no later than 2021 nor extend beyond 2030, with this **PROJECT** expected to begin September 2019 with all real property improvements expected to be completed by December 2020.

In a letter received by the **CITY** on behalf of the **ENTERPRISE** dated October 9, 2019 and through ensuing correspondence, it was confirmed that Columbus STS, LLC had acquired ownership of the **PROJECT SITE** from Pinchal and Company on July 26, 2019. Due diligence has been undertaken by the **CITY** in that Columbus STS, LLC 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 the Department of Development to amend the **AGREEMENT** for the first time to remove Pinchal and Company LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with Columbus STS, LLC as **ENTERPRISE** and party to the **AGREEMENT**, whereby Columbus STS, LLC will assume the terms and commitments of the **AGREEMENT**.

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 current 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 with Pinchal and Company LLC, to remove Pinchal and Company LLC as a party to the agreement to be replaced with Columbus STS, LLC for purposes of assignment and assumption of the agreement; and to declare an emergency.

WHEREAS, the City of Columbus (“**CITY**”) entered into an Enterprise Zone Agreement (the “**AGREEMENT**”) with Pinchal and Company LLC and approved by Columbus City Council (“**COUNCIL**”) on July 22, 2019 by Ordinance No. 1731-2019 with this **AGREEMENT** made and entered into effective September 12, 2019; and

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

WHEREAS, the incentive was granted in consideration of a total capital investment of approximately 10,190,000, which included \$1.16 million in acquisition cost and \$9.03 million in real property improvements, and the creation of four (4) full-time permanent positions with an annual payroll of approximately \$124,800 related to the construction of a new 200,000-square-foot speculative distribution and warehouse facility (the “**PROJECT**”) located at 6732 and 6770 Shook

Road, Columbus Ohio 43137 (the “**PROJECT SITE**”), and within the City of Columbus Enterprise Zone with the abatement to begin no later 2021 nor extend beyond 2030, with this **PROJECT** expected to begin September 2019 will all real property improvements expected to be completed by December 2020; and

WHEREAS, in a letter received by the **CITY** on behalf of the **ENTERPRISE** dated October 9, 2019 and through ensuing correspondence, it was confirmed that Columbus STS, LLC had acquired ownership of the **PROJECT SITE** from Pinchal and Company on July 26, 2019; and

WHEREAS, due diligence has been undertaken by the **CITY** in that Columbus STS, LLC 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 for Assignment and Assumption is needed to remove Pinchal and Company LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with Columbus STS, LLC 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 for Assignment and Assumption to the **AGREEMENT** with Pinchal and Company LLC for the purpose of removing Pinchal and Company LLC as **ENTERPRISE** and party to the **AGREEMENT** to be replaced by Columbus STS, LLC 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 COLUMBUS

Section 1. That the Director of the Department of Development is hereby authorized to amend the Enterprise Zone Agreement for Assignment and Assumption with Pinchal and Company LLC, to remove Pinchal and Company LLC as **ENTERPRISE** and party to the **AGREEMENT** to be replaced by Columbus STS, LLC as **ENTERPRISE** and party to the **AGREEMENT**, whereby Columbus STS, LLC will assume the terms and commitments of the **AGREEMENT**.

Section 2. That this **FIRST AMENDMENT** for Assignment and Assumption to the City of Columbus Enterprise Zone Agreement be signed by Columbus STS, LLC 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.