

ORDINANCE NO. 03-2013

To Modify the Base Valuation Set for the Real Property Comprising the Shops at Worthington Place; Limiting the Designated Improvements for which the Developer Will Be Reimbursed by the City and Setting a Date Certain for Such Improvements to be Made; Providing New Minimum, Interim and Maximum Valuations to be Achieved at the Project Site; and Authorizing the Execution of an Amended Development Agreement and an Amended School Compensation Agreement.

WHEREAS, the Shops at Worthington Place project contemplates the redevelopment of an existing facility as a mixed use retail and entertainment development and therefore represents a substantial economic development opportunity to the City and serves as a keystone in the City's larger redevelopment of the Wilson Bridge Corridor; and,

WHEREAS, the City determined it necessary to provide substantial financial assistance to the Shops at Worthington Place project (the "Shops"), in the form of an urban redevelopment tax increment financing exemption ("TIF") under Ohio Revised Code §5709.41, by which the City deems as public purpose a wide array of redevelopment activities on the property, and with the City required to take title to the real property comprising the Shops prior to approving said exemption; and,

WHEREAS, the City Council approved Ordinance 45-2010 authorizing the City Manager to accept, and then to immediately transfer back, fee title in the City to the property comprising the Shops, with such transfer having occurred on January 10, 2011 in furtherance thereof; and,

WHEREAS, the City Council approved Ordinance 47-2010 soon thereafter which, among other things, approved a 100 percent, 30-year TIF on the value of improvements made to the real property comprising the Shops as well as authorized the City Manager to enter into a development agreement with Worthington Square Venture LLC (the "Developer") and to enter into a school compensation agreement with the Developer and the Worthington City School District Board of Education (the "School District") in furtherance of putting the TIF in place for the project; and,

WHEREAS, the City Manager executed the development agreement with the Developer on January 11, 2011 (the "Development Agreement") which sets forth the various terms and conditions for the TIF, including valuation thresholds to be met as the Shops property is improved; and,

WHEREAS, the City Manager executed the school compensation agreement with the Developer and the School District on January 25, 2011 (the "School Compensation Agreement") to provide for the payment by the City or the Developer of service

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payments to the School District that approximate the School District's revenue foregone by virtue of the TIF's exemption of taxes on improvements made to the Shops; and,

WHEREAS, as the redevelopment and renovation work has commenced at the Shops, and in light of other economic factors associated with the Shops project, the Developer has recognized a need to make certain modifications to the Development Agreement and School Compensation Agreement, including resetting the base value of the real property comprising the Shops as well as the scope of redevelopment costs to be reimbursed by the City from TIF revenues; and,

WHEREAS, the parties have fully discussed the Developer's requested changes to the Development Agreement and the School Compensation Agreement and the City and the School District have requested from the Developer, in consideration for such modifications, further changes to the agreements for purposes of clarifying the parties' respective positions; and,

WHEREAS, this Council desires continuing to make available the TIF exemption on the value of improvements as they are made to the Shops, and understands and accepts the scope of the changes to the Development Agreement and the School Compensation Agreement.

NOW, THEREFORE, BE IT ORDAINED by the Council of the Municipality of Worthington, County of Franklin, State of Ohio:

SECTION 1. The base valuation of the real property comprising the Shops shall be modified to that of \$4,363,700, with said base value representing a decrease from \$6,000,000 as originally set by the parties and reflecting the allocated purchase price paid.

SECTION 2. The City will pay the costs of the construction of those Designated Improvements as specifically described on Exhibit A attached hereto and incorporated herein by this reference, as will be completed on or before January 1, 2014, with such limitation on cost reimbursements not having any other effect on the public purpose finding by this City Council under Ordinance 47-2010 regarding the Improvements to be made.

SECTION 3. The minimum valuation for the real property comprising the Shops shall be that of \$16,863,700 as of tax year 2014 (i.e., tax lien date of January 1, 2014), with said date representing a one (1) year extension by which the Developer is to achieve the minimum valuation.

SECTION 4. In recognition of the Developer's extension to achieve the minimum valuation, an interim floor valuation of \$10,000,000 shall be set for tax year 2013 (i.e., tax lien date of January 1, 2013).

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SECTION 5. The maximum valuation of the real property comprising the Shops, to which the Developer's reimbursement for the Costs of the Designated Improvements is limited, shall be that of \$22,863,700.

SECTION 6. The Service Payments received by the City shall be deposited into the TIF Fund and used (i) first, to pay the City's customary and reasonable costs related to the exercise of its rights and the discharge of its obligations under the TIF Statutes, this Ordinance and Ordinance 47-2010, the Development Agreement, the Compensation Agreement and all other related laws, agreements and undertakings, (ii) second, to make payments to the School District as described in the Compensation Agreement, (iii) third, to pay the costs of the construction of the Designated Improvements as described in the Development Agreement, and (iv) fourth, if any Service Payments remain in the TIF Fund after the payments described in (i) – (iii) above, to make payments to the City to be used for purposes of making any other future public improvements.

SECTION 7. The City Manager is hereby authorized to execute the Amended Development Agreement with the Developer on behalf of the City substantially in the form on file with the City.

SECTION 8. The City Manager is hereby authorized on behalf of the City to execute the Amended School Compensation Agreement among the Developer, the City and the School District substantially in the form on file with the City.

SECTION 9. That notice of passage of this Ordinance shall be posted in the Municipal Administration Building, the Worthington Library, the Griswold Center and the Worthington Community Center and shall set forth the title and effective date of the Ordinance and a statement that the Ordinance is on file in the Office of the Clerk of Council. This Ordinance shall take effect and be in force from and after the earliest period allowed by law and by the Charter of the City of Worthington, Ohio.

Adopted February 4, 2013

[Signature on File]
President Pro-Tem of Council

Attest:

[Signature on File]
Clerk of Council

Introduced January 22, 2013
P.H. February 4, 2013
Effective February 27, 2013

EXHIBIT A

Designated Improvements

Assistance provided by the City under this Agreement will help offset redevelopment costs incurred by Developer to the real property commonly known as The Shops at Worthington Place and as described in Exhibit A of this Agreement (Property).

It is the parties' intention that assistance under this Agreement will be directed to offset only the costs of the real property improvements as identified, below, and herein characterized by the parties as exterior-focused (unless otherwise specifically noted), durable, incorporated into the realty, and that demonstrably contribute to the Property's long-term economic sustainability for mixed-use, retail, and entertainment opportunities (Designated Improvements).

It is the parties' further intention that professional fees and construction management and supervisory costs and fees that are included in the Cost of the Designated Improvements shall be reasonable in scope and degree. Not considered Designated Improvements under this Agreement are Developer's attorney fees and the costs associated with interior furniture and fixtures (unless otherwise specifically noted).

The Designated Improvements are expected to consist of and are limited to the following:

A. South Entry:

- Rework of sidewalk and grade walls at the area between the South Entry and the southeast corner of the mall.
- Removal of Smaller Entry Feature to the West. Structure for Entry Feature at Main Entrance to remain and receive new pediment, side trims and column covers (square with Hardi trim to match Talbot's).
- Work does not include making the existing entry handicap accessible.
- Replace all handrails.
- Paint the entry building (portion of south façade that projects out) with an "antique" white type finish (something that allows existing brick color to show through at spots) – trim will also need painting.
- Add trellis on either side of entry – aluminum frame with woven straps. Trellis would be supported off building and probably into ground.
- Irrigation and landscaping to trellis areas

B. East Entry:

- Demolition of existing entry structure.
- Upgrading of center portions of entry plaza. Some portions of existing paving will remain. The plaza area basically leaves the existing pavers in place except at the center where the gazebo was removed. The entry center will receive some type of decorative inset into the pavement.

- New storefront entrance and vestibule. Vestibule does not include barrel vault ceiling.
- Original arched opening to remain but with portico entry element added to the front and only slightly project from the façade.
- The entire portion of the East Entry that projects out from the center is to receive the same new paint treatment as the South Entry.
- Trees are being added on the north side on the entry – this will need to include formation of the planting bed, plant material and irrigation
- The new islands being formed on either side of the entry at the road will also receive trees and irrigation
- The island in the parking lot across from the entry is to receive pavers – these would be the pavers salvaged at the northeast entry and reinstalled here.
- The flag poles in the parking lot island are to be relocated into an east-west line.
- An ornamental trellis surrounding the exterior dining areas at the north side of the entry is included.

C. Northeast Entry:

- Demolition of existing roof and walkways.
- Addition of storm drainage for courtyard.
- Addition of elevated dining area including railing.
- New glass entry and vestibule.
- Rework existing façade to change from interior materials to exterior materials.
- The plaza area includes an iconic feature (i.e., art piece) in a central planting bed.
- Installing plywood barricade on metal studs, insulated, in the storefront openings until tenants' areas are leased.
- Existing mansard roofs removed at some locations.
- The entry into the northeast loading dock is being reconfigured so new gates are added as well as modifications to the masonry wall and existing landscaping.

D. Related General Conditions and Fee:

- Performance and Payment Bond
- Design-Builder Staffing & General Conditions
- Design-Builder Fee