



Legislation Text

File #: O-113-20, **Version:** 2

DEDSaleofHawthorneHills

Business Development

B. Schlorst (x1692) / E. Granata (x1034) [SUBJECT]

Authorizing the Mayor to enter into a Real Estate Purchase Agreement with Amazon.Com Services LLC and to execute and deliver needed instruments for the sale and conveyance of 58.33 acres of city-owned real property at Hawthorne Hills Subdivision, in the City of Toledo, Lucas County, Ohio; making certain findings with respect thereto; waiving the competitive bidding and advertising provisions of TMC 187.19; authorizing the appropriation of \$175,000 from the General Fund and the expenditure of same for closing expenses; authorizing the deposit of net sale proceeds into the Capital Improvement Fund; and declaring an emergency.

SUMMARY & BACKGROUND:

The city of Toledo is the owner of certain real property commonly referred to as Hawthorne Hills, which is located at 2040 S Reynolds Road Toledo, OH 43614 (Parcel ID 07-71421) and further identified in Exhibit A (“Property”). Pursuant to Ordinance 514-14, the City acquired the property in December 2014 and has been marketing it for redevelopment. In 2018, the City entered into a listing agreement with Signature Associates to market the property for a job creation project. In 2019, the City rezoned the property from Regional Commercial Sign Overlay (CR-SO) to Limited Industrial (IL) in accordance with its strategy to target a logistics and distribution operation to the site. As such, Signature Associates has procured a buyer for the property that is consistent with the City’s goals for the property.

Amazon.com Services LLC (“Purchaser”) intends to purchase the 58.33± acre property to construct a \$25 million delivery station that will provide last mile services throughout the Toledo Region. The facility will employ at least 110 positions with an average wage of \$15 per hour, exclusive of benefits. The Purchase and Sale Contract is provided in Exhibit B.

The purchase price for the property is (one dollar) \$1.00. In exchange for the reduced purchase price, the City will implement a Tax Increment Financing (TIF) on the property for 30 years. The TIF is the primary way in which the City will recoup over time its nearly \$3.6 million investment into the site. As a condition of sale, the Purchaser will be required to enter into a Service Payment Agreement with the Toledo Public School District (“District”) in an amount equal to sixty seven and a half percent (67.5%) of what the District would have received if not for the TIF. This closing condition is pursuant to the Resolution 304 passed by the District in 2015, which established the District’s requirements for all tax exemptions offered by the City of Toledo. Also as a condition of sale, the Purchaser will be required to execute and record a Conditional Buy-Back Option (“Option”) with the City for the Property. The Option will give the City the ability to buy the property back from the Purchaser for (one dollar) \$1.00 in the event a certificate of occupancy has not been issued for the Project within four years of transferring the Property to the Purchaser.

In order to effectuate this transaction, the City will incur approximately \$175,000 in closing costs (title work, appraisals, survey, transfer fee, broker fee, utility fees, etc.). This ordinance appropriates an amount not to

exceed \$175,000 from the General Fund balance to pay the City's closing expenses related to this transaction.

The fiscal impact of this ordinance is as follows:

- The amount of funds requested: an amount not to exceed \$175,000
- The expenditure budget line item: 1001-16400-5661001STDSTD
- New revenue generated (operational revenue, grants, if any): \$1.00
- Revenue budget line item (if any): 5040-16400-5661001STDSTD Are funds budgeted in the current fiscal year (yes/no): No
- Is this a capital project (yes/no)? No
- If yes, is it new or existing (new/existing)? N/A
- What section of the City's Strategic Plan does this support:
 - o Excellence in Basic Services (yes/no) No
 - o Quality Community Investment (Livable City, Development) (yes/no) Yes
 - o Workplace Culture & Customer Service (yes/no) No
 - o Environment (yes/no) No

NOW, THEREFORE, Be it ordained by the Council of the City of Toledo:

SECTION 1. That the Mayor is authorized to enter into a Real Estate Purchase Agreement ("Agreement") with Amazon.com Services LLC. for the sale, conveyance and development of 58.33± acres of city-owned property, having an address of 2040 S. Reynolds Rd. and as described in Exhibit A (the "Real Property"), subject to final survey determination, at a sale price of (one dollar) \$1.00. The Agreement shall be in substantial form as provided in Exhibit B with such additional terms and conditions or modifications as shall be approved by the Mayor and the Director of Law as being in the best interests of this City, and in keeping with the findings, determinations and purposes of this Ordinance, with the execution by the Mayor of the Agreement being conclusive evidence of such approvals; and no further action relating thereto shall be required by Council.

SECTION 2. That the appropriation of \$175,000 is authorized from the unappropriated balance of the General Fund to Account Code 1001-16400-5661001STDSTD and the expenditure of same is authorized for any and all costs, fees, taxes and recoupment charges, sales commissions and expenses to be paid by the City pursuant to the Agreement and/or incidental to the closing

SECTION 3. That Council finds and determines that the Real Property to be sold or otherwise disposed of pursuant to the terms of the Agreement is real property which is not needed by the City for any municipal purpose; that the disposition thereof to Amazon.com Services LLC in accordance with the Agreement is necessary to create or preserve jobs and other employment opportunities in the region and to improve the economic welfare of the people of the City of Toledo and is in the best interests of the City; that disposition of the Real Property by negotiation pursuant to the Agreement is the appropriate method of making it available for development; that the negotiated sales price is a fair and reasonable value for the Real Property for the purposes of development in accordance with the terms of the Agreement.

SECTION 4. That this Council approves the Agreement and other described agreements and documents required to pursuant to the Agreement, including the sale of the Real Property provided for therein, notwithstanding and as an exception to the competitive bidding and advertising provisions of Chapter 187 and other provisions of the Toledo Municipal Code. The reason therefore is that the Real Property has been listed

and held out for public sale for a sufficient period of time to generate fair market value as reflected in the Agreement.

SECTION 5. That the Finance Director is authorized to accept and deposit the net sale proceeds into the Capital Improvement Fund, Account Code 5040-16400-5661001STDSTD.

SECTION 6. That the Mayor is authorized to execute and deliver such deeds, certifications, documents and instruments necessary to carry out the terms of the Agreement; that the Director of Law, the Director of Finance, the Clerk of Council and other appropriate officials of this City are authorized to enter into, execute and deliver such other agreements, instruments, documents and certificates and to take such other lawful action as may be necessary or appropriate in order to further implement the Agreement and to further evidence the various matters approved and authorized by this Ordinance.

SECTION 7. That it is found and determined that all formal actions of Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of Council and that all deliberations of Council and any of its committees that result in such formal action were in meetings open to the public in compliance with all legal requirements, including Section 121.22 Ohio Revised Code.

SECTION 8. That this Ordinance is declared to be an emergency measure and shall take effect and be in force immediately from and after its passage. The reason for the emergency lies in the fact that the same is necessary for the immediate preservation of the public peace, health, safety and property, and for the further reason that this Ordinance must be immediately effective to facilitate the execution and delivery of the Agreement and conveyance of the above described real property so that the development may commence and continue immediately, thereby creating or preserving jobs and other employment opportunities and improving the economic welfare of the citizens of the City and surrounding area.

Vote on emergency clause: yeas _____, nays _____.

Passed: _____, as an emergency measure: yeas _____, nays _____.

Attest: _____
Clerk of Council

President of Council

Approved: _____

Mayor

I hereby certify that the above is a true and correct copy of an Ordinance passed by Council

_____.

Attest: _____
Clerk of Council