

Grandview Yard Update

AUGUST 2016

This report is prepared by the Finance Department to provide an overall summary of the financial data available on the Grandview Yard development. This report is based on data gathered or maintained by the Finance Department. The numbers in this document are a snapshot as of this date and are constantly changing.

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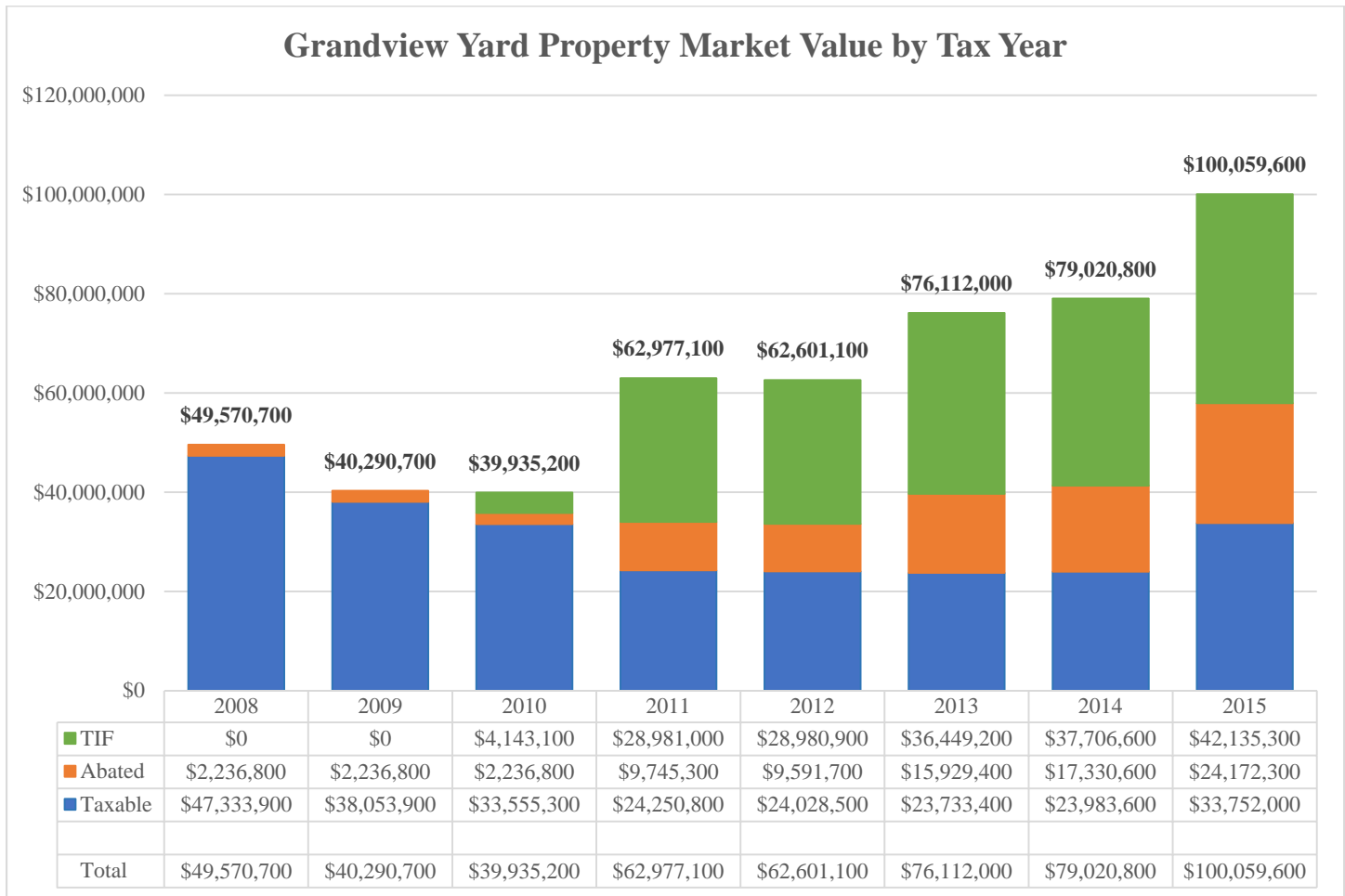
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Property Value

The County Auditor collects and pays property tax values a year in arrears. The value information below is **by tax year, NOT collection year**. The County Auditor values new construction as of January 1 of each year. They value the “unfinished value” according to the percentage complete as of January 1 of each year. As such, the 2015 value is based on what is in place on January 1, 2015. The County Auditor is triggered to assess value to new construction by building permits.



Taxable value is the amount on which property owners pay property tax to the County. This property tax is split between the School, City, Library and County just like any other property in the City. You will note that this value has declined since 2009. That is due to the demolition of several buildings on the Grandview Yard site. From 2011-2014 the taxable value remains constant, however, in 2015 there is an increase in taxable value. This relates to nine parcels in the Southeast section of the development that are pending State approval to be part of the TIF. Once the parcels are approved, the County Auditor will retroactively reduce the taxable value and increase the TIF value.

Abated value is the amount on which no property tax is paid. These abatements are put in place to encourage construction and more rapid construction to achieve the City’s revitalization goals. There were four parcels that had existing abatements prior to the Grandview Yard redevelopment. That is why you will see abatement value immediately in 2008. The new abatements are part of the redevelopment plan. (Commercial Office is 25% abated, Hotel is 75% abated and Commercial Multi-Unit Residential is 50% abated; all for 15 years. Single family is not abated.)

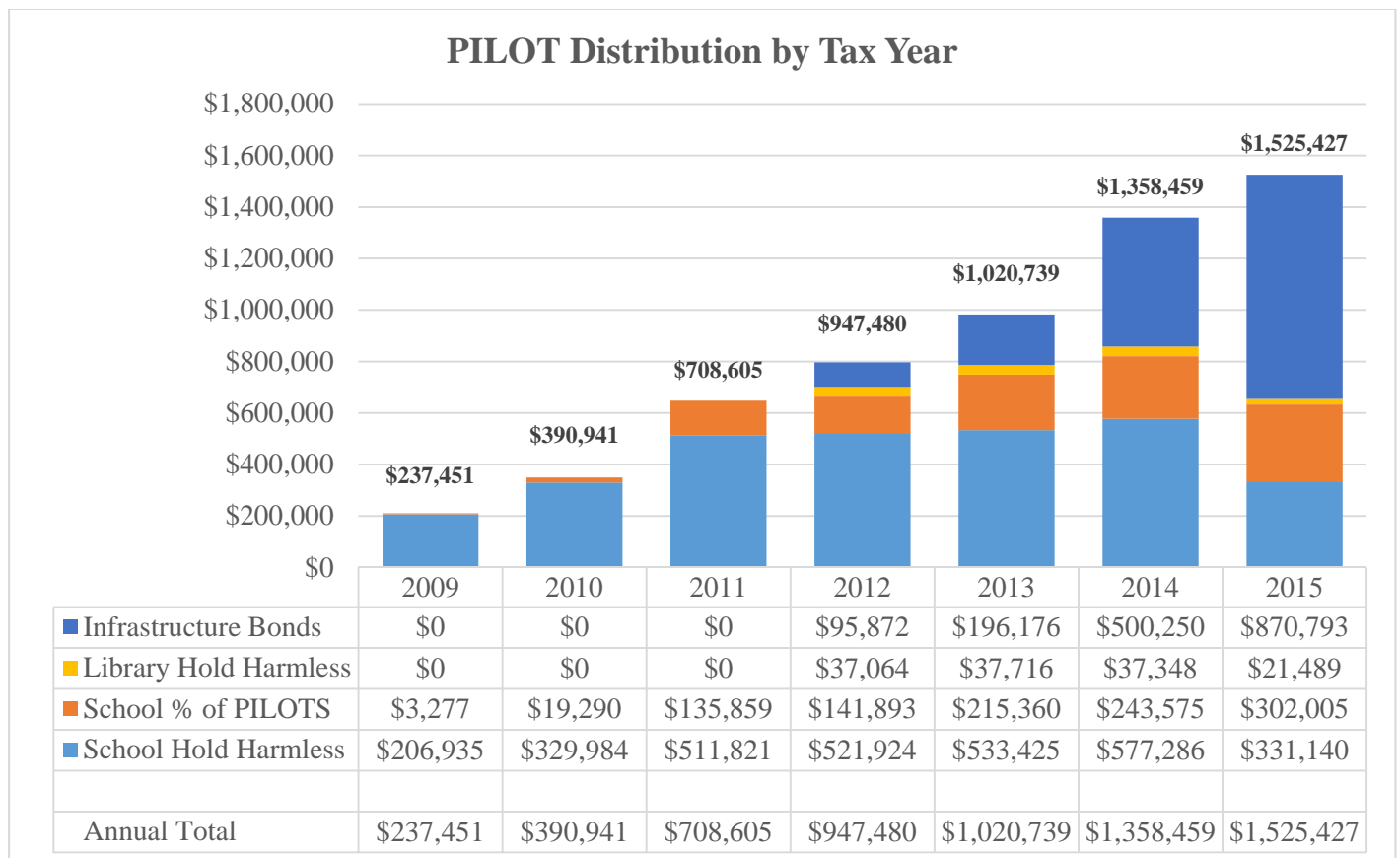
Tax Increment Finance (TIF) value is the amount that the property value has increased since the TIF was put in place (for Grandview Yard that is 2009). This is the value that produces payments in lieu of taxes (PILOTs) that are used to partially fund the infrastructure (roads, utilities, sewers, etc.) in place to provide for the development.

PILOTS

Properties in the Grandview Yard TIF pay amounts equal to the property taxes, known as “payments in lieu of taxes (PILOTS)”, as though the TIF had not been established. To the taxpayer in the TIF it is the same amount of money, but behind the scenes it is put into two different “pools”. The entire amount of PILOTS is sent to the City for distribution to the School, Library and Infrastructure Bond Trustee.

The School receives two different payments from the PILOTS. First, they receive “hold harmless”. This means the school will never receive less than they would have if NO development would have occurred on the site. They will always receive an amount equal to the taxes that would be produced each year by \$47,333,900 of commercial property. In addition, the School receives 11% of all property taxes that would have been received by all political subdivisions on new commercial property (or increased value on existing property) at Grandview Yard. For Residential properties the percentage starts at 15% and increases as the number of residential units increases, and as time passes.

The Library also receives “hold harmless” payments to maintain the funding they would have received if there would have been no development. The Library did not receive “hold harmless” for 2009-2011 as they are only compensated in years that funds are available. The balance of PILOTS available after the School and Library are paid goes to the Infrastructure Bond Trustee. This sequence is part of the development agreement and is known as the “Waterfall”.



Note: The City and County received hold harmless payments until the passage of the revised Development Agreement in 2014.

**We anticipate that values and PILOT distributions for 2015 will change as there are nine parcels that are pending TIF approval from the State. Because they have not been approved, the County Auditor includes their values as “Taxable”. This reduces the hold-harmless for the School and Library. Once the parcels are approved, the County will retroactively correct the values and the City will update the PILOT distribution calculation. We anticipate that the School and Library will receive around the same amount of hold harmless as prior years when the payments are recalculated. In addition, the School will receive more from the PILOTS.*

Building Construction

Construction at Grandview Yard began in 2009. Below are the new Buildings that have been completed, started or announced at Grandview Yard.

Building Name	Address	Parcel Number(s)	Anticipated Year added to Tax Roll	Number of Units / Square Footage
Hyatt Place	795 Yard	030-003027	2011	126 rooms
775 Yard Office Building	775 Yard	030-003026	2011	98,808 sq. ft.
L.A. Fitness	850 Goodale	030-003025	2011	37,772 sq. ft.
Apartments at the Yard (Baldwin & Porter)	Yard / Bobcat / Burr	030-003032	2013	108 units
Apartments at the Yard (Pullman)	Yard / Bobcat / Burr	030-003050	2013	46 units
Keystone Office	745 / 795 Yard	030-003064	2015	38,810 sq. ft.
Keystone Apartments	745 / 795 Yard	030-003064	2015	120 units
Hofbrauhaus	800 Goodale	030-003069	2015	16,312 sq. ft.
800 Yard Office Building	800 Yard	030-003067	2015	124,110 sq. ft.
Medical Office/Retail Building	895 W. Third	030-003061	2015	10,000 sq. ft.
The Grand Event Center	820 Goodale	030-003068	2017	13,000 sq. ft.
Courtyard by Marriott	780 Yard	030-003077	2017	135 rooms
Nationwide Campus – H Building	1000 Yard	030-003094	2017	343,200 sq. ft.
Wagenbrenner Single Family Homes	Pullman	030-003080 030-003081 030-003082	2017	20 units
Wagenbrenner Condos	Williams / Pullman / Burr	030-003083 030-003084 030-003085	2017	25 units
Apartments at the Yard (Brooks)	Yard	030-003078	2017	166 units
Nationwide Campus – I Building	1050 Yard	030-003097	2018	156,000 sq. ft.
828 at the Yard Condos	828 Bobcat	030-000147	2018	35 units
Manchester Building Restaurant/Retail	Yard / Junction	030-003086	2018	14,000 sq. ft.
Manchester Building Residential	Yard	030-003086	2018	123 units
Nationwide Campus – Building #3			2019	100,000 sq. ft.
Approx. Total Square Footage				952,012 sq. ft.
Total No. Residential Units				643 units
Total No. Hotel Rooms				261 rooms

Employment

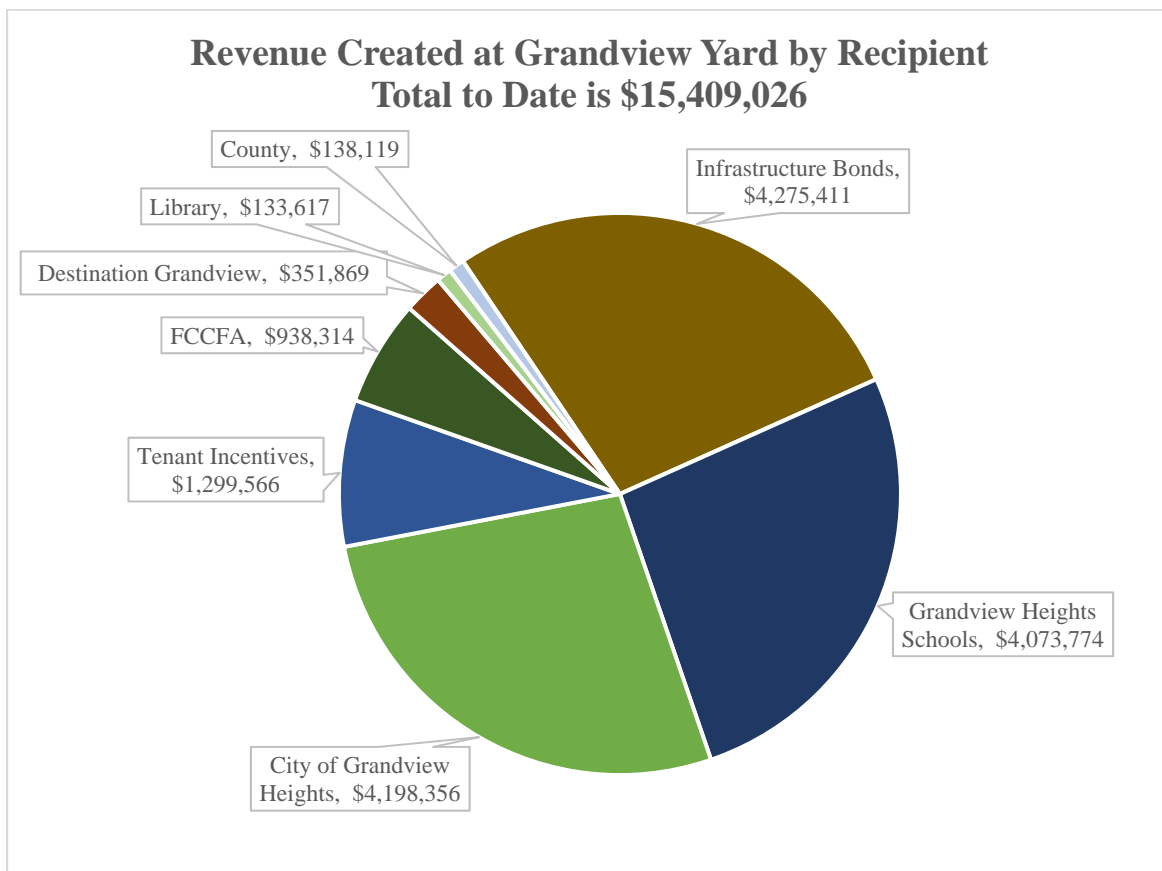
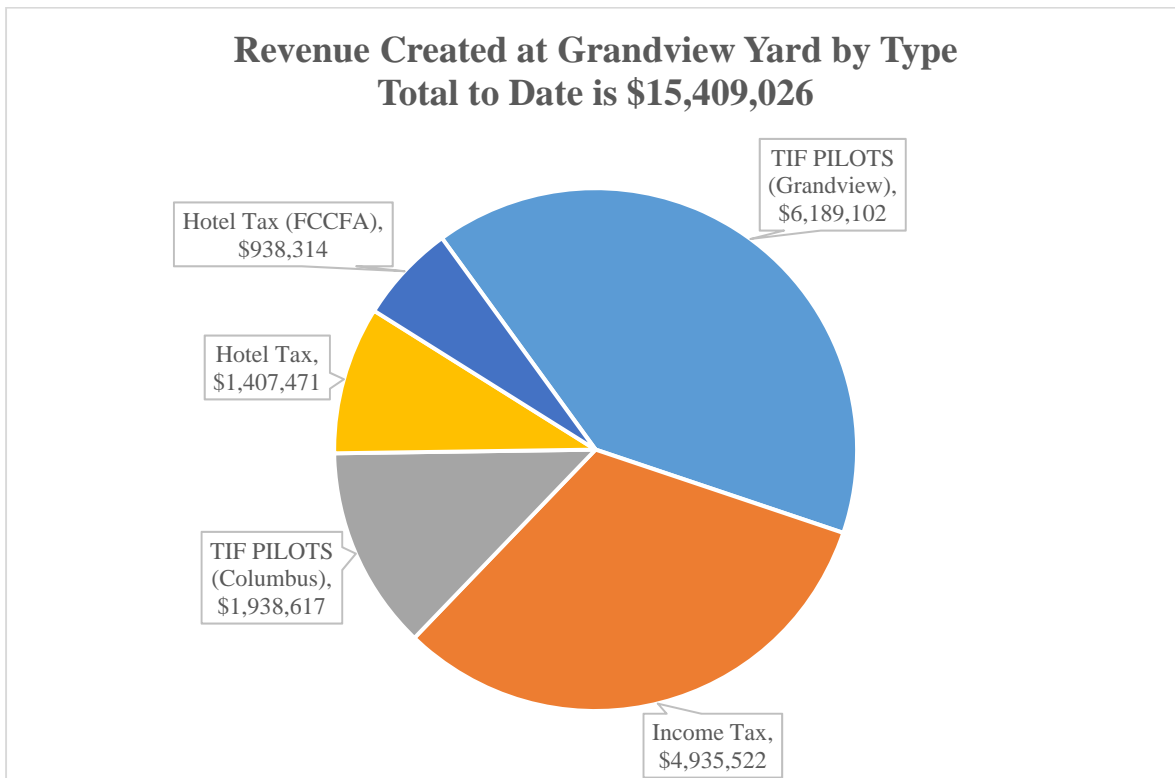
Grandview Yard development has brought in over 30 new employers to City, with over 2,000 new employees as of July 31, 2016.

Employer	Location	Number of Employees
Arch City Dental, LLC	845 Yard	3
Call Management Resources	775 Yard	22
C.H. Robinson	800 Yard	Not Onsite Yet
Columbus Hospitality Management	775 Yard	17
Courtyard by Marriott	780 Yard	35
Eddie George's Grille 27	775 Yard	50
<i>Note: Employment at Eddie George's Grille increases to 75 during football season.</i>		
Ernst & Young	800 Yard	300
Executive Eye Care, LLC	895 W. Third	3
FKP Architects, Inc.	895 Yard	4
Grand Event Center	820 Goodale	27
Hilliard Lyons	800 Yard	6
Hofbrauhaus	800 Goodale	122
Holbrook & Manter, CPAs	775 Yard	9
Hyatt Place	795 Yard	35
Jason's Deli	775 Yard	34
L.A. Fitness	850 Goodale	114
M+A Architects	775 Yard	48
Massage Envy	775 Yard	72
Nationwide Insurance	1000/1050 Yard	663
<i>Associate Move-In Schedule:</i>		
<i>August 19 – H Building – 4th Floor North</i>		
<i>September 9 – H Building – 4th Floor South</i>		
<i>October 7 – I Building – 1st Floor</i>		
<i>October 28 – I Building – 2nd Floor</i>		
<i>November 18 – I Building – 3rd Floor</i>		
<i>December 9 – I Building – 4th Floor</i>		
Nationwide Realty Management	845 Yard	2
Northwestern Mutual	800 Yard	85
Ohio Health Urgent Care	895 W. Third	35
OSU Internal Medicine & Pediatrics	895 Yard	17
Print Syndicate, LLC	901 W. Third	113
Schindler Dentistry	775 Yard	5
Seamless Logistics	775 Yard	9
Teleperformance	775 Yard	15
Trident Design	939 Burrell	21
U.S. Navy	845 Yard	2
Unum Life Insurance Co. of America	800 Yard	20
VanTrust Real Estate, LLC	775 Yard	4
Weber & Associates	775 Yard	22
Willis of Ohio, Inc.	775 Yard	95
Total Employee Count		2,009

Source: Grandview Heights Tax Team estimates / inquiries

Summary of Revenue Created

The Grandview Yard development has created revenue for the City, School, Library, County, Franklin County Convention Facilities Authority (FCCFA) and allowed for the creation of Destination Grandview.



Grants

Granting Entity	Grants	Interest-Free Loans
Ohio Public Works Commission	\$6,989,483	\$3,644,515
Clean Ohio Revitalization Fund	2,847,752	0
Ohio Department of Transportation	222,381	0
Ohio Department of Development	1,723,909	0
Ohio Department of Natural Resources	66,000	0
Total All Grants & Interest-Free Loans	\$11,849,525	\$3,644,515

Ohio Public Works Commission

The City has been awarded funding from the Ohio Public Works Commission (OPWC) for three projects within the Grandview Yard area.

1. Yard Phase 3
2. Yard Phase IV
3. Northwest Blvd. & First Ave.

Clean Ohio Revitalization Fund

The City was awarded funding from the Clean Ohio Revitalization Fund (CORF) for two projects within the Grandview Yard area.

1. CORF 5
2. CORF 7

Ohio Department of Transportation

The City was awarded funding from the Ohio Department of Transportation (ODOT) for Goodale Widening at Grandview Yard.

Ohio Department of Development

The City was awarded funding from the Ohio Department of Development (ODOD) for two projects within the Grandview Yard area.

1. 629 Roadway Grant
2. Industrial Site Improvement Grant

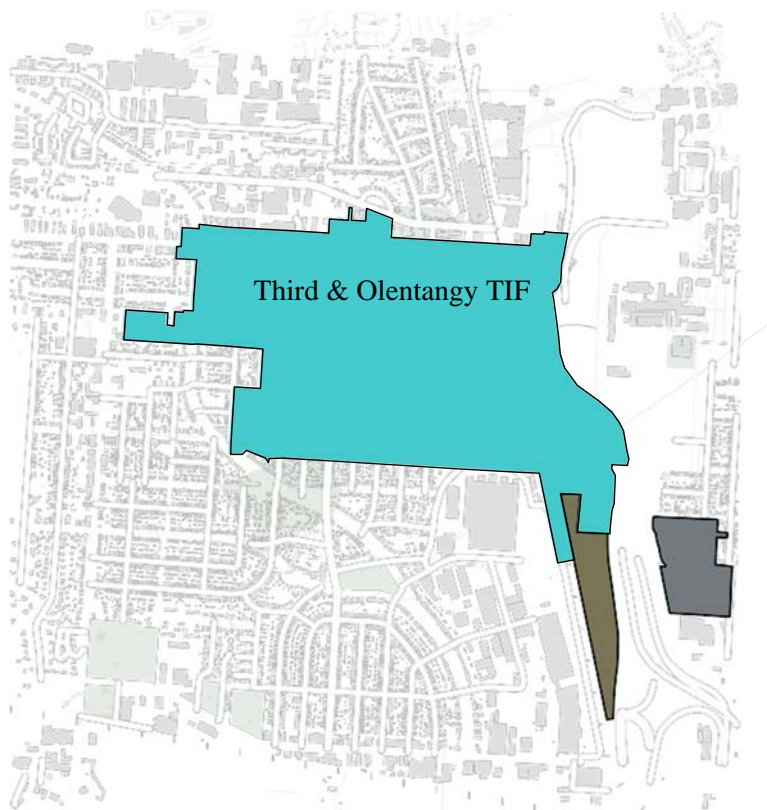
Ohio Department of Natural Resources

The City was awarded funding from the Ohio Department of Natural Resources (ODNR) for the Front Yard Park Project at Grandview Yard.

City of Columbus – Third & Olentangy TIF

In addition to the Grandview Yard TIF, the City of Columbus has a TIF in place, the Third & Olentangy TIF that also contributes to the Grandview Yard Infrastructure. There are 318 parcels in the Third & Olentangy TIF, which have produced \$1,938,617 in PILOTS to date. Infrastructure improvements are initially funded by the TIF, then invoice documentation is submitted to the City of Columbus for reimbursement. The City of Columbus then remits available PILOTS up to the total of the invoices to NRI. These funds are then remitted to the Bond Trustee for payment of principal and interest.

Tax Year	PILOTS Collected	Estimated Market Value of TIF Property
2012	\$467,708	\$69,061,659
2013	\$457,578	\$67,195,672
2014	\$615,016	\$89,588,486
2015 (1 st Half)	\$398,315	\$78,372,900
Total	\$1,938,617	



Source: City of Columbus Tax Increment Finance Areas (2012)

Infrastructure Bonds

Bond draws are performed on a monthly basis. All draws are reviewed by Finance, Administration and E.P. Ferris. Through July 2016, the total amount drawn for public improvements is around \$86 Million.

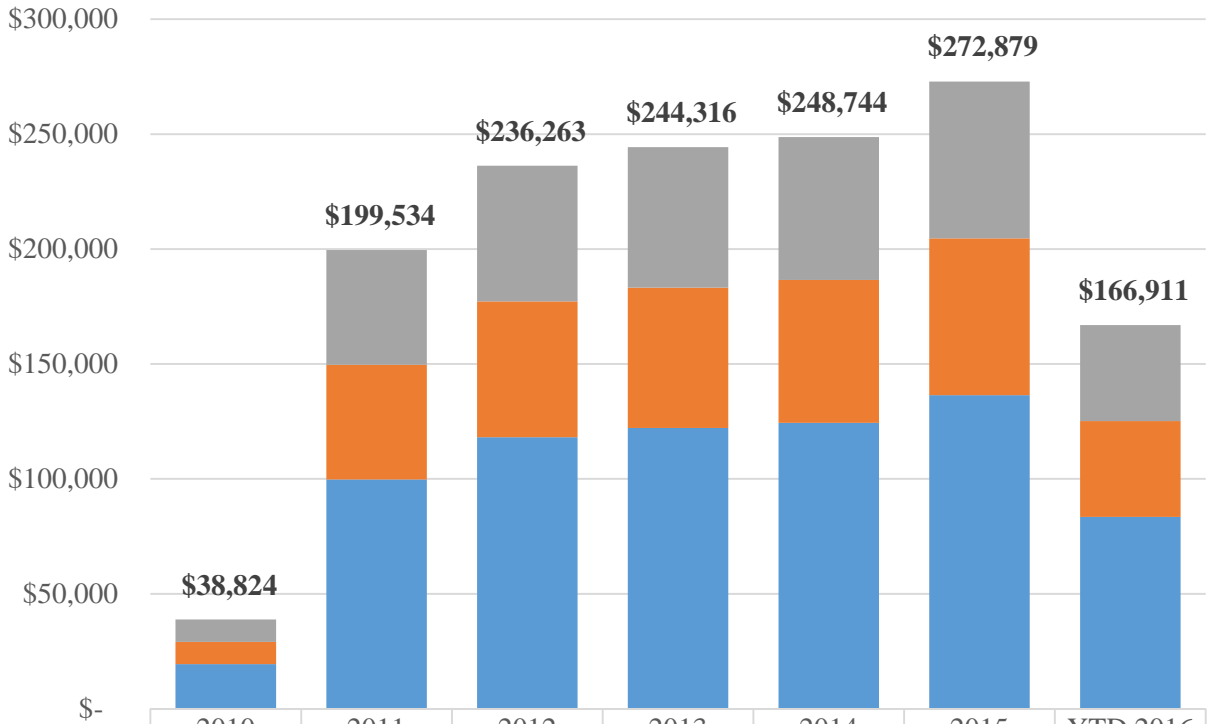
Public Improvements	Cost Estimate in Millions	Actual Bond Draws through July
Public Improvements within the Grandview Yard Site <ul style="list-style-type: none"> • One or more parking surface lots or parking structures • Construction or reconstruction of roads, streets, railways or bridges • Streetscape Improvements • Utility Improvements 	\$48.0	\$30.5*
Public Improvements – Offsite <ul style="list-style-type: none"> • Goodale Blvd. near Grandview Yard • Aesthetic improvements to CSX Railroad bridge on Goodale Blvd. • Widening of Southbound exit ramp from SR 315 to Olentangy • Third Ave. Improvements between Edgehill & Olentangy • Widening of the CSX railroad bridge on Third Ave. west of Olentangy 	\$31.0	\$4.9
Parking Structures <ul style="list-style-type: none"> • 800 Bobcat, including 509 parking spaces • 795 Rail, including 505 parking spaces • South of Nationwide Campus, approx. 1400 spaces • North of Nationwide Campus, approx. 1150 spaces • West of Nationwide Campus, approx. 1200 spaces 	\$62.5	\$34.1
Right of Way Acquisition <ul style="list-style-type: none"> • Approx. 21 acres for public right of way • Approx. 3.7 acres for green spaces • Approx. 0.6 acres for the conference and event center 	\$12.5	\$11.5
Greenspace and other Public Improvements	\$4.0	\$0.7
Other TIF Costs		\$2.4
Construction Agency Fee		\$1.9
Total Public Improvements Approved	\$158.0	\$86.0

**The work for the First Ave. Greenspace is included in the number for the Grandview Yard Improvements.*

Hotel Tax

Grandview Yard development has brought two hotels to Grandview. The City levies a 6% hotel tax on top of the 4% tax levied by the Franklin County Convention Facilities Authority (FCCFA). In total the hotels have produced funding for parks and recreation improvements, the organization of a new convention and visitors bureau that focuses on the Grandview Heights area and added over \$900,000 to the overall collections of hotel tax by the Franklin County Convention Facilities Authority.

Grandview Yard Hotel Tax Collection and Distribution by Tax Year
Data as of July 31, 2016, Total Cumulative Collections \$1,407,471

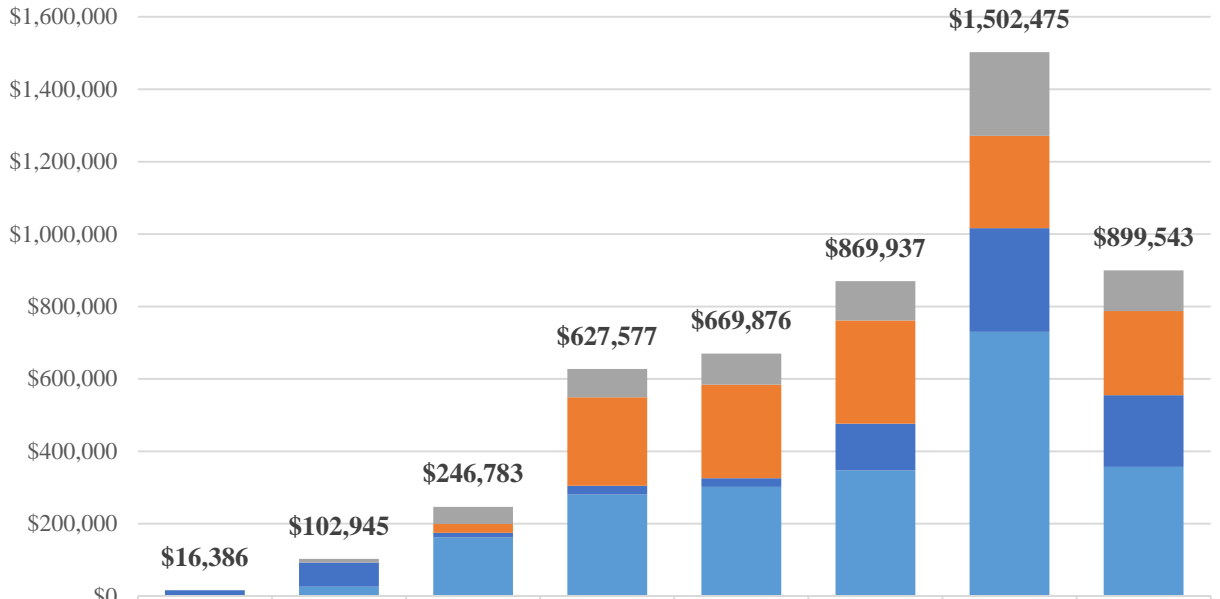


	2010	2011	2012	2013	2014	2015	YTD 2016
■ Destination Grandview	\$9,706	\$49,884	\$59,066	\$61,079	\$62,186	\$68,220	\$41,728
■ City General Fund	\$9,706	\$49,884	\$59,066	\$61,079	\$62,186	\$68,220	\$41,728
■ Parks & Recreation	\$19,412	\$99,766	\$118,131	\$122,158	\$124,372	\$136,439	\$83,455
Annual Total	\$38,824	\$199,534	\$236,263	\$244,316	\$248,744	\$272,879	\$166,911

Income Tax

Grandview Yard employers have produced increased income tax for the City. Due to the timing of income tax receipts, the Finance Department tracks it by tax year. The table below presents withholding and net profit revenue by tax year. The table is constantly changing as companies make payments for the current and prior tax years. An estimate of revenue from construction companies working at Grandview Yard is included in the numbers below. All collections from construction companies are kept by the City.

Grandview Yard Income Tax Collection and Distribution by Tax Year
Data as of July 31, 2016



	2009	2010	2011	2012	2013	2014	2015	YTD 2016*
■ Infrastructure Bonds	\$0	\$10,172	\$47,645	\$78,469	\$85,844	\$108,390	\$231,236	\$111,947
■ Tenant Incentives	\$0	\$0	\$24,310	\$244,166	\$258,567	\$285,345	\$254,636	\$232,542
■ Construction (City)	\$16,386	\$66,532	\$12,632	\$24,139	\$23,804	\$128,798	\$286,413	\$198,173
■ City of Grandview Heights	\$0	\$26,241	\$162,196	\$280,803	\$301,661	\$347,404	\$730,190	\$356,881
Subtotal City Revenue	\$16,386	\$92,773	\$174,828	\$304,942	\$325,465	\$476,202	\$1,016,603	\$555,054
Annual Total	\$16,386	\$102,945	\$246,783	\$627,577	\$669,876	\$869,937	\$1,502,475	\$899,543

**2016 amounts represent primarily withholding taxes, net profit taxes cannot be confirmed until returns are filed and processed by RITA. In addition, several companies file for an extension so it likely will be the end of 2016 before 2015 net profit tax numbers are finalized.*

School District

The School District receives revenue from three sources at Grandview Yard: property taxes, hold harmless receipts and a percentage of the New Money produced by PILOTS.

Hold Harmless

In August 2009 the 127+ acres of land and buildings that makes up Grandview Yard had an assessed valuation of \$47,333,900 producing a little over \$1,000,000 in annual property taxes for the School District. (At one time the area would have also produced significant personal property tax, around \$800,000 according to School District financial reports from the time. However, the Ohio Legislature phased out personal property tax in 2009.) The City was required by law to obtain the School District's approval of the Grandview Yard TIF, and enter into a School Compensation agreement with the District. The School Compensation agreement was negotiated by School and City officials to find the right balance between sharing new PILOT earnings from development with the School while supporting the cost of infrastructure required to make redevelopment possible. During negotiations, City and School Officials recognized that the taxable value of the property at Grandview Yard would go down due to the demolition of several buildings on the site. To verify that the School District did not suffer any loss of funds from the Grandview Yard properties, they secured a "hold harmless" provision in the School Compensation Agreement with the City. This means the School District would be guaranteed to receive no less revenue than what was generated prior to redevelopment. They will always receive at least the amount of taxes that would be produced each year by \$47,333,900 of commercial property. Not only are they receiving what they would have received if the property retained its 2009 value, but the School also receives a portion of the New Money produced by PILOTS.

New Money

The School receives 11% of all property taxes that would have been received by the School District, City, Library and County on new commercial property (or increased value on existing property) at Grandview Yard. For Residential properties the percentage starts at 15% and increases as the number of residential units increases, and as time passes. Grandview Yard new development market value is currently around \$66,000,000; which produces around \$1,500,000 per year in PILOTS of which, \$300,000 is New Money to the School District.

