

020633

Permanent Record  
Filed in Clerk's Office

Introduced by McDavid

First Reading 5-17-10

Second Reading 5-24-10

Ordinance No. 020633

Council Bill No. B 122-10 A

**AN ORDINANCE**

authorizing a Funding and Property Transfer Agreement with Columbia Area Jobs Foundation in connection with the establishment of an IBM office and technical support facility in Columbia; authorizing the City Manager to waive certain contingencies in the agreement and to terminate the agreement if all contingencies are not waived or met; authorizing the City Manager to approve the final form of various documents, subject to certain provisos; appropriating funds; and fixing the time when this ordinance shall become effective.

WHEREAS, International Business Machines Corporation ("IBM") intends to establish a large office and technical support facility at which it will employ over 600 fulltime employees; and

WHEREAS, the State of Missouri and the City of Columbia have solicited IBM to establish the office facility in Columbia, Missouri on property located at 2810 LeMone Industrial Boulevard ("the Property"), on which a building is currently located that the City Council finds to be "blighted" as that term is used in Article VI, Section 21 of the Missouri Constitution; and

WHEREAS, the owner of the Property is willing to sell the Property so that it can be reconstructed to meet the needs of IBM; and

WHEREAS, in order to induce IBM to locate its office and technical support facility in Columbia, the State has offered IBM various economic incentives in the form of income tax credits; and

WHEREAS, in order to induce IBM to locate its facility in Columbia, the City has worked with state and local economic development organizations, state and local governments, banks and others to provide economic incentives as outlined in the proposed Funding and Property Transfer Agreement with Columbia Area Jobs Foundation ("CAJF"); and

WHEREAS, the obligations of the City in providing economic incentives to IBM include:

1. A \$500,000.00 payment to CAJF that CAJF will use as a partial payment to acquire the Property;
2. City will receive title to the Property after CAJF has reconstructed the building located on the Property and made other improvements to the Property;
3. City will assume the obligation to pay the current owner's loan of \$2,550,000.00 to CAJF, subject to annual appropriations;
4. City will assume the obligations of lessor under the lease between CAJF and IBM;
5. City will take title to the Property subject to the obligations of CAJF under the loan documents executed by CAJF in favor of Boone County National Bank with respect to a loan of up to \$10,000,000 for the reconstruction of the Property, and without any liability on the part of the City to make any loan payments to said lender except from rental received from the leasing of the Property, but subject also to said lender's rights to foreclose on the collateral designated in the loan document;
6. City will assume obligations under a property management agreement with Wilgate-LDC Management, LLC; and

WHEREAS, the City finds that the proposed agreement with CAJF and the obligations the City shall assume under that agreement will serve the public interest in eliminating blight and fostering economic development.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. The City Manager is hereby authorized to execute a Funding and Property Transfer Agreement with Columbia Area Jobs Foundation in connection with the establishment of an IBM office and technical support facility in Columbia. The form and content of the agreement shall be substantially as set forth in "Attachment A" attached hereto and made a part hereof as fully as if set forth herein verbatim.

SECTION 2. The City Manager is authorized to waive any of the conditions precedent or contingencies set forth in the Funding and Property Transfer Agreement if, in the Manager's judgment, it is prudent to do so. The City Manager is further authorized to terminate the Funding and Property Transfer Agreement pursuant to paragraph 4 of the Agreement if any of the conditions precedent or contingencies are not met or waived.

SECTION 3. The City Manager is authorized to approve the final form of the documents that are attached as exhibits to the Funding and Property Transfer Agreement and that establish the City's assumed obligations (other than the lease between CAJF and IBM, which was executed on May 14, 2010); provided that, the documents do not establish any obligation of the City to pay any obligation of CAJF under its construction loan agreement with Boone County National Bank, and related documents, from any funds

other than the funds paid by IBM as fixed rent under the lease; and further provided that, no assets of the City other than its interest in the Property may be subject to any levy, execution or other judicial process to satisfy any claim or judgment that Boone County National Bank or others have under the construction loan agreement.

SECTION 4. The City Manager is authorized to execute any and all agreements and documents necessary to implement the Funding and Property Transfer Agreement and other agreements related to the IBM Lease Agreement.

SECTION 5. The sum of \$500,000.00 is hereby appropriated from Account No. 222-0000-341.01-00 to the Miscellaneous Contractual Services Account No. 222-8500-509-49.90.

SECTION 6. This ordinance shall be in full force and effect from and after its passage.


PASSED this 24th day of May, 2010.

ATTEST:


  
\_\_\_\_\_  
City Clerk

  
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Mayor and Presiding Officer

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Counselor

CERTIFICATION: I certify there are sufficient funds available in Account No. 222-0000-341.01-00 to cover the above appropriation.

  
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Director of Finance