

To: Gahanna City Council
From: Sean McCarter of Albers & Albers
Date: November 23, 2022
Re: Modification of Agreements with Science One – Developer of ADB Project

Previously, Council approved Agreements with Science One, the developer on the ADB Project to facilitate the construction of infrastructure including a road, waterline, sewer line and assisting with the payment of these facilities. As part of the Agreements, the City was going to obtain a SIB Loan and use the proceeds to pay for the construction work and materials. In addition, the City was committing some TIF money and water fund money to the project. The City also was awarded a 629 and Jobs Grant that provide funds as a reimbursement. The Agreements required Science One to post with the City a security deposit of \$1.5 million, which is the total cost allowed for these projects. It did this. The purpose of the security deposit was to repay the balance of the SIB Loan after crediting monies from the grants and the City funds and any balance remaining of the \$1.5 million was then to be refunded to the developer.

Due to changed circumstances and necessities, the developer wishes to modify the Agreements with the City. The modifications are in advance of the City executing the paperwork for the SIB Loan, therefore the SIB Loan is not yet fully in place.

The proposal is to change the documents so that the \$1.5 million security deposit may be used by the City to pay for the cost of construction and materials along with the TIF money and water fund money. The balance of the security deposit, after making all necessary payments and crediting any funds received from the grants, would then be refunded to the developer at the end of construction. The proposed amendment would eliminate the SIB Loan and the City would not be obligated to repay the SIB Loan. In addition, the City is protected from any cost overruns as the developer may only charge the City a total of \$1.5 million for the improvements.

The expected cost for the improvements is \$200,000 - \$300,000 less than that amount. The City is not taking on any additional risks with this modification. The proposed modification will assist the developer with cash flow and resolve issues and concerns that the developer has. Again, the City is already holding the money, so it could be made immediately available to the developer upon the developer submitting the required request for payment which are properly supported with the necessary information. This matter would be presented for consideration to Council at the Committee of the Whole meeting on November 28th and for First Reading at its meeting on December 5th with the necessary modifications to the Agreements.