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COLUMBUS BUSINESS FIRST

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Nationwide, schools settle arena valuation dispute

Business First of Columbus - by [Matt Burns](#) Business First

A six-year dispute between Nationwide Arena's owner and Columbus City Schools over the arena's value for tax purposes has ended.

The Columbus Board of Education said late Tuesday it reached a settlement with [Nationwide Arena LLC](#), primarily owned by [Nationwide Mutual Insurance Co.](#) with a minority stake by [Dispatch Printing Co.](#), that sidesteps the much-disputed value of the eight-year-old building.

The value was a key factor in a 1998 Community Reinvestment Area agreement with Nationwide, the [Franklin County Convention Facilities Authority](#) and [Capital South Service Corp.](#) following a 15-year, 99 percent tax exemption the company received for the arena, its garage and restaurant and all other improvements at the downtown site.

Through the original agreement, Nationwide agreed to pay the school district the amount it would have normally received in property taxes. But various valuations and appeals placed the arena's value anywhere from \$44 million to \$156 million, sparking a legal battle that, if unsettled, could have reignited every three years when the property is reassessed.

"The expense of trying to value the property is greater than the value in the process," said John Zeiger, the attorney who represented Nationwide Arena LLC in negotiations and litigation.

With the accord, litigation over the valuation ends and the city has agreed to pay the school district 50 percent of the annual municipal income tax revenue from players and employees of [National Hockey League](#) franchises playing games at the 18,000-seat arena. That includes tax receipts from visiting players and the players and employees of any sports teams that might call the arena home in the future.

The arena primary tenant is the NHL's [Columbus Blue Jackets](#).

The school district also will continue to receive a surcharge on event tickets that amounts to \$1 a ticket for hockey games and varies for other events, said Thomas W. Hill, a director at [Kegler Brown Hill & Ritter](#), the Columbus law firm that represented the school board in the case.

In the original agreement, the school district couldn't take in all the revenue from ticket

surcharges if the total exceeded what Nationwide owed based on the value of the arena.

Hill said the settlement guarantees Nationwide will pay no less than \$7 million to cover the agreement between 2000 and 2006 and no less than \$1 million from 2007 to 2013. With Nationwide already having agreed to pay about \$9 million for the first six years and the escalating salaries of players, which make up about 90 percent of the income tax revenue, Hill expects the payments to the school district to reasonably exceed the minimum.

A key factor in removing the building's valuation from the settlement equation, Hill said, was what a likely depreciation of the arena would have meant for the school district.

"My view is that this settlement results in millions of dollars in more revenue coming into Columbus City Schools than we would have had in the original deal, because if the arena value goes down over time, the amount paid ... is going to be less than the (income tax) revenues," he said.

Zeiger said the company's position always had been the arena's value needs to be related to the income stream it generates, meaning little depreciation would occur as long as revenue was stable.

"Still, we understand the position of the schools," he said. "Nationwide is pleased to have resolved the issue and has been a big supporter of the schools for a long time, so we're glad we're no longer in an adversarial position."

An emergency ordinance amending the terms of the Community Reinvestment Area agreement is set to go before **Columbus City Council** on Monday.

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