

# Mayor and Council Communication

DATE: 06/22/21

M&amp;C FILE NUMBER: M&amp;C 21-0491

LOG NAME: 17CHAMPIONSCIRCLEEDPAAMEND2

## SUBJECT

(CD 7) Authorize Amendment to City Secretary Contract Number 48085, as Amended, an Economic Development Program Agreement with Roanoke 35/114 Partners, LP, to Revise the Minimum Investment Amount and Commercial Retail Requirement and Remove the Phase II Commitment

## RECOMMENDATION:

It is recommended that the City Council authorize an amendment to City Secretary Contract Number 48085, as amended, an Economic Development Program Agreement with Roanoke 35/114 Partners, LP, to revise the minimum investment amount to \$150 million and the commercial retail requirement to 100,000 square feet and remove all commitments related to Phase II of the development.

## DISCUSSION:

The City and Roanoke 35/114 Partners, LP (“Developer”) are currently parties to an Economic Development Program Agreement (CSC 48085 and 48085-A1) (Agreement) for the construction of an approximately 1,985,000 square foot multi-use project consisting of commercial, office, and residential space, known as Champion Circle, to be located at the southwest corner of Interstate 35 and State Highway 114 (Development).

The construction plan for the Development included two phases, each with a minimum investment amount, along with commercial retail and rental residential requirements. Each phase had an associated completion deadline. Due to market demand, the City and Developer amended the Agreement to revise some of those requirements, which are set out in the chart below.

### **Proposed Amendment**

In December of 2020, Developer informed the City that, due to the impacts of COVID-19 and significant changes in market demand, it desired to amend the Agreement again to (1) decrease the required Phase I Commercial/Retail space from 300,000 square feet to 100,000 square feet, and (2) increase the required Phase I investment from \$120 million to \$150 million. The Phase I completion deadline remains the same, being December 31, 2020. In essence, the amendments are intended to reflect that portion of the Development associated with Phase 1 that was completed on December 31, 2020.

Because the City’s commitment is based on sales tax only, the Developer will accept the risk of any impact or reductions to the total value of program grants resulting from the proposed changes in commercial development to be delivered as part of Phase I. Also as part of the proposed amendment, all requirements and obligations by both Developer and City pertaining to Phase II would be removed from the Agreement. All Program Grants will be based only on incremental taxable sales produced by those portions of the development property constructed prior to the Phase I completion deadline, as amended, as evidenced by receipt of a Certificate of Occupancy.

	Phase 1 Original	Phase 1 First Amendment	<b>Phase 1 Proposed</b>	Phase 2 Original	Phase 2* First Amendment
Completion Deadline	December 31, 2018	December 31, 2020	<b>December 31, 2020</b>	December 31, 2021	December 31, 2023
Construction Costs	\$60 million	\$120 Million	<b>\$150 Million</b>	n/a	n/a
Commercial Retail	500,000 Sq. ft.	300,000 sq. ft.	<b>100,000 sq. ft.</b>	500,000 sq. ft.	250,000 sq. ft.
Class A Office Space	n/a	n/a	<b>n/a</b>	200,000 sq. ft.	300,000 sq. ft.

\*With the proposed amendment, all Phase 2 commitments will be null and void and removed from the Agreement. Developer will not be entitled to receive any economic incentives for anything constructed after the Phase 1 completion deadline as stated above.

All other requirements contained in the agreement would be unaltered by the amendment. A separate Economic Development Program Agreement with Tanger Devco, LLC, (City Secretary Contract No. 48084) would be unaffected by the amendment.

This project is located in COUNCIL DISTRICT 7.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2021 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

**Submitted for City Manager's Office by:** Jay Chapa 5804

**Originating Business Unit Head:** Robert Sturns 2663

**Additional Information Contact:** Michael Hennig 6024