

# Mayor and Council Communication

**DATE:** 11/09/21

**M&C FILE NUMBER:** M&C 21-0859

**LOG NAME:** 21VISIT FORT WORTH LEASE AT HOUSTON STREET

## **SUBJECT**

(CD 9) Authorize the Execution of a Lease Agreement with the Fort Worth Convention and Visitor's Bureau for Approximately 9,367 Square Feet of Space on the West Side Ground Floor at the Fort Worth Convention Center Garage Located at 1200 Houston Street, Fort Worth, Texas 76102 To Be Used for Office Space and Authorize the Execution of a Real Estate Brokerage Commission Agreement with NJP Commercial Real Estate, LLC at a Rate of 4.50 Percent of the Base Rent

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the execution of a lease agreement with the Fort Worth Convention and Visitor's Bureau for approximately 9,367 square feet of space on the west side ground floor at the Fort Worth Convention Center Garage located at 1200 Houston Street, Fort Worth, Texas 76102 to be used for office space; and
  2. Authorize the execution of a real estate brokerage commission agreement with NJP Commercial Real Estate, LLC. at a rate of 4.50 percent of the base rent.
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## **DISCUSSION:**

The Fort Worth Convention Center Garage (building) located at 1200 Houston Street, Fort Worth, 76102 was built in 2009. The east and west building ground floor spaces have never been leased or occupied.

In 2019, the City of Fort Worth Property Management Department (PMD) began discussions with the Fort Worth Convention and Visitors' Bureau (FWCVB) and their real estate representative to relocate their offices in Sundance Square to the west side ground floor of the building.

Through further negotiations between PMD and FWCVB, terms were agreed upon and a Letter Of Intent was executed to lease the approximate 9,367 square feet (SF) of space and move forward with a lease agreement.

The Lease Agreement is base rent/SF + Double Net (NN) (common area maintenance, insurance, property management fees) + utilities.

The highlighted terms are as follows:

- Primary Term of 10 years
- Base Rent:
  - Months 1 -12: No Base Rent
  - Months 13-36: \$18.00/SF
  - Months 37-84: \$20.00/SF
  - Months 85-120: \$22.00/SF
- Two (2) ten-year renewal options at then current market rates.
- Double Net (NN) estimated to be approximately \$5.00/SF.
- \$75.00/SF base rent credits for tenant improvements amortized over years 2 -10 of the primary lease term.

FWCVB will make approximately \$1,000,000.00 of improvements to the space and this lease will provide approximately \$1,567,000.00 in lease and parking revenues over the ten (10) year primary lease term.

The Leasing Agreement also stipulates that cooperating brokers in the transaction would be paid a separate commission fee of 4.50 percent of the base rent. NJP Commercial Real Estate, LLC. is the cooperating real estate broker assisting with the negotiations and upon approval of this Mayor and Council Communication (M&C) and the execution of the lease, the City will enter into a separate Commission Agreement with NJP Commercial Real Estate, LLC. for their commission fee.

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## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendations, execution of the lease agreement, funds will be deposited into the Municipal Parking Fund. The Transportation and Public Works Department and (Financial Management Services Department) is responsible for the collection and deposit of funds due to the City. Prior to any expense being incurred, the Transportation and Public Works Department also has the responsibility to validate the availability of funds.

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Expedited