

Mayor and Council Communication

DATE: 10/29/19

M&C FILE NUMBER: M&C 19-0276

LOG NAME: 21AQHA GROUND LEASE

SUBJECT

Authorize Execution of a Ground Lease Between the City of Fort Worth and the American Quarter Horse Foundation for the Purpose of Developing, Constructing and Operating a Facility to Include a Museum to be Located at 1400 Gendy, Fort Worth, Texas 76107, Authorize a Partial Waiver of Rent, and Find That the Partial Use of the Facility as a Museum Serves a Public Purpose (COUNCIL DISTRICT 7)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of a Ground Lease between the City of Fort Worth and the American Quarter Horse Foundation for the purpose of developing, constructing and operating a facility to be located at 1400 Gendy, Fort Worth, Texas 76107;
 2. Authorize a waiver of the portion of the rent that is proportional to the square footage of the facility used for a public museum; and
 3. Find that the waiver of such rent serves to carry out the public purpose of collecting, preserving, and presenting to the public objects, materials, and information of cultural and historical significance for education and enjoyment, and that adequate controls are in place through the Ground Lease to carry out such public purpose.
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DISCUSSION:

Approval of this Mayor and Council Communication authorizes the City of Fort Worth (City) and the American Quarter Horse Foundation (Tenant) to enter into a Ground Lease for a 50 year initial term with five 10- year automatic renewal terms on approximately 0.60 acres, more or less, of unimproved land located at 1400 Gendy, Fort Worth, Texas, on the Will Rogers Memorial Center campus.

The American Quarter Horse Foundation will be permitted to use the property to develop, construct and operate a building to house a public museum known as the American Quarter Horse Hall of Fame and Museum, or similar name, and to sublease of a portion of the building to the Association for its world headquarters, and for purposes ancillary to the operation of the Building, and for no other purpose without the written consent of the City. Tenant anticipates subleasing a portion of the Building to the Association at a fair market value rental for the purposes of operating the Association's world headquarters.

Rent consideration will be based on fair market value, however, a percentage of the rent will be waived based on the portion of the building to be used for a museum, based on the public purpose served of collecting, preserving, and presenting to the public objects, materials, and information of cultural and historical significance for education and enjoyment.

The remaining rent will be fair market value with rent credits being provided based on any of the following:

- Annual Events Credit
 - Credit of 25% of rent for each year that the AQHA Youth World Championship Show and the AQHA World Championship show are held in Fort Worth now and during the term of the lease
 - An additional 25% credit may be requested by Tenant for additional events or shows held in Fort Worth and based on a calculation made by the Public Events Department to demonstrate the economic impact to the City of Fort Worth of a minimum of \$25,000 dependent on number of attendees (in state and out of state), length of the event, number of hotel rooms booked and the cost of facilities booked
- Donation of Property to be utilized and accepted by the City on behalf of the Fort Worth Police Department Mounted Patrol or the Fort Worth Herd
 - Eligible items include horse trailers or horses

The Tenant may construct improvements on the Leased Premises in compliance with the permitted use however the City must approve plans prior to construction. The Tenant must achieve substantial completion of the improvements no later than 36 months from commencement of construction. Tenant shall own the improvements, provided that upon the expiration or termination of the Lease, the improvements shall become the property of the City.

The City will be responsible for the design of the public improvements including sanitary sewer, water, storm water infrastructure, and road improvements.

Tenant will be responsible for securing the appropriate zoning, licenses, certificates and permits necessary for the intended use of the leased property.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that the Public Events Department is responsible for the collection and deposit of funds associated with the lease.

Submitted for City Manager's Office by: Kevin Gunn 2015

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