

Mayor and Council Communication

DATE: 01/28/25

M&C FILE NUMBER: M&C 25-0076

LOG NAME: 17RIVERPLAZAAMEND3_AMENDM&C

SUBJECT

(CD 9) Amend Mayor and Council Communication 24-0735 Authorizing Execution of an Amended Economic Development Program Agreement with FW River Plaza, L.P., in Connection with the WestBend Project, Revising the Project Scope and Incentive Cap, to Identify as Signatory to the Amendment and as the Responsible Party of Expanded Project Scope as being WestBend Phase II, LLC or One of its Affiliates and Assigning Associated Grant Payments

RECOMMENDATION:

It is recommended that the City Council amend Mayor and Council Communication 24-0735 authorizing execution of an amended Economic Development Program Agreement with FW River Plaza, L.P., in connection with the WestBend project, revising the project scope and incentive cap, to identify as signatory to the amendment and as the responsible party of the expanded project scope as being WestBend Phase II, LLC or one of its affiliates and assigning associated grant payments to the same.

DISCUSSION:

In July 2007, the City Council authorized execution of an Economic Development Program Agreement (Agreement) with FW River Plaza, L.P. (Phase I Developer) for the construction of a mixed-used development at the intersection of South University Drive and River Run, then referred to as River Bend (Mayor & Council Communication (M&C) C-22239, City Secretary Contract No. 36485), which was subsequently amended by M&C C-25124 (City Secretary Contract No. 36485-A1). Under the Agreement as amended, Phase I Developer was responsible for delivering 85,000 square feet of retail space and 185,000 square feet of office space by no later than December 31, 2015 (Phase I). In return for Phase I, the City agreed to pay the Phase I Developer annual Economic Development grants authorized by Chapter 380 of the Texas Local Government Code for a period of 10 years equal to 75 percent of incremental real property, personal property and sales tax revenues received by the City from the project site, subject to a cap on the total amount of all grants based on the amount of investment made by the Developer in constructing the project.

Under the Agreement as amended, Phase I Developer was entitled to receive Economic Development grants for a 10-year term with annual payments equal to 50 percent of the real and personal property taxes collected by the City on the incremental increase in value of the project and 50 percent of the City's \$.01 general sales tax revenues attributable to the project, capped at an overall amount of \$3,830,253.00 (of which approximately \$1,174,266.00 has been paid to-date). The Phase I incentive term will be completed by July 31, 2028. The Phase I grants shall be received solely by Phase I Developer and the obligations under the Agreement relating to the development and reporting for Phase I are solely the obligations of the Phase I Developer.

On August 27, 2024, the City Council approved M&C 24-0735 authorizing execution of an amendment to the Agreement to revise the project scope and the incentive cap in order to support the development of a 7-story mixed-use development consisting on adjacent property, which will consist of a minimum 265,000 square feet of total development, 300 units of multi-family, 4,500 square feet of commercial space and certain public amenities alongside Trinity Trails (Phase II). Because Phase II is adjacent to Phase I and is considered an expansion of the mixed-use scope of Phase I, it is to be subject to the same Economic Development Policy requirements as Phase I. Additionally, M&C 24-0735 incorrectly identified FW River Plaza, L.P. as the entity responsible for the development of Phase II. Phase II will be developed by WestBend Phase II, LLC (Phase II Developer) which will, under the amended Agreement, be responsible for its delivery and all associated commitments as described in M&C 24-0735. Likewise, Phase II Developer will, under the amended Agreement, have the right to receive any annual grants provided for under the Agreement in association with the development of Phase II. Additionally, in response certain delays to project financing and its potential impact on the timing of project completion, it is recommended that the Agreement as amended permit up to a twelve-month extension of the Completion Deadline by administrative approval.

Under the Agreement as amended, Phase II Developer will be entitled to receive Economic Development grants for a 10-year term with annual payments equal to 50 percent of the real and personal property taxes collected by the City t and 50 percent of the City's \$.01 general sales tax revenues attributable to the project, capped at an overall amount of \$3,870,000.00 per year. The Phase II grants shall be received solely by Phase II Developer and the obligations under the Agreement relating to the development and reporting for Phase II are solely the obligations of the Phase II Developer. Also, the City Manager, or his designee, is granted the authority to extend the Phase II deadlines by no more than an additional twelve months without further Council action.

Therefore, staff recommends adoption of this Mayor & Council Communication, to amend M&C 24-0735 to provide for the above as will be more specifically described under the Agreement as amended.

This development is located in COUNCIL DISTRICT 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2025 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.

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Expedited