

Mayor and Council Communication

DATE: 09/17/24

M&C FILE NUMBER: M&C 24-0845

LOG NAME: 55TAMUS FTW CAMPUS

SUBJECT

(CD 9) Approve a Resolution Approving the Issuance of the Research and Innovation Local Government Corporation Contract Revenue Bonds, Series 2024 to Fund the Design and Pre-Construction Costs of the Texas A&M Fort Worth Research and Innovation Building and Adopt Appropriation Ordinance within the Economic Development Department of the General Fund in the Amount of \$2,353,725.00 to Process a Wire Payment to the Research and Innovation Local Government Corporation to Support Development of the Texas A&M Fort Worth Research and Innovation Building and Associated Parking Infrastructure, and Amend the Fiscal Year 2024 Operating Budget

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt Resolution approving the issuance of the Research and Innovation Local Government Corporation Contract Revenue Bonds, Series 2024 and the RILGC's adoption of a resolution authorizing the issuance of said bonds to pay for design and pre-construction costs of the Texas A&M Fort Worth Research and Innovation Building (RIB), establishing sale parameters that must be met before the corporation may adopt said bond resolution, and enacting other related provisions; and
2. Adopt the attached Appropriation Ordinance increasing estimated receipts and appropriations in the Economic Development Department of the General Fund in the amount of (1) \$2,203,725.00 from committed fund balance and (2) \$150,000.00 from assigned fund balance for a total of \$2,353,725.00 for the purpose of processing a wire payment to Research and Innovation Local Government Corporation; and
3. Amend the Fiscal Year 2024 Operating Budget.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to adopt a resolution approving the Research and Innovation Local Government Corporation (RILGC) to issue debt to fund the design and pre-construction costs of the Texas A&M Fort Worth Research and Innovation Building (RIB) and associated parking infrastructure. If approved the RILGC would move forward with the bond sale subject to certain parameters being met, including: (i) the aggregate original principal amount of the Bonds shall not exceed \$18,000,000.00; (ii) no Bond shall mature after November 15, 2044; and (iii) the all-in true interest cost of the Bonds shall not exceed 8.50%. This M&C also serves to adopt an ordinance transferring \$2,353,725.00 from the Economic Development Department of the General Fund to the RILGC to fund a portion of the design and pre-construction costs to support development of the RIB.

Texas A&M Fort Worth Campus Project (Project)

The Project includes the construction of one or more buildings, and public infrastructure, that will house the Texas A&M University School of Law and other Texas A&M University System (TAMUS) functions alongside private firms in a manner that encourages innovation, research, and entrepreneurship within an urban campus environment. Led by TAMUS through their typical construction procurement process, Building 1, the Law and Education building, is currently under construction with an anticipated completion date of October 2025. The remaining buildings and associated amenities will be designed and constructed through a process coordinated by the City of Fort Worth in collaboration with TAMUS and other stakeholders, including the County. The RIB Building 2, will be designed and constructed in collaboration with The TAMUS and the City, through its formed RILGC, which will assist with funding the design and construction of the areas to be occupied by Texas A&M for academic and university uses and associated parking infrastructure. The Developer will finance the balance of RIB to be occupied by related non-academic uses.

Prior Council Action(s)

On December 13, 2022, M&C 22-1076, authorized the execution of an Interlocal Agreement (Agreement) with Tarrant County and Services Agreement with Fort Worth Now (now known as Fort Worth Tarrant County Innovation Partnership) relative to services to be provided that support future growth and success of the Texas A&M University System Research and Innovation Hub; and allocate funds in the amount of \$2,000,000.00 from American Rescue Plan Act (ARPA) funds to pay for services provided under the Services Agreement.

The City's contribution of \$2,000,000.00 to help fund the Services Agreement came from already set aside \$5,000,000.00 in ARPA funding dedicated to the Texas A&M University System Research and Innovation Hub, which includes the Law and Education Building, RIB, and other planned buildings and infrastructure within the Texas A&M Fort Worth Campus. To date, \$2,646,725.00 of the \$5,000,000.00 set aside for the Project have been expended or allocated leaving an committed balance of \$2,203,725.00 and an assigned balance of \$150,000.00.

On January 10, 2023, M&C 23-0013, authorized the execution of an Agreement with the TAMUS for the purpose of documenting the general agreement regarding the development of the proposed Texas A&M Fort Worth Campus and associated non-academic uses that will include construction of three buildings on for blocks owned by TAMUS.

Under the terms of the Agreement, a City formed Local Government Corporation (LGC) would provide a financing vehicle for space to be

occupied by A&M within the RIB, and other amenities. Financing for the design and construction of the academic space would be realized through lease-backed revenue debt issued by the LGC. TAMUS's lease payments would be in an amount necessary to cover all debt service and other pre-approved, reasonable and typical expenses associated with the development of the Project to be occupied and controlled by TAMUS.

On January 10, 2023, City Council adopted Resolution No. 5679-01-2023 authorizing the formation of a Research and Innovation Local Government Corporation to help develop, finance and construct the Texas A&M Fort Worth Campus project.

Prior Research and Innovation Local Government Corporation Action(s)

On September 26, 2023, the Research and Innovation Local Government Corporation (RILGC) approved Resolution No. FWRILGC-2023-02, authorizing execution of an Interlocal Agreement (ILA) with TAMUS to detail the collaboration between both parties in the development of a concept plan for the Research and Innovation Building which included TAMUS transferring to the RILGC \$1,000,000.00 to pay for the concept plan. At the same meeting, the RILGC approved Resolution No. FWRILGC-2023-03 authorizing entering into a Pre-development Agreement (PDA) with Aggieldand Fort Worth Partners, LLC, now known as AFWP, LLC (Developer) in an amount not to exceed \$1,000,000.00 to prepare a detailed initial design concept plan, budget, and guide construction and design based on the results of program of requirements validation, geotechnical and site assessment studies.

On May 21, 2024, the RILGC approved Resolution No. FWRILGC-2024-01, amending the ILA with TAMUS to increase the amount transferred by TAMUS to the RILGC to a total amount of \$1,665,700.00 for the predevelopment of the Research and Innovation Building. At the same meeting, the RILGC approved Resolution No. FWRILGC-2024-02, authorizing an amendment to the PDA between the RILGC and Developer to add work to the scope of services and increase the total compensation amount to \$1,665,000.00.

On June 25, 2024, the RILGC approved Resolution No. FWRILGC-2024-03, amending the ILA with TAMUS to increase the amount transferred by TAMUS to the RILGC to a total amount of \$1,900,000 for predevelopment of the Research and Innovation Building. At the same meeting, the RILGC approved Resolution No. FWRILGC-2024-04, authorizing the RILGC to enter into an amendment to the PDA with the Developer to add certain work to the scope of services and increase the total compensation amount to \$1,900,000.00.

Current Project Status

In August of this year the Texas A&M University System Board of Regents approved moving forward with an Agreement with the RILGC to detail the collaboration between both parties in the development of pre-construction design and cost estimates (collectively, the Plan) for the RIB. The Plan will include 100% architectural design schematic and construction documents, permit approvals, budgeting, construction scheduling and other pre-construction services. The general terms and commitments of the Agreement are as follows:

- RILGC will enter into a Design and Pre-construction Agreement with the AFWP LLC for development of the Plan having an estimated cost of approximately \$19.7M;
- RILGC will issue approximately \$18M in debt (the Plan Debt) to procure the Plan for the RIB and cover issuance and other related costs; and
- RILGC will contribute \$2,353,725.00 of previously set aside funds to pay for a portion of the Plan;
- TAMUS will pay any and all costs associated with the Plan, including, but not limited to, all principal and interest and other costs associated with the Plan Debt; and
- TAMUS will grant the RILGC and the Developer access to their properties in order to develop the Plan;

It is anticipated to take 10 - 12 months to complete the Plan once debt is issued and a notice to proceed to the Developer has been completed. In the interim, the RILGC, Developer and TAMUS will develop the necessary documents to facilitate the financing, construction, operation, and commercial leasing of the RIB and associated parking facilities.

This project is located in COUNCIL DISTRICT 9.

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: Texas A&M University System

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available in fund balance within the General Fund and upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the General Fund. Prior to an expenditure being incurred, the Economic Development Department has the responsibility of verifying the availability of funds.

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Additional Information Contact:

