

Mayor and Council Communication

DATE: 08/27/24

M&C FILE NUMBER: M&C 24-0732

LOG NAME: 17GOLDENRODEDPAAMEND1

SUBJECT

(CD 9) Amend Mayor and Council Communication 23-0857 Authorizing an Economic Development Program Agreement and Other Related Agreements with Goldenrod Services, LLC, or an Affiliate, for the Construction of Two Mixed-Use Developments Generally Located at the Northwest Corner of West Seventh Street and Foch Street and at the Northeast Corner of University Drive and Bledsoe Street, to Separate the Agreement into Two Different Agreements with Goldenrod Services, LLC or Affiliated Entities

RECOMMENDATION:

It is recommended that the City Council amend Mayor and Council Communication 23-0857 authorizing an Economic Development Program Agreement and other related agreements with Goldenrod Services, LLC, or an Affiliate, for the construction of two mixed-use developments generally located at the northwest corner of West Seventh Street and Foch Street and at the northeast corner of University Drive and Bledsoe Street, to separate the agreement into two different agreements with Goldenrod Services, LLC or Affiliated Entities.

DISCUSSION:

On October 17, 2023, City Council adopted Mayor and Council Communication (M&C) 23-0857 authorizing the following agreements (Agreements) with Goldenrod Services, LLC, or an Affiliate (Developer):

1. An Economic Development Program Agreement (EDPA) for the Construction of the Development;
2. Acceptance of Two Parking Garages with Purchase Options;
3. One or More Agreement with Goldenrod for the Operation and Maintenance of the Two Parking Garages; and
4. Other Related Agreements as May be Necessary to Facilitate the Project in Accordance with the Authorized Terms

The purpose of the Agreements is to support the development of the Project Site (which consists of two separate but nearby properties) as a minimum \$400 million walkable mixed-use development consisting of 740,000 square feet of new construction in at least three (3) structures of at least eight (8) stories to be comprised of new office space, retail space, a 175-key hotel, two parking garages, and 466 units of multi-family (Project).

The EDPA, as approved, was contemplated to be a single agreement addressing both properties located within the Project Site as one overall combined project that would be developed and owned by the same developer for the duration of the Agreements. It is still Developer's intent to construct both properties on the Project Site consistent with the requirements approved by the City Council under M&C 23-0857. However, anticipating the potential future need to assign the EDPA agreement associated with one or both properties to a future owner or lender that may not necessarily be the same entity as that of the other property, Developer is requesting that the singular EDPA be permitted to be executed as two separate (but still interrelated) EDPA agreements in order to facilitate this scenario. No changes are proposed for the Developer commitments with respect to either property and failure to deliver either or both properties as part of the Project will result in penalties that could include a reduction or forfeiture of any incentives authorized under the Agreements.

Under the separate EDPA agreements and subject to key project deliverables and other performance requirements, Developer will be entitled to receive fifteen (15) annual grants in amounts that are generally proportional to the investment value of each of the two properties that are associated with the Project. More specifically, this would result, in the case of the Van Zandt, in annual grants equal to \$745,125.00 each for a total amount not to exceed \$11,176,881.00 and, in the case of One University, annual grants will be equal to \$1,310,392.00 each for a total amount not to exceed \$19,655,894.00. The sum of these amounts are equal to the overall amounts authorized under M&C 23-0857.

Staff is recommending an amendment to M&C 23-0689 to allow for the Agreement to reflect these changes.

This project is located in COUNCIL DISTRICT 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this recommendation will have no material effect on City funds.

Submitted for City Manager's Office by: William Johnson 5806

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