

Mayor and Council Communication

DATE: 06/09/26

M&C FILE NUMBER: M&C 26-0463

LOG NAME: 25WILL ROGERS MEMORIAL CENTER QUALIFIED MANAGEMENT AGREEMENT

SUBJECT

(CD 7) Authorize Execution of a Qualified Management Agreement with Gendy Street Management Corp. for Management of the Will Rogers Memorial Center for an Initial Term of Ten Years Beginning on October 1, 2026, with two, five-year renewal terms, an Annual Management Fee of \$120,000.00 and Annual City Funding for Net Operating Expenses in an Estimated Amount of \$8,060,304.00 for the First Year and Funding for Net Operating Expenses to be Adjusted in Future Years Based on Changes to the Consumer Price Index, and Adopt Appropriation Ordinance In the Amount of \$2,450,000.00 for the Purpose of Increasing the Separation Leave Budget for Employees Transitioning to Gendy Street Management Corp. and Reimbursing Pre-Fiscal Year 2027 Transition Expenses

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize execution of a Qualified Management Agreement with Gendy Street Management Corp. for the management of the Will Rogers Memorial Center for an initial term of ten years beginning on October 1, 2026, with City of Fort Worth annual funding of actual net operating expenses in an estimated amount of \$8,060,304.00 for the first year and City of Fort Worth funding for actual net operating expenses to be adjusted in future years based on changes to the Consumer Price Index, and authorizing up to two successive five-year renewals;
2. Authorize payment of an annual management fee of \$120,000.00 to Gendy Street Management Corp.; and
3. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Culture and Tourism Fund in the amount of \$2,450,000.00, from available fund balance for the purpose of increasing the Separation Leave budget by \$450,000.00 to pay Public Events employees who are transitioning to Gendy Street Management Corp, for their unused City leave hours; and \$2,000,000.00 to reimburse GSMC for pre-FY2027 expenses.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize execution of a Qualified Management Agreement with Gendy Street Management Corp. for the management of the Will Rogers Memorial Center (WRMC).

Since 1936, the City of Fort Worth has managed the 17 buildings on 120 acres that make up the WRMC. The Public Events Department has long held the responsibility for the daily operations and management of the WRMC as well as the Fort Worth Convention Center (FWCC).

In 2019, the City of Fort Worth (City) engaged Hunden Strategic Partners to analyze the existing funding, governance, management, marketing and operations of the WRMC, FWCC, and the Convention and Visitors Bureau known as Visit Fort Worth (VFW) (City Secretary Contract (CSC) No. 52462). At the time, the Public Events Department was experiencing leadership turnover, Dickies Arena was nearing completion adjacent to the WRMC, operating expenses at the WRMC were continuing to increase, and there was a clear need to invest in capital improvements into the historic facility. In addition, the City was in the early planning stages for expansion of the FWCC which shares indirect revenue in the Culture and Tourism Fund. The comprehensive evaluation was important to chart the path for the future of the WRMC and the FWCC.

Hunden's Governance Analysis was completed in January 2020 and found that many stakeholders believed the WRMC should be managed through an independent entity and not structurally connected with the FWCC or VFW, though the stakeholders believed that VFW should help market and promote the WRMC. While shifting management of the WRMC to an independent entity was recognized as a way to reduce expenses and increase revenue and cost savings would be substantial, the Governance Analysis also concluded the WRMC would continue to need City financial support.

A new Public Events Director was hired in February 2020 specifically to lead the transition of management services for both FWCC and WRMC to the private sector as recommended by the Governance Analysis. The intent was to transition the FWCC first and the WRMC second. However, progress faced significant delays due to the COVID-19 pandemic. And, as a result, the City determined that the transition of WRMC to the private sector should occur first.

Discussions with Event Facilities Fort Worth, Inc. (EFFW) began in early 2023 for both management of capital projects and management of the WRMC. EFFW was engaged because it is a nonprofit organization that has significantly contributed to the economic viability and impact of the WRMC and historically collaborated with the City on capital improvement projects at the WRMC.

The City entered into a Master Services Agreement regarding WRMC Capital Projects with EFFW in March 2024, as authorized by M&C No. 23-1064 (IR 23-0697; IR 23-1778; CSC No. 61043). Pursuant to the terms of the Master Services Agreement, the City reimburses EFFW for actual project costs. There is no management fee or compensation paid to EFFW for the management services for the capital improvement projects at the WRMC.

Discussions with EFFW regarding venue management services at the WRMC continued throughout 2023, 2024, 2025 and early 2026, with pauses in negotiations for Stock Show & Rodeo events and other challenges. In addition to EFFW, the City also engaged Trail Drive Management Corp. (TDMC) which manages and operates Dickies Arena as well as some of the City's parking assets at the WRMC complex. TDMC is a venue operations expert and has also worked closely with the City with regard to the WRMC. Throughout the years of negotiations, staff from the Public Events Department, City Manager's Office, and the City Attorney's Office worked diligently with EFFW and TDMC on draft agreements, stakeholder coordination (EFFW, Stock Show, TDMC, vendors, tenants, and staff), capital assessments, and master planning - reflecting a good-faith, in-depth process.

Texas Local Government Code § 252.022(a)(7)(F) provides an exemption from competitive bidding for management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits. EFFW has provided decades of significant financial and other support to the City and for the benefit of the WRMC, including a direct investment history of more than \$77 million (see IR 23-1778) and ongoing management of capital projects under the March 2024 Master Services Agreement (CSC No. 61043). TDMC, another nonprofit organization, has similarly delivered substantial benefits to the City through its successful management of the City-owned Dickies Arena (CSC No. 48733) and the parking assets at the WRMC (CSC No. 51634, M&C No. P- 12276). Under TDMC's management, Dickies Arena operates at no net cost to the City while serving as a premier venue that complements the WRMC as an adjacent support facility within the broader venue complex.

To leverage the combined expertise and proven track records of both organizations, EFFW is forming a new nonprofit entity, Gendy Street Management Corp. (GSMC), composed of key stakeholders from EFFW, TDMC, and the City. GSMC will serve as the management entity under the Qualified Management Agreement (QMA) with the City. Because GSMC is being established directly by these two nonprofits and will carry forward their substantial prior contributions, operational knowledge, and demonstrated success in managing City-owned venues, the City has determined that the statutory exemption applies. This allows a direct award to GSMC on a nominal-fee basis focused on cost reduction, capital project acceleration, operating efficiency, historic facility preservation, and thoughtful stewardship of the WRMC.

In addition, the proposed agreement qualifies as a procurement for professional services, which is exempt from competitive bidding requirements under Texas Local Government Code § 252.022(a)(4). Unlike a typical convention center venue, the WRMC is a highly complex, 120-acre equestrian-focused facility comprising 17 buildings dedicated to livestock shows, rodeos, cutting horse events, and related specialized programming. Successful management demands unique skills, specialized training, and extensive experience in equestrian and livestock venue operations, including animal welfare compliance, specialized facility maintenance, event scheduling that accommodates large-scale agricultural exhibitions, and coordination with national equestrian organizations. GSMC, formed by key stakeholders from EFFW and TDMC, is uniquely situated to provide these services. It brings decades of combined, proven expertise in managing the WRMC's capital projects and operations (through EFFW) and operating the adjacent City-owned Dickies Arena at no net cost to the City (through TDMC). This specialized expertise cannot be readily duplicated through a general competitive procurement process.

The Qualified Management Agreement includes the following terms:

QMA Structure: A QMA is required in this transaction to preserve the tax-exempt status of the outstanding bonds previously issued by the City to finance improvements at the WRMC. Because substantially all of the WRMC campus has been financed, in whole or in part, with tax-exempt governmental bonds, the City must ensure that the management arrangement does not result in "private business use" of the bond-financed property under Internal Revenue Code § 141 and related Treasury Regulations. A properly structured QMA satisfies the IRS safe-harbor requirements (currently set forth in Revenue Procedure 2017-13), allowing the City to retain sufficient control over the facility while delegating day-to-day operations to GSMC.

Term Length: 10 years, with two 5-year renewal options

Responsibility: GSMC will manage the entire 120-acre, 17-building WRMC campus.

Scope of Services: GSMC will fully replace the role of the Public Events Department to schedule, operate and maintain WRMC.

Personnel: GSMC will have all exclusive rights of a manager, including the right to supervise, hire, promote, discharge, transfer, lay off, resolve disputes in accordance with appropriate GSMC procedures, to assign work, and to assess performance of employees working at the WRMC. No City employee will go unemployed or be reduced from full-time to part-time status as a result of the management transition. GSMC and City staff are committed to ensuring smooth transitions for employees. Consideration is also provided for employees within 5 years of retirement to maintain employment with the City while being assigned to WRMC in order to fulfill retirement through the City's pension, identical to the transition for Zoo and Botanical Garden employees.

Annual Funding Commitment: Expenses necessary to operate WRMC under GSMC management are paid by a combination of WRMC operating revenues and City financial support. The City's responsibility to fund losses is required under a QMA which is required in order to preserve the tax-exempt bond status on the facility. GSMC will not participate in profits and losses of the WRMC and will receive only the funding necessary to operate the WRMC along with a reasonable management fee for its services.

Management Fee: City will pay GSMC an annual management fee of \$120,000.00.

Capital Reinvestment: Any operating improvements (loss reductions or increased revenue) go directly to capital reinvestment in WRMC.

Parking: The City's current agreement with Trail Drive Management Company to manage WRMC parking assets will be folded into this agreement. The City will receive an annual payment of \$117,000.00 from GSMC, which represents the average profitability of WRMC parking operations between 2019 and 2025. These funds will be used to offset debt expense for the Western Heritage Garage until that debt is satisfied in 2033.

Capital Projects: Capital projects at WRMC can be managed by either the City or GSMC. Projects that may be proposed by GSMC are subject to City approval. Projects are funded by the City. EFFW may propose to jointly fund projects as had been historically done. Any improvements

made at GSMC become property of the City.

Contracting: GSMC will manage the hiring, letting, contracting or franchising of any of the work necessary to fulfill the Management Services under this Agreement. All such contracts paid for with the Annual Funding Commitment or revenues from operations at the WRMC must be in conformity with the terms and conditions of this QMA and all other applicable laws, rules, regulations, and City policies.

Small Business Program: GSMC will make a good faith effort to promote the participation of qualified small businesses, consistent with the City's Small Business Development Program as it may be amended from time to time, in any contracts for goods or services that exceed \$100,000.00.

Sponsorship: GSMC will have the right to market sponsorship opportunities at WRMC. The City's prior written approval shall be required as to term, benefits, and any references to facility names for any sponsorship or naming rights agreement, having a term of over five (5) years (including renewals) or that involves erection of permanent signage on the WRMC.

Furniture, Fixtures, Equipment, and Vehicles: The City will permit GSMC to use all City-owned furniture, fixtures, equipment and vehicles currently used within the WRMC to enable GSMC to perform the Management Services for the benefit of the WRMC and the visiting public.

Public Art: Works that are part of the Fort Worth Public Art Collection at WRMC will continue to be maintained and programmed by the City's contractor, currently the Arts Council of Fort Worth and Tarrant County, Inc. d/b/a Arts Fort Worth.

Pioneer Tower: The City and GSMC will cooperate in the programming of the dynamic lighting system within the Pioneer Tower.

WRMC Trademark and Logo: During the Term of this Agreement, the City hereby grants to GSMC a limited, non-exclusive, royalty-free, revocable license to use the trademarks, trade names, service marks, logos, and other intellectual property owned or controlled by the City relating to the WRMC solely for purposes directly related to the management, operation, promotion, marketing, and merchandising of WRMC.

Internet Technology, Communication, and Security Systems and Equipment: The City will permit GSMC to use the internet technology, communication, and security systems and equipment owned, leased, or licensed by the City.

Facility Control: As required by the QMA structure, the City will retain control over the actual use of the WRMC by: enforcing the restrictions, terms, and conditions of this Agreement; approving the annual budget of the WRMC; approving the capital expenditures of the WRMC; controlling disposition of the WRMC; retaining control of naming and sponsorship decisions in accordance herewith; requiring that the rates charged for use of the WRMC be reasonable and customary, and subject to City approval which will not be unreasonably withheld; and approving the general nature and type of use of the WRMC. While the City retains approval authority over budgets, capital expenditures, and the general nature and type of facility use to maintain the tax-exempt status of the bonds, GSMC shall have autonomy in the day-to-day operations, business development, and revenue-generating activities of the WRMC subject to the terms of the QMA. The City's oversight shall not unreasonably interfere with GSMC's ability to perform the Management Services in a commercially viable manner that reduces the need for a City financial subsidy.

The City has experienced tremendous success with other facilities that were transitioned to private management including the Fort Worth Zoo (since 1990), Cowtown Coliseum (since 2002), WRMC Parking Facilities (since 2019), and the Fort Worth Botanic Gardens (since 2020). Staff recommends approval of this Qualified Management Agreement with Gendy Street Management Corp. for the management of the Will Rogers Memorial Center and looks forward to the future success and capital reinvestment that is expected to occur.

Will Rogers Memorial Center is located in COUNCIL DISTRICT 7.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are from fund balance within the Culture and Tourism Fund and upon approval of recommendations and adoption of the appropriation ordinance, funds will be in the Culture and Tourism Fund. Prior to any expenditure being incurred, the Public Events Department has the responsibility to validate the availability of funds.

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