

# Mayor and Council Communication

DATE: 08/27/24

M&C FILE NUMBER: M&C 24-0733

LOG NAME: 17OPERATING CASH FLOW ADVANCE - PID 11AMEND

## **SUBJECT**

(CD 2) Amend Mayor & Council Communication 24-0551 to Approve a Revision that Authorizes a Request for Operating Cash Flow Advance in an Amount Not to Exceed Available Unreserved Fund Balance of PID 11 through Fiscal Year 2025 Ending September 30, 2025 for Fort Worth Stockyards, Inc. in Accordance with Chapter 372.023 of the Texas Local Government Code and Section VI.11 (a) i of the Operating Public Improvement District Policy

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## **RECOMMENDATION:**

It is recommended that the City Council Amend Mayor & Council Communication 24-0551 to approve a revision that authorizes a Request for Operating Cash Flow Advance in an amount not to exceed available unreserved fund balance of PID 11 through Fiscal Year 2025 ending September 30, 2025 for Fort Worth Stockyards, Inc. in accordance with Chapter 372.023 of the Texas Local Government Code and Section VI.11 (a) i of the Operating Public Improvement District Policy.

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## **DISCUSSION:**

The purpose of this Mayor & Council Communication (M&C) is to amend M&C 24-0551 to authorize a revision to the original agreement and approve the revised written request for operating cash flow (seed money) advance for Fort Worth Stockyards, Inc. (FWSI).

On June 25, 2024, the City Council adopted Ordinance 26973-06-2024 (M&C 24-0551), approving an operating cash flow advance of up to \$100,000.00 for Fort Worth Stockyards, Inc., in accordance with Chapter 372.023 of the Texas Local Government Code and Section VI.11 (a) i of the Operating Public Improvement District (O-PID) Policy. The initial terms for the disposition and repayment of seed money were set for May, June, and July 2024, not exceeding the operating cash flow advance of up to \$100,000.00 for FWSI.

In accordance with the City's Policy for O-PID's, as a general rule, the City will not provide monetary advances to a Management Company to carry out its management obligations. However, the Director of Economic Development may consider written requests for such advances from a Management Company in certain circumstances. Section VI. 11(a) i of the O-PID Policy authorizes the advance payment of operating cash flow, or seed money, as follows:

### **a. Operating Cash Flow (Seed Money) Advance:**

- i. The Director of Economic Development may consider a written request for an advance of operating cash flow (i.e., seed money) from Management Company if (1) the advance is requested as part of the establishment/creation of the O-PID or (2) when a new Management Company begins managing an existing O-PID, an operating cash flow advance is subject to approval by the Director of Finance and City Council.

Pursuant to Section 2.1(1) of City Secretary Contract Number (CSC) 61465, between the City of Fort Worth (City) and FWSI, this M&C authorizes the revision from the previously agreed upon disposition and repayment of seed money for three months (May, June, and July 2024) from the amount of \$100,000.00 to an amount not exceeding the unreserved fund balance for Fiscal Years (FY) 2024 through September 30, 2025. Appropriations for the PID 11 – Stockyards will be managed through the annual budget process and require separate authorization by Mayor and Council.

On May 1, 2024, FWSI assumed management of PID 11 – Stockyards, taking over as the new Management Company for PID 11 - Stockyards.

In accordance with Chapter 372.023 of the Texas Local Government Code and the O-PID Policy, the City typically issues disbursements to the PID Management Company as reimbursements for the prior month's expenses. The estimated average monthly reimbursement ranges between \$25,000.00 and \$30,000.00, provided the entity maintains sufficient operating cash flow to cover these expenses upfront.

FWSI lacks sufficient operating cash flow to cover initial expenses and is therefore requesting that PID 11 - Stockyards provide 100% seed money as disbursements through September 30, 2025. This advance will enable FWSI to establish its finances to a point where it can independently sustain the funding of PID 11 - Stockyard expenses thereafter, beginning with the October 1, 2025 (FY2026) activity and November reimbursement. FWSI commits to submitting required documentation to the City to support the disbursements for 100% of all expenses incurred through September 30, 2025. Revisions to the (CSC 61465) management agreement will reflect these changes starting October 1, 2025.

The Director of Economic Development and the Director of Finance have given their approvals via the amended signed memo attached to this Mayor and Council Communication.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendation funds are available in the current operating budget, as previously appropriated, and upon adoption of the Fiscal Year 2025 Budget by the City Council, funds will be available in the Fiscal Year 2025 Operating Budget, as appropriated, in the FWPID #11 – Stockyards Fund. Prior to an expenditure being incurred, the Economic Development Department has the responsibility to validate the availability of funds.

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