

# Mayor and Council Communication

DATE: 10/17/23

M&C FILE NUMBER: M&C 23-0857

LOG NAME: 17GOLDENRODEDPA

## **SUBJECT**

(CD 9) Authorize Execution of the Following Agreements and Transactions Related to 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 (Development): (1) an Economic Development Program Agreement with Goldenrod Services, LLC, or an Affiliate, (Goldenrod) for the Construction of the Development; (2) Acceptance of Two Parking Garages with Purchase Options In Favor of Goldenrod; (3) One or More Agreement with Goldenrod for the Operation and Maintenance of the Two Parking Garages; and (4) Any Other Related Agreements as May be Necessary to Facilitate the Project in Accordance with the Authorized Terms

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the execution of an Economic Development Program Agreement with Goldenrod Services, LLC, or an Affiliate (Goldenrod), for the construction of two separate mixed-use developments totaling at least 740,000 square feet, generally located at the Northwest Corner of West Seventh Street and Foch Street and at the Northeast Corner of University Drive and Bledsoe Street;
2. Accept the conveyance of two parking garages (upon their completion) from Goldenrod, including options to re-purchase the parking Garages and options to put the parking garages to Goldenrod, with the purchase price of the two parking garages to be rebated to Goldenrod through one or more Economic Development Program Grants, as set forth in more detail the discussion section;
3. Authorize the execution of one or more Agreements with Goldenrod for the Operation and Maintenance of the two parking garages;
4. Find that the terms and conditions of the Economic Development Program Agreement and the Options to Re-purchase the Garages, as outlined herein, constitute custom-designed Economic Development Programs, as recommended by the most recently-adopted Comprehensive Plan and authorized by Chapter 380 of the Texas Local Government Code; and
5. Authorize the execution of other related agreements as may be necessary to facilitate the project in accordance with all authorized terms.

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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to approve certain agreements and transactions necessary to facilitate a proposed development by Goldenrod Services, LLC (Developer). Developer is a national real estate development company focused on projects in growing markets within the central United States and has participated in dozens of mixed-use projects and public-private partnerships. Developer wishes to develop property that is located on two separate blocks, the first being located at the northwest corner of West Seventh Street and Foch Street (Van Zandt) and the other being located at the northeast corner of University Drive and Bledsoe Street (One University) (collectively, Project Site).

Developer proposes to develop the Project Site 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).

### **Developer Commitments:**

To support the Project, Developer and City staff propose to enter into an Economic Development Program Agreement (EDPA). As part of the proposed EDPA, Developer will commit to completing the Project in accordance with the following minimums:

#### The Van Zandt

- Minimum 95,000 square feet of new office space
- Minimum 10,000 square feet of new retail space
- Minimum 226 new multi-family units
- Minimum 500 space parking garage (Van Zandt Parking Garage)
- Minimum Total Development Costs of \$145,000,000.00
- Minimum \$90,000,000.00 Hard Construction Costs
- All portions of the Van Zandt that are intended to be occupied must have a temporary or final Certificate of Occupancy by December 31, 2026 (Van Zandt Completion Deadline).

#### One University

- Minimum 100,000 square feet of new office space
- Minimum 10,000 square feet of new retail space
- Minimum 240 new multi-family units
- Minimum 175 key hotel

- Minimum 800 space parking garage (the One University Parking Garage) (together with the Van Zandt Parking Garage, the Parking Garages)
- Minimum Total Development Costs of \$255,000,000.00
- Minimum \$155,000,000.00 Hard Construction Costs
- All portions of One University that are intended to be occupied must have a temporary or final Certificate of Occupancy by December 31, 2027 (the One University Completion Deadline and together with the Van Zandt Completion Deadline, the Completion Deadlines).

Utilization of Business Equity Firms (Real Property Improvements)

Developer must expend or cause to be expended 15% of all construction costs (Hard and Soft) for the Project as defined in Chapter 20, Article X of the City Code. Failure to meet this commitment will not constitute a default, but the value of Grant eligibility will be reduced by 10%.

Additional Developer Commitments

During the term of the EDPA. Developer will not actively solicit for relocation to the Project Site any office tenant that is then located within the corporate boundaries of the City of Fort Worth. This excludes instances of direct inquiry to Developer by such tenants and any referral of such tenants to Developer by outside agencies or other organizations. Developer will employ a good faith effort to promote for lease its available office space to prospective tenants that are located outside of the City of Fort Worth.

Developer commits that it will not, at any time during the term of the EDPA, lease any retail space to a freestanding bar or nightclub (defined as a facility selling only alcohol beverages). This commitment will not apply to any other form of alcohol service or bar that is physically located within or operated in direct association with any hotel or restaurant that is located within the Project.

Upon completion of the Project, Developer will convey ownership of the Parking Garages, but not the underlying land, to the City for either nominal consideration or at no cost.

**City EDPA Commitments:**

In return for development of the Project, the City will provide Company with up to fifteen (15) annual grants equal to \$2,055,517.00 (Grants) for a total amount not to exceed \$30,832,755.00 (Program Cap). Any net difference between (i) the Grants and (ii) 85% of the Project's incremental City ad valorem taxes and 1% City sales tax revenues from the Project Site will be added to the purchase price payable by Developer to City upon exercising the Purchase Options as described below.

**Conveyance of the Parking Garages:**

The Developer will convey the Parking Garages to the City after completion of each respective development, which will include options to re-purchase the Parking Garages and options to put the Parking Garages to Goldenrod, with the purchase price of the Parking Garages to be rebated to Goldenrod through one or more economic development program grants, which grants will equal the difference between the fair market value of the each individual Parking Garage and \$100. Developer will be able to exercise the purchase options for the Parking Garages after December 31, 2024. The City will be able to exercise its put options for each of the Parking Garages following the 15th year from the completion of the respective development.

**Operation and Maintenance Agreement (Parking Garages)**

Developer and City will enter into one or more operation and maintenance agreements (collectively, O&M Agreement(s)) for the use, operation, and maintenance of the Parking Garages, which will include the following:

- City will have no obligation at any time to pay Developer any fee or service payment with respect to the use, operation, and maintenance of the Parking Garages
- Developer will be responsible for all costs, expenses, and activities associated with the maintenance and operation of the Parking Garages.
- The spaces allocated to the office component of each of the Van Zandt and One University minimum will be required to be made available for use by the public during non-business hours, with the understanding that Developer may charge an hourly parking fee (Parking Revenue).
- After payment of all costs associated with the maintenance, operation, and programming of the Parking Garage, Developer will pay to City annually an amount equal to 50% of any Parking Revenue collected for the term of the O&M Agreement,

The grants provided under these agreements will be built into the City's long-term financial forecast with a maximum grant award of \$30,832,755.00.

This project 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 2024 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