

# Mayor and Council Communication

**DATE:** 02/22/22

**M&C FILE NUMBER:** M&C 22-0112

**LOG NAME:** 17AMEND ARPA ALLOCATIONS EVANS & ROSEDALE DEVELOPMENT

**SUBJECT**

(CD 8) Amend Mayor and Council Communication 21-0810 to Include Affiliates of Hoque Global, LLC as Authorized Parties and to Correct the Listed Fair Market Value for the Local Development Corporation's Properties to Align with the Approved Fair Market Value for All Properties

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**RECOMMENDATION:**

It is recommended that the City Council:

1. Amend the Mayor and Council Communication 21-0810 to include affiliates of Hoque Global, LLC as authorized counterparties for purchasing the properties from the City of Fort Worth and execution of all related loan documents and other agreements necessary to secure performance of the affordability requirements; and
  2. Correct the fair market value listed incorrectly in Mayor and Council Communication 21-0810 for the Local Development Corporation's properties from \$235,950.00 to \$537,076.29.
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**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to revise M&C 21-0810 to include affiliates of Hoque Global, LLC as allowed counterparties to the transaction and to ensure the amount listed as the fair market value of the Local Development Corporation's properties is correctly and consistently identified throughout.

On October 19, 2021, the City Council approved M&C 21-0810, which authorized the sale of 36 properties to Hoque Global, LLC for the purpose of construction of affordable housing and other structures necessary to support the required affordable units. The affordability requirements will be secured by loan documents and one or more liens against the property.

As adopted, the M&C only authorized selling the property to and executing agreements with Hoque Global, LLC itself and did not include the ability to contract with Hoque's affiliates. Because lenders for these types of large real estate developments require developers to create and use single purpose entities in order to protect the lender's investment, it is necessary for the City of Fort Worth (City) to contract with not only Hoque itself but its affiliates, including the entity that is created to own, develop, and manage the development. The City typically authorizes agreements with a named entity and its affiliates in these type of transactions, and approval of this amendment to include Hoque's affiliates would be consistent with that past practice and would correct the prior omission.

Additionally, the amount listed as the fair market value of the Local Development Corporation's properties in the prior M&C was not correctly listed in all places in the document. The total amount of the Fort Worth Local Development Corporation (LDC) properties should be \$537,076.29, as shown in the chart in the discussion section of M&C 21-0810, and not \$235,950.00, which is what was listed in the recommendation and text of the discussion. Adoption of this M&C would revise the prior Council action to refer to the correct amount \$537,076.29 throughout.

Correcting the fair market value price of the LDC properties does not change the total amount approved by Council as the fair market value price for all thirty-six (36) properties, \$4,245,533.42, because that total amount was correctly and consistently stated in the prior M&C.

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 approval of these recommendations will have no material effect on City funds.

**Submitted for City Manager's Office by:** Fernando Costa 6122

Reginald Zeno 8517

**Originating Business Unit Head:** Victor Turner 8187

Robert Sturns 2663

**Additional Information Contact:**

Amy Connolly 7556

Jo Ann Pate 6259