

**To the Mayor and Members of the City Council****September 13, 2016**

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**SUBJECT: BACKGROUND ON THE FORT WORTH LOCAL DEVELOPMENT CORPORATION AND POTENTIAL BOND ISSUANCE**

In 1987, the City of Fort Worth created the Fort Worth Local Development Corporation (LDC) under the Texas Non-Profit Corporation Act to administer Economic Development Administration Grants. The LDC is a 501(c)(3) corporation organized to promote, sponsor, and coordinate a wide range of activities centered around job creation and economic development within the City of Fort Worth. The LDC is funded from several sources including lease revenue from property it owns as well as royalties from mineral leases, and investments such as the Pinnacle Bank Place Development.

The LDC owns the 50.4 acre property on Blue Mound Road which was developed with proceeds of industrial revenue bonds issued by the Fort Worth Industrial Development, Inc. in 1966. In order for those bonds to be tax-exempt under the law, the property had to be conveyed to the municipality after the bonds were retired. The property was conveyed to the City in 1996 and the City conveyed the property to the LDC in 1999. The LDC board accepted the conveyance of the property in 2000. The property is currently 100 percent leased and includes tenants such as: Anchor Fabrication, LLC, L&W, Trillium CNG, A&R Logistics, and most recently CHM Industries, LLC. The LDC also owns approximately 18.8 acres of vacant land distributed among 11 parcels throughout the City but primarily located in east Fort Worth. Among its assets, the LDC also owns the Southwest Municipal Courts property and has the Lancaster Corridor Redevelopment, LLC as its single asset entity.

The LDC board has authorized the Economic Development Department to develop a strategic plan to actively market the 11 additional parcels of land under LDC ownership and it is anticipated that this will be completed by first quarter 2017. As part of looking strategically at the LDC and what it could do to promote redevelopment activity, the question was raised regarding the potential of the LDC issuing bonds. The legal department has determined that in theory, the LDC could issue bonds. In order to drill down to specific parameters on what those bonds could be used for and the sources of repayment, city staff would need to seek the advice of outside bond counsel. In addition, we have been advised that having a specific project to review would be beneficial if we chose to engage outside bond counsel in any type of analysis.

Given this feedback, Staff recommendation would be to wait until a specific project is identified before engaging bond counsel in any further analysis. If you have any questions concerning this information, please contact Robert Sturns, Director of Economic Development.

**David Cooke**  
**City Manager**