

**To the Mayor and Members of the City Council****August 9, 2011****Page 1 of 2****SUBJECT: Amend and Reinstate Economic Development Program Agreement with FW River Plaza, LP to Reflect New Project Scope and Amend the Economic Development Program Agreement with Carlyle/Cypress West 7<sup>th</sup>, LP to Extend Deadline and Investment Levels****FW River Plaza, LP**

On July 10, 2007 the City of Fort Worth entered into an Economic Development Program Agreement with FW River Plaza, LP for the construction of a mixed-used development at the intersection of South University Drive and River Run. The project consists of approximately 80,000 square feet of retail space, 100,000 square feet of office space, a hotel with approximately 50,000 square feet, plus at the Developer's sole discretion, residential units, with the understanding that if the Developer elects to construct a residential component, it will consist of not less than 50 residential units. The deadline for this project was established for June 1, 2011.

Due to the downturn of the economy the project did not advance in the time frame and intention of the initial agreement. Consequently, FW River Plaza, LP has approached city staff to assist with another approach to the mixed-use project. The company is proposing that the deadline be extended to June 1, 2012 for the new addition of a parking garage and June 1, 2015 for the retail, office, and hotel components. The company does not intend to construct the residential portion of the project.

In an effort to support the more dense proposed development, city staff is recommending that the City enter into an amended and restated Chapter 380 Agreement with FW River Plaza, LP with the extended dates for completion and to provide annual program grants for a 10-year term (reduced from the original 15-year term) based on annual payments equal to 50% (reduced from the original 75%) of the real and personal property taxes collected by the city on the incremental increase in value of the development and 50% (reduced from the original 75%) of the City's \$.01 general sales tax revenues attributable to the development above a base value of \$3,250,000 which reflects the sales of current tenants at the location.

All other terms of the agreement will remain the same.

**Carlyle/Cypress West 7<sup>th</sup>, LP**

On July 31, 2007 the City of Fort Worth entered into an Economic Development Program Agreement with Carlyle/Cypress West 7<sup>th</sup>, LP for the construction of a mixed-use project in the vicinity of West 7<sup>th</sup> Street, Crockett Street, Norwood Street, and Foch Street. The mixed-use project consists of the construction of 300,000 square feet of residential units, 180,000 square feet of office space, 200,000 square feet of retail space, and an 80,000 square foot hotel. The deadline for this project is December 31, 2011 for all three levels of investment. This project was not to be constructed in phases and the incentives are tied to the amount of investment achieved by the overall project.

Carlyle/Cypress West 7<sup>th</sup>, LP approached city staff to ask that each investment level be broken into specific phases and that each have a separate deadline associated with it because of the change in financing requirements associated with the economic downturn. Additionally, the original plan to include a hotel in the project is no longer financially feasible. Consequently, the Company will be increasing the total number

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of square feet of residential units from 300,000 to 460,000 square feet and reduce the office space from 180,000 square feet to 100,000 square feet.

Considering the circumstances associated with the downturn in the economy and the developer's performance to date, city staff is recommending that an amendment to the Chapter 380 agreement with Carlyle/Cypress West 7<sup>th</sup>, LP be approved reflecting the changes below:

- Reduce the overall incentive percentage to 70% from 75% and if Level 2 Development is not met by December 31, 2012 the incentive percentage will then drop to 65%.
- Amend the Completion Deadline to the following:
  1. Level 1 Completion Deadline – December 31, 2011
  2. Level 2 Completion Deadline – December 31, 2012
  3. Level 3 Completion Deadline – December 31, 2013
- Amend the definition of Level 1 Development to mean an expenditure between \$150,000,000 to \$165,000,000.
- Amend the definition of Level 2 Development to mean expenditure between \$165,000,001 to \$190,000,000; amend the reference to Residential Units comprising at least 380,000 square feet; and delete the reference to a Hotel comprising at least 80,000 square feet.
- Amend the definition of Level 3 Development to mean an expenditure between \$190,000,001 or more; amend the reference to Residential Units comprising at least 460,000 square feet; amend the office space to at least 100,000 square feet (rather than 180,000 square feet); and delete the reference to a Hotel comprising at least 80,000 square feet.

All other terms of the agreement will remain the same.

Two M&Cs authorizing the proposed amendments on both projects will be brought to the City Council for consideration on August 16, 2011.

**Tom Higgins**  
**Interim City Manager**