



Legislation Text

File #: EDP17-007, **Version:** 1

Agenda Information Sheet

DEPARTMENT: Economic Development

CM/ ACM: Bryan Langley

Date: March 8, 2017

SUBJECT

Receive a report, hold a discussion, and make a recommendation to City Council regarding a fourth amendment to the economic development program grant agreement with Allegiance Hillview, L.P. (now Allegiance GL LLC, DB Denton II LLC, and Rayzor Ranch 380 Associates, LLC) for the Rayzor Ranch development.

BACKGROUND

The City Council approved a Chapter 380 Economic Development Program Grant Agreement with Allegiance Hillview, LP, on May 15, 2007 (Ord. 2007-113). The agreement provides a sales tax reimbursement of a portion (currently 50%) of the City sales taxes generated by the project for public improvement costs, which included the widening of Highway 380, which bisects the project.

This document provides a brief summary of the incentive for the Rayzor Ranch development. Exhibit 3 provides a more detailed history of the development. In March 2009, the First Amendment to the original agreement was approved (Ord. 2009-064). The amendment separated the development into two phases. In June 2010, the City approved an Economic Development Program Grant Agreement with Allegiance Hillview, which replaced the original Agreement.

In July 2010, RED Development and Allegiance Hillview officially became partners in the project. The Amendment (2010-210) assigned a portion of the incentive grant payments to RED Rayzor Ranch, LLC (RED Development). The Second Amendment, which increased eligible improvements to cover an additional Texas Department of Transportation (TxDOT) access improvements and carrying costs, was approved in May 2014.

The Third Amendment in November 2015, facilitates the development, by O'Reilly Hotel Partners of a Hotel and Convention Center. The amendment compensates the grantee for the estimated revenue loss for the Hotel and Convention Center property that would no longer be available as retail acreage.

RED Development has made a request to the City for a Fourth Amendment to the Agreement. The proposed Fourth Amendment memorializes the third assignment and extends the Phase II deadline. Allegiance GL, LLC assigned Phase I rights, title, interest and obligations to Rayzor Ranch 380 Associates, through its sole member FidCal, LLC (see Exhibit 3 appendix for additional information).

The project will have over one million square feet of retail at the completion of the two phases. Rayzor Ranch Marketplace (on the north side of Highway 380) has completed over 582,000 square feet of retail and

commercial space. Currently, 224,100 (approximately 75%) of the retail improvements have received a Certificate of Occupancy (CO) or are under construction at the Town Center (on the south side of Highway 380). The proposed Fourth Amendment extends the Phase II deadline from January 1, 2018, to April 1, 2018. In order for the grantee to be eligible for an extension beyond April 1, 2018, at least 270,000 gross square feet (approximately 90%) of the Phase II retail improvements must have a Certificate of Occupancy or have a completed foundation approved by the City's Building Official at the time of the request and prior to the April 1, 2018 deadline. The deadline may not extend beyond July 1, 2018.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: **Economic Development**

Related Goal: **3.4 Encourage development, redevelopment, recruitment, and retention**

EXHIBITS

- 1 Draft Fourth Amendment to Economic Development Program Grant Agreement
- 2 Draft Certificate of Compliance
- 3 Rayzor Ranch History
- 4 Fourth Amendment PowerPoint

Respectfully submitted:
Caroline Booth
Director of Economic Development

Prepared by:
Erica Sullivan
Economic Development Analyst