



Legislation Text

File #: 24-1526, **Version:** 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: May 22, 2024
COUNCIL DISTRICT(S): 8
DEPARTMENT: Office of Economic Development
EXECUTIVE: Robin Bentley

SUBJECT

Authorize a fourth amendment to the Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement ("2018 TIF/Chapter 380 Agreement") with WCWRD Inc and its affiliates or subsidiaries ("Developer"), approved as to form by the City Attorney, related to the Reimagine RedBird Mall Redevelopment Project ("Project"), now known as the Shops at RedBird, generally located at the southeast corner of Camp Wisdom Road and Westmoreland Road in the Mall Area Redevelopment TIF District, specifically including modifications to Section 2.C(7), Section 2.D(2), and Section 5.E as further described below, and any modifications to any other associated Project documents as may be necessary to effectuate the specific modifications described below; and as consideration for the fourth amendment, increase the Developer's minimum Investment Requirement by \$15,000,000.00 for the Project from \$135,000,000.00 to \$150,000,000.00 - Financing: No cost consideration to the City

BACKGROUND

Since the 2018 TIF/Chapter 380 Agreement with the Developer was authorized by City Council in June 2018, the Developer has continued to make substantial progress on the Project, now known as Shops at RedBird, generally located at the southeast corner of Camp Wisdom Road and Westmoreland Road in the Mall Area TIF District.

In February 2024, the Developer submitted a request for three relatively minor amendments to the 2018 TIF/Chapter 380 Agreement to address an issue arising over the past few years mostly due to the COVID-19 pandemic and its lasting impact on shifting market demand for certain Project elements that had been contemplated in 2017-2018 when the terms and conditions of the 2018 TIF/Chapter 380 Agreement were originally negotiated. The requested amendments are also associated with the Developer's need for greater flexibility to creatively consummate private financing necessary to navigate the impacts of the pandemic and continue development of the Project (specifically redevelopment of the former Macy's building) without additional City funding.

On April 29, 2024, the Mall Area Redevelopment TIF District Board of Directors unanimously approved the proposed amendments and forwarded a recommendation of approval to City Council.

With this agenda item, City Council is being asked to authorize a fourth amendment to the 2018 TIF/Chapter 380 Agreement, approved as to form by the City Attorney, specifically including (deletions are shown as strikethroughs; additions are shown in italicized and underlined font):

- a. amending Section 2.C(7) as follows:

“Renovating and modernizing existing mechanical, electrical and structural systems including lighting, HVAC, flooring, and ceilings to create an office environment on the second floor of the in-line portion of the Mall, and in ~~the former Macy's building~~ and the former Dillard's building as described on Exhibit A-1 and shown on Exhibit A-2 (the former Macy's, the former Dillard's, and the in-line Mall buildings but excluding the parking areas which are included within the parcels containing such buildings being referred to collectively herein as the "Main Mall Properties") by December 31, 2025;”

- b. amending Section 2.D(2) as follows:

“Developer shall achieve a minimum occupancy of (i) at least 75% of ground floor retail space immediately surrounding the "green space" as noted in the Concept Plan and (ii) at least 60% on all other new construction and within the Main Mall Properties *(excluding, if it has not yet been renovated and/or redeveloped, the former Macy's building)* by the CO Date and these retail spaces must continue to be occupied at these levels throughout the term of the Agreement (the "Occupancy Requirement"), the initial achievement of which shall be subject to extension under Section 1.B.”

- c. amending Section 5.E as follows:

“Partial Lien Releases. Prior to repayment of the Loan, the City shall execute partial releases of its lien and/or execute subordination agreements for portions of the Property that are contributed, sold or ground leased to unaffiliated third parties for vertical development of multifamily, hotel, or other commercial, residential, or mixed-use developments. Notwithstanding the foregoing, until the Loan is paid in full, Developer shall ensure that the Main Mall Properties remain under the direct ownership and control of the Loan Guarantor or under ownership and control of a subsidiary entity of which the Loan Guarantor is the sole member and/or holds a controlling interest in such subsidiary entity; *provided, however, that, with the prior written consent of the Director of the Office of Economic Development, such consent not to be unreasonably withheld, the former Macy's building may be contributed to a joint venture in which the Loan Guarantor receives a percentage of the joint venture commensurate with the value of the Macy's property only if doing so will result in the redevelopment/adaptive reuse of the former Macy's building into a hotel or other use(s) acceptable to Director that is expected to increase the value of the former Macy's building.*”

- d. as consideration to the City for the specific amendments listed above, amending Section 2.A to increase the Developer's minimum Investment Requirement by \$15,000,000 for the Project from \$135,000,000 to \$150,000,000; and
- e. making any modifications to any other associated Project documents as may be necessary to effectuate the specific amendments described herein.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On April 29, 2024, the Mall Area Redevelopment TIF District Board of Directors unanimously approved the proposed amendments and forwarded a recommendation of approval to City Council.

The Economic Development Committee was briefed regarding this matter on May 6, 2024.

FISCAL INFORMATION

No cost consideration to the City.

DEVELOPER/ENTITY

WCWRD Inc

Peter Brodsky, President/Director

3663 Investors LP

Peter Brodsky, Manager of General Partner (3663 Investors GP LLC)

MAP

Attached