



Memorandum

To: Honorable Mayor Jeff Cheney and Members of the Frisco City Council

From: Wes Pierson, City Manager

Date: July 2, 2024

Subject: Consider and act upon a Master Development Agreement for public facilities and related improvements for the Fields West development, by and between the City of Frisco, Texas, Frisco Economic Development Corporation, Frisco Community Development Corporation, and FW Development LLC. (CMOWP)

Action Requested: Approval of a Master Development Agreement for public facilities and related improvements for the Fields West development, by and between the City of Frisco, Texas, Frisco Economic Development Corporation (FEDC), Frisco Community Development Corporation (FCDC), and FW Development LLC.

Background Information: This agreement provides for Separated Materials Sales Tax Grants from the City, FEDC, and FCDC; Qualified Infrastructure Grants from the FEDC; Tax Increment Reinvestment Zone (TIRZ) funding by the City, and, where required, supplementary City, FEDC, and FCDC sales tax revenue to support construction financing for the public facilities and related improvements for the Fields West mixed use development.

This agreement is being entered into to support the timely construction of a \$660 million master-planned, mixed-use project including Class A Office, retail, entertainment, restaurant, open space, recreation and residential development on 49.5± acres on the south side of Fields Parkway, west of Dallas Parkway. This project strongly aligns with the City Council's strategic vision for activating North Frisco and providing a best-in-class mixed use district for Frisco residents, visitors, and our business community.

To receive these incentives, the Developer must meet specific performance requirements defined by the agreement. These performance requirements require the Developer to construct by a date certain, a minimum of:

- 350,000 square feet of upscale retail and restaurant space;

- 320,000 square feet of Class A office space; and
- 1,100 multifamily residential dwelling units (not incentivized).

If these performance requirements are achieved, The Developer may receive up to \$89.5 million in performance-based incentives. These incentives are comprised of the following components and “not to exceed” incentive values:

- Separated Materials Sales Tax Grant - \$7 million
The Separated Materials Sales Tax Grant will provide up to \$7 million in City, FEDC, and FCDC sales tax revenues generated by project construction material and service purchases.
- Qualified Infrastructure Grant (FEDC) - \$12.5 million
The FEDC Qualified Infrastructure Grant will fund up to 50 percent of the cost to construct a planned water feature (not to exceed \$2.5 million in incentive value) and up to 50 percent of the cost to construct internal streets built to City standards (not to exceed \$10 million in incentive value).
- TIRZ #7 Funding - \$70 million
The TIRZ #7 funding will finance the construction of three public parking structures accommodating a minimum of 2,430 public parking spaces to serve the development. This debt service will be funded by TIRZ #7 property tax revenue generated by the Fields West development and where needed, supplementary sales tax revenue (inclusive of City, EDC, and CDC sales tax revenue) generated by the Fields West development. As Fields West builds out and property tax revenues within TIRZ #7 increase, any required supplementary sales tax funding will reduce.

In the event that property tax and sales tax revenues generated by the Fields West development do not sufficiently fund the debt service payments for the three public parking structures, the Developer will be responsible for paying the City the difference between the debt service payments and the actual tax revenue generated by the project.

Board Review/Citizen Input: The FEDC and FCDC will hold a joint public hearing and consider this agreement at their special called joint meeting on July 2, 2024.

Financial Considerations: These performance-based incentives will be paid from TIRZ #7 ad valorem property tax revenue generated by the proposed development, sales tax revenue generated by the proposed development, and Qualified Infrastructure Grants provided by the FEDC. If all performance requirements are met, the maximum incentive value would be \$89.5 million.

Legal Review: The Master Development Agreement has been reviewed and approved by the City Attorney as to form and legality.

Alternatives: City Council could consider the following alternatives:

- Table the item;
- Not approve the item; or
- Direct staff to make changes to the item.

Supporting Documents: Fields West Master Development Agreement (to be provided prior to the meeting).

Staff Recommendation: Staff recommends approval of this item.