

MEMORANDUM

TO: Claire Powell, City Manager

FROM: Marichelle Samples, Director of Economic Development

DATE: December 16, 2024

SUBJECT: **Approval of the First Amendment to the Economic Development Agreement Between Music City Estate 2405, LLC and the City of Lewisville; and Authorization for the City Manager, or Her Designee, to Execute the Agreement.**

BACKGROUND

TW Realty Advisors, Inc. and the City of Lewisville entered into an Economic Development Agreement on August 5, 2019 (“Agreement”). The Agreement provides that the former Sears building at Music City Mall (now renamed The Vista), would be developed and utilized as a mixed-use marketplace. The anchor on the first floor is Zion Market, a Korean grocery store. Surrounding Zion Market, and across the second floor, the Company developed office, retail and restaurant space. The building is approximately 60,000 square feet of space on each floor. Zion Market represents just under 40,000 square feet on the first floor of the building while the remaining 20,000 square feet consists of restaurants, office, and retail tenants.

The Agreement provided for a substantial completion date of December 19, 2019. The substantial completion date was ultimately extended to May 6, 2020.

ANALYSIS

The Agreement, which was later assigned to Music City Estate 2405, LLC (the “Company”), provides for a three-year annual grant (2020-2022), subject to meeting the minimum investment of \$15,250,000.00. It also provides for a business personal property (“BPP”) grant for a period of five years (2023-2027), subject to meeting the minimum taxable sales of \$18,900,000. In processing payments for this project, it came to our attention that the minimum taxable sales of \$18,900,000 was inadvertently tied to the annual grant in one portion of the Agreement, and that there was a discrepancy in the Agreement regarding the first annual grant year. The following changes are proposed in the amendment to clarify payment terms:

1. To revise the definition of the “Annual Grant Year” so that the first grant year starts upon substantial completion, instead of one year from substantial completion. This clarification will also align with how grant payments have been processed.

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- The first annual grant year remains 2020, as initially contemplated under the Agreement. The last annual grant payment of \$100,000 will be paid upon approval of this proposed amendment.
- 2. To revise payment conditions so that the annual grant is not conditioned upon meeting the minimum taxable sales and to clarify conflicting requirements and to reflect City Council's original intent.
 - The minimum taxable sales of \$18,900,000 will remain a requirement for the BPP grant. Failing to meet the minimum taxable sales requirement this year, the Company was not eligible for the BPP grant. The Company will continue to be eligible for the BPP grant for subsequent years.

CITY STAFF'S RECOMMENDATION

That the City Council approve the first amendment and authorize the City Manager, or her designee, to execute the first amendment as set forth in the caption above.