



CITY COUNCIL COMMUNICATION

February 25, 2014

SUBJECT: Economic Development Agreement Amendment

SUBMITTED BY: Gary McKamie, City Manager

REFERENCE NO:

ACTION REQUESTED:

Consider approval of Third Amendment to the Economic Incentive Agreement by and between the City of Euless, Vineyard Village MSV, LLC, and Big Vineyard Village, LLC.

ALTERNATIVES:

- Do not approve

SUMMARY OF SUBJECT:

Pursuant to an Economic Development Agreement, "the Agreement", dated September 1, 2006 by and between the City of Euless and Burk Collins & Co, LTD, amended to Vineyard Village MSV, LLC and Big Vineyard Village, LLC, the City of Euless agreed to rebate a certain percentage of sales taxes collected from the Shops at Vineyard Village to encourage the development of a new regional retail shopping center and to defray a portion of the required infrastructure costs. Such rebate was not to exceed \$4,069,000 over a ten year period.

The Shops at Vineyard Village opened just prior to the start of the 2008 recession and sales tax collections were substantially impacted during the early years. The proposed Third Amendment would provide that if prior to the end of the tenth Rebate Year, the Current Developer opens a new retail/commercial center with at least 120,000 square feet of retail space within the City of Euless, then the City agrees to extend the term of the Agreement for a period of time to allow the Current Developer to recover the full sales tax rebate at the current rate specified in the Agreement of 25 per cent of 1 cent.

All rights and obligations of the Current Developer would remain the same throughout such extended term. Approval of this Third Amendment would have no impact on potential incentives for the future new retail/commercial center. If the Current developer does not open a new center meeting the requirements of this Third Amendment within the specified timeframe, there will be no extension to the current Agreement.

Staff recommends approval of this Third Amendment.

FINANCIAL CONSIDERATIONS:

Revenue Sources:

Expenditure Accounts:

Budgeted Fiscal Year(s):

Budgeted Expenditure:

Estimated Expenditure:

Over/Under Projection By:

Other Comments:

SUPPORTING DOCUMENTS:

- Third Amendment To Economic Incentive Agreement

APPROVED BY:

_____ **LG** _____

City Manager's Office

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City Secretary's Office