



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 5/18/2022

District B

Item Creation Date:

MYR-RCA-Meow Wolf

Agenda Item#: 37.

**Background:**

**SUBJECT:** An ordinance approving and authorizing an economic development agreement between the City of Houston, Texas, and MW Houston, LLC for the development, construction and operation of an art-focused interactive entertainment venue; containing findings and other provisions relating to the foregoing subject; and declaring an emergency.

**RECOMMENDATION:** City Council approves an ordinance approving and authorizing an economic development agreement between the City of Houston, Texas, and MW Houston, LLC for the development, construction and operation of an art-focused interactive entertainment venue; containing findings and other provisions relating to the foregoing subject; and declaring an emergency.

**SPECIFIC EXPLANATION:**

In 1989, the State legislature enacted Chapter 380 of the Texas Local Government Code ("Code") to create a mechanism that municipalities could use to grant or loan public funds for economic development purposes. Subsequently, by Ordinance No. 99-674, the City established the City of Houston Chapter 380 loan/grant program, pursuant to the provisions of Chapter 380 of the Code and adopted criteria for Chapter 380 assistance to provide the City with an additional tool to encourage development in targeted areas to fulfill a critical need to attract tourism, commerce and commercial retail to an area resulting in a positive economic impact.

MW Houston, LLC (the "Company") plans to create an immersive and interactive art experience within a 32,242 square foot space (the "Project") as part of a mixed-use redevelopment of a currently vacant 115,000 square foot warehouse, located at 2117 Opelousas Street in Fifth Ward. The Project will anchor the redevelopment of complimentary retail, restaurants, and art gallery spaces and will serve as a tourism destination for local residents and visitors from outside the Houston region.

Consistent with the Company's other projects in Santa Fe, Las Vegas, and Denver, this Project is expected to have a significant out-of-state draw, feature art unique to the City of Houston, and would be one of the first of its kind in Texas and the region. The Company will invest approximately \$42 Million for the Project, exclusive of the investment being made by the property owner in the larger, mixed-use redevelopment.

The existing building was built in 1917, and it is currently vacant. The site generates modest property taxes and does not generate any sales and use taxes. The Project will create a minimum of 127 full time equivalent jobs. The Company will list available jobs for the Project and distribute to council members for placement on website or local job boards. The Company will also utilize best efforts to hire from the local community of Fifth Ward. Additionally, the Company will utilize commercially reasonable efforts to utilize local artists, as well as create one accessible public art piece near the Project site.

The Administration recommends entering into an economic development agreement ("Agreement") with the Company. Under the Agreement, the City will reimburse the Company 90% of the sales tax revenues generated by the Project ("Incentive"). The Incentive will be based solely on the City's portion of sales tax revenues generated by the Project, not to exceed \$2,700,000 ("Maximum

Reimbursement Amount"). The Company's receipt of the Incentive is conditioned upon its satisfaction of certain performance conditions. The Agreement will terminate on the earlier of (i) the date that the Maximum Reimbursement Amount has been paid to the Company, or (ii) the 10th Reimbursement Date (as defined in the Agreement). The Company anticipates "lower revenue" during the 3-year ramp-up period, and the Incentive is intended to offset same.

**Amount and Source of Funding:**

None

**Contact Information:**

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DS

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**ATTACHMENTS:**

**Description**

380 Agreement

**Type**

Backup Material