

Mayor and Council Communication

DATE: 03/21/23

M&C FILE NUMBER: M&C 23-0218

LOG NAME: 17PROBABLYMONSTERSEDPA

SUBJECT

(CD 9 / Future CD 9) Authorize Execution of an Economic Development Program Agreement with ProbablyMonsters, Inc. or an Affiliate, in an Amount Not to Exceed \$1,500,000.00 for the Establishment of a Primary Office in the City of Fort Worth and Associated Employment Commitments

RECOMMENDATION:

It is recommended that the City Council authorize execution of an economic development program agreement with ProbablyMonsters, Inc. or an affiliate, to provide up to five annual grants in a total amount not to exceed \$1,500,000.00 for the establishment of primary office in the City of Fort Worth and associated employment commitments.

DISCUSSION:

ProbablyMonsters, Inc., (Company) is a technology company focused on electronic game design and production. The Company's corporate headquarters and primary operations are currently located in Bellevue, Washington. Following a national site search, the Company will establish a primary office in the City of Fort Worth, beginning with temporary office space anticipated to be located at 210 E. 8th Street or other suitable office space located in Fort Worth on or before June 1, 2023. Company thereafter will lease a minimum of 30,000 square feet of permanent office space located in Fort Worth on or before December 31, 2024.

In order to facilitate the establishment of the primary office, the City proposes to enter into an Economic Development Program Agreement (Agreement) to provide up to five annual grants in an aggregate amount not to exceed \$1,500,000.00 as authorized by the Chapter 380, Texas Local Government Code, and as authorized under Section 9 of the City's General Chapter 380 Policy relating to incentives for *Technology Company Projects*.

Company's commitments under the proposed Agreement include the following:

- Company must lease temporary office space of 9,000 square feet within the City on or before June 1, 2023;
- Company must lease a minimum of 30,000 square feet of permanent office space within the the City on or before December 31, 2024;
- Company must provide a minimum number of full-time jobs by certain deadlines
 - 60 full-time jobs by June 1, 2024
 - 125 full-time jobs by June 1, 2025
 - 175 full-time jobs by June 1, 2026
 - 225 full-time jobs by June 1, 2027
 - 300 full-time jobs by June 1, 2028
- Company must retain all 300 full-time jobs through June 1, 2031; and
- Average annual salaries for the required jobs must be at least \$75,000.00 during the entire term of the agreement.
- Company will use its best efforts to hire locally with a goal of 30% employment with Fort Worth residents.

City's commitments under the proposed Agreement include the following:

- Year one grant of \$500,000.00 upon verification of temporary site lease and year one employment and salary commitments;
- Year two grant of \$400,000.00 upon verification of permanent site lease and year two employment and salary commitments;
- Year three grant of \$300,000.00 upon verification of year three employment and salary commitments;
- Year four grant of \$200,000.00 upon verification of year four employment and salary commitments; and
- Year five grant of \$100,000.00 upon verification of year five employment and salary commitments.

Agreement will include certain clawback provisions ensuring that jobs are maintained for a period of at least three years following the fifth operating year.

Company will initially be located in COUNCIL DISTRICT 9 / Future COUNCIL DISTRICT 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2023 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

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Expedited