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EXCLUSIVE REPORTS

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Nelson scores Frisco investment

Group that includes former Mavs coach hopes to jump-start Frisco Square project

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Former Dallas Mavericks head coach Don Nelson has a new gig -- in real estate. Nelson has joined about a dozen other investors in Frisco Fairways L.P., which is poised to take over and jump-start Frisco Square, a stalled, \$1 billion mixed-use development south of Main Street off the Dallas North Tollway.

Pending Frisco City Council approval on April 5, Fairways Frisco L.P. will have controlling interest in the 147-acre complex. Original developer Cole McDowell with Flower Mound-based Five Star Development will stay on as an investor.

At full build-out, Frisco Square will contain more than 4 million square feet of retail, residential and office space, along with civic facilities, including Frisco's new city hall and public library.

Five Star was peddling a 40% stake in the project for \$34 million last year, according to local investment sources. Instead, Fairways acquired a majority interest, though the parties involved would not disclose specific terms.

The four lead partners are Jim Leslie, Brant Bryan, Cathy Sweeney and David Stringfield, who also run the national capital markets group of New York-based Cresa Partners L.L.C. Prior to forming that division in 2002, the four were top executives at The Staubach Co.: Leslie was president, Bryan ran the company's finance group, Sweeney was chief financial officer and Stringfield was managing director of financial services.

Their depth of experience will come in handy as the group works to revive Frisco Square, which has had a slow start.

Other investors include Holt Lunsford with Holt Lunsford Commercial, and Jack Matthews of Southside on Lamar fame. All Fairways investors are putting in their own cash.

Delays in leasing and development put Five Star in the position of needing an influx of capital to help take the project to the next level, Leslie said.

"The project had slowed, but we're seeing a new sense of energy," he said. "In basketball terms, we're moving from a 20-win season to a 60-win season."

Nelson's interest

Nelson resigned last month after coaching the Mavs for eight years, and a 42-year career with the National Basketball Association. He will continue to collect his annual \$5.1 million salary for the rest of this season and next season.

Besides the return-on-investment possibilities, Nelson said he was intrigued by the potential sports play at Frisco Square, which sits immediately south of the \$65 million Frisco Soccer and Entertainment Center.

A partnership among Hunt Sports Group, Frisco Independent School District, Collin County and the city of Frisco, the soccer complex will include a 21,000-seat stadium for the Dallas Burn, a Major League Soccer team. It's scheduled for completion in August.

"I'm interested in the potential basketball connection at Frisco Square," Nelson said. "We're discussing the possibility of developing a youth basketball program and courts within the complex, and I'm excited about that in the future, now that I have more free time."

Building plans

In addition, Fairways, which has about 55 acres left to develop, is in talks with a group that wants to build a 150-room, full-service hotel. It also aims to add three new buildings over the next 18 months, starting in June. All three will include 60,000 square feet of office space and 20,000 square feet of retail space. The partnership will look to get 20% to 30% in preleasing commitments before breaking ground. Because of its land holdings, Fairways also can accommodate large build-to-suits, Leslie said.

Jeff Eckert, David Reed and Jim Yoder with Trammell Crow Co. have been tapped to handle leasing of the office space. Eckert said Frisco Square's robust amenity base will give it an edge over competitors.

Five other developers have recently announced plans to build more than 550,000 square feet of new office space in Frisco in the coming months.

"Frisco Square will be one of the largest mixed-use developments in the country," Eckert said. "It's just in its beginning stages; we're just starting to see the benefits of all the hard work and planning that went into it. The Fairways partners will bring a new perspective to the project. They bring not just added capital but credibility and a wealth of real estate expertise."

Frisco Square was born out of the Frisco City Council's desire to build a new city hall in a place where it wouldn't take away from downtown, a goal the city began exploring in the late 1990s. An early plan had the building at Preston Road and Main Street, but that seemed too far away, said George Purefoy, city manager.

"We then looked at keeping it downtown, but we ran the risk of basically engulfing downtown because of the eventual size the city hall would need to be," he said. "The next best thing seemed to be crossing the railroad tracks, just west of downtown."

New Urbanism approach

Initial plans called for a civic campus on land the city owned south of Main Street and east of the Dallas North Tollway extension. The city took a New Urbanism approach after touring mixed-use projects such as Legacy Town Center in Plano, Southlake Town Square and Flower Mound's Parker Square. Parker Square was developed by McDowell's Five Star.

Five Star acquired additional land, taking the project up to 147 acres, and formed a general partnership with the city of Frisco. A municipal management district was formed to handle the development of infrastructure, such as sidewalks and streets.

Designs for Frisco Square were drawn up by Washington architect David Schwarz, whose other local projects include the Nancy Lee & Perry R. Bass Performance Hall in downtown Fort Worth, Amerquest Field in Arlington and American Airlines Center in Dallas.

Five Star began work on the first phase of the planned 4 million-square-foot complex in the spring of 2002. It built three buildings totaling 250,000 square feet -- two 57-unit multifamily buildings with ground-floor retail, and one 80,000-square-foot office facility, of which 20,000 square feet is retail space -- but then had trouble leasing the space. After that the project stalled, leading some local commercial real estate brokers to begin referring to it as "Fiasco Square."

Critics say the project got started too early, that it was too far north of where most growth was occurring. And, for a while, Frisco Square seemed to be an island of new commercial construction, surrounded by undeveloped land. But that's quickly changing, Purefoy said.

"Frisco Square has been a leading-edge project on the edge of development," he said.

"Because the project had been on the edge, it wasn't able to sustain its initial momentum. However, with all the other things going on, it soon will move from the edge to the center of development."

Besides the Frisco Soccer and Entertainment Center, the area is seeing a burst of new activity. Within a few months, Main Street will be widened to a six-lane roadway. By 2007, the Dallas North Tollway will extend north to U.S. 380. And by next spring, Frisco's new \$30.5 million city hall and public library, which sits in the heart of Frisco Square, will be finished.

"Those three projects will bring a lot of new momentum to Frisco Square," Purefoy said.

The 150,000-square-foot civic complex was designed by Holzman Moss Architecture of New York. It will be totally clad in limestone and granite. Purefoy said the city is building in space for some county offices and may also include a contract postal center.

On the south side of Frisco Square, LandPlan Development Corp. is finalizing plans for about 300 upscale two- and three-story townhomes, which will start at about \$400,000. LandPlan acquired 30 acres in the project late last year.

"We felt the city hall and library would bring more stability to the project," said Jim Williams, principal at Frisco-based LandPlan. "We're looking at it as a three-way partnership between us, the city of Frisco and the Fairways group. We think it will be a phenomenal place to live and work for a long time to come."