

Memorandum



DATE August 30, 2013

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Rick Callahan (Vice Chair) Scott Griggs, Adam Medrano, Jerry R. Allen, Lee Kleinman

SUBJECT **Liberty State Bank Building Preservation Project – City Center TIF District**

On Tuesday, September 3, 2013 the Economic Development Committee will be briefed on the Liberty State Bank Building Preservation Project – City Center TIF District.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.



Ryan S. Evans
Interim First Assistant City Manager

C: A.C. Gonzalez, Interim City Manager
Rosa Rios, City Secretary
Thomas P. Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
Frank Libro, Public Information Officer
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager-Council Office

Liberty State Bank Preservation Project
City Center TIF District

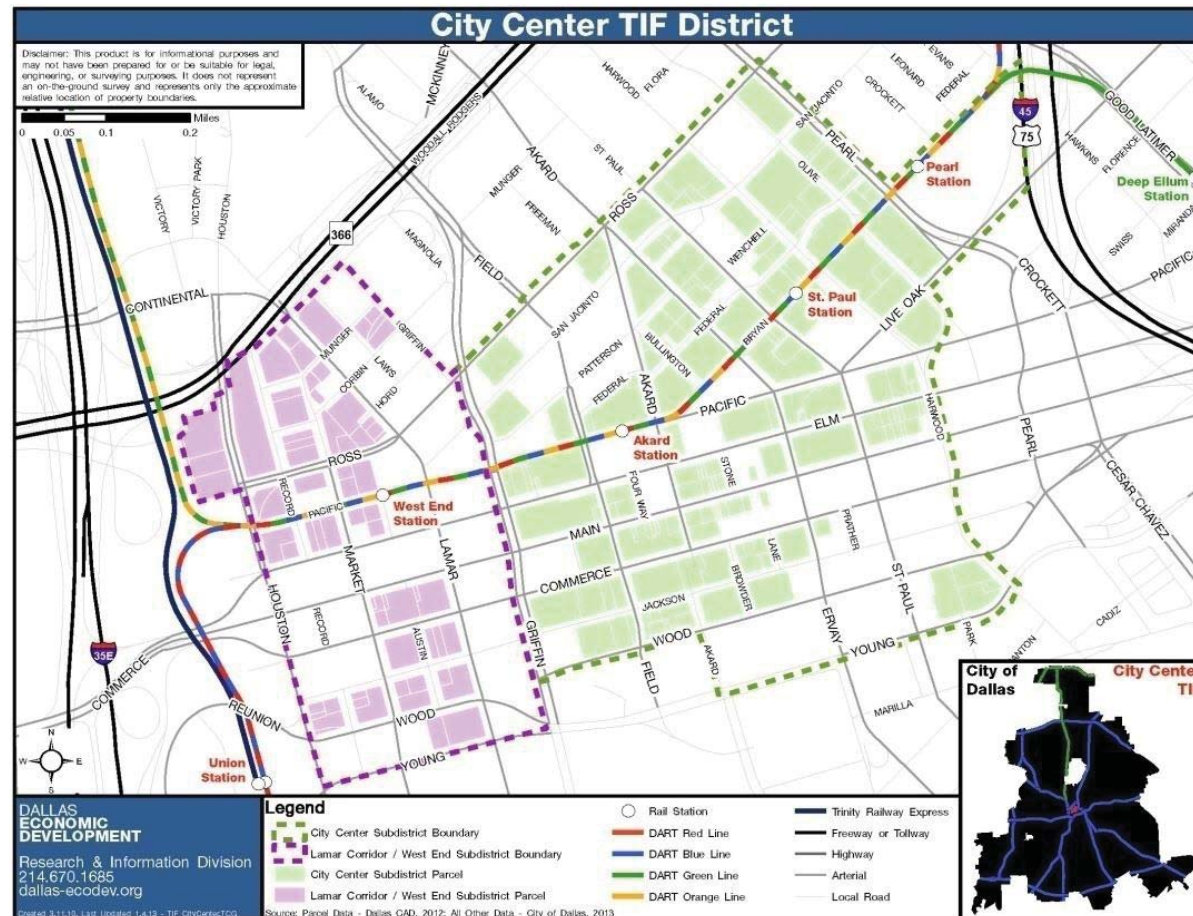
Economic Development Committee
September 3, 2013

Purpose

- Provide background information on City Center TIF District
- Review the Liberty State Bank Preservation Project
- Obtain Economic Development Committee's approval for consideration of the project by City Council on September 11, 2013

City Center TIF District Background

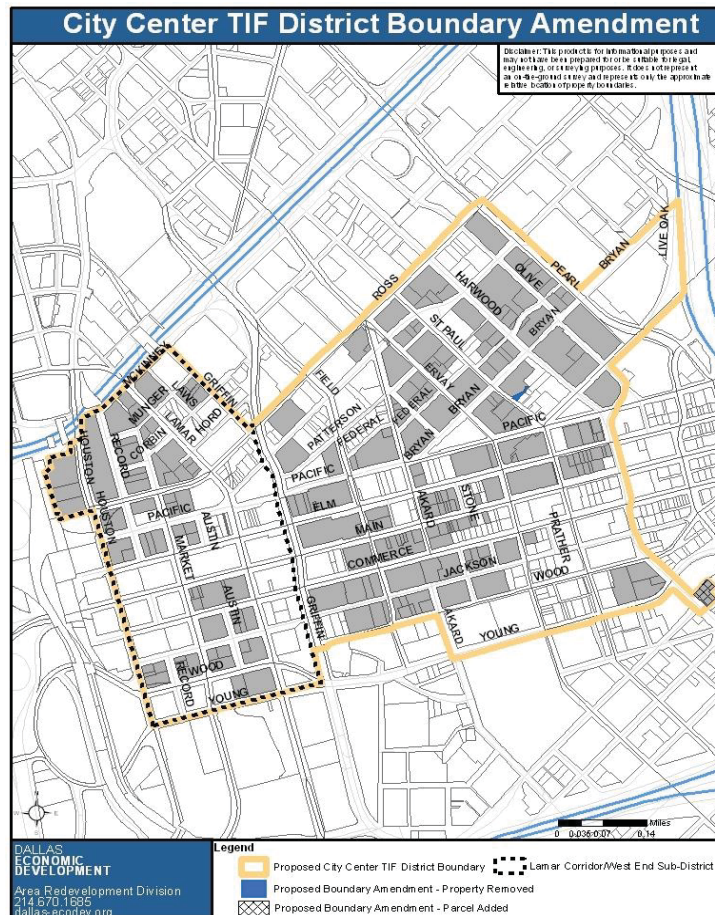
- Created in 1996, but was amended December 2012 to extend the term of the original district and create a Lamar Corridor/West End Sub-district



City Center TIF District

Background

- Boundary of the TIF District will be expanded to include the parcel that will be redeveloped as part of the Liberty State Bank Preservation Project



City Center TIF District

Liberty State Bank Building

- Constructed 1899
- 2-story building
- To be demolished, along with two other buildings, by City as part of the César Chavez widening project
- Purchased from City by Preserve Liberty, LLC to be relocated and renovated

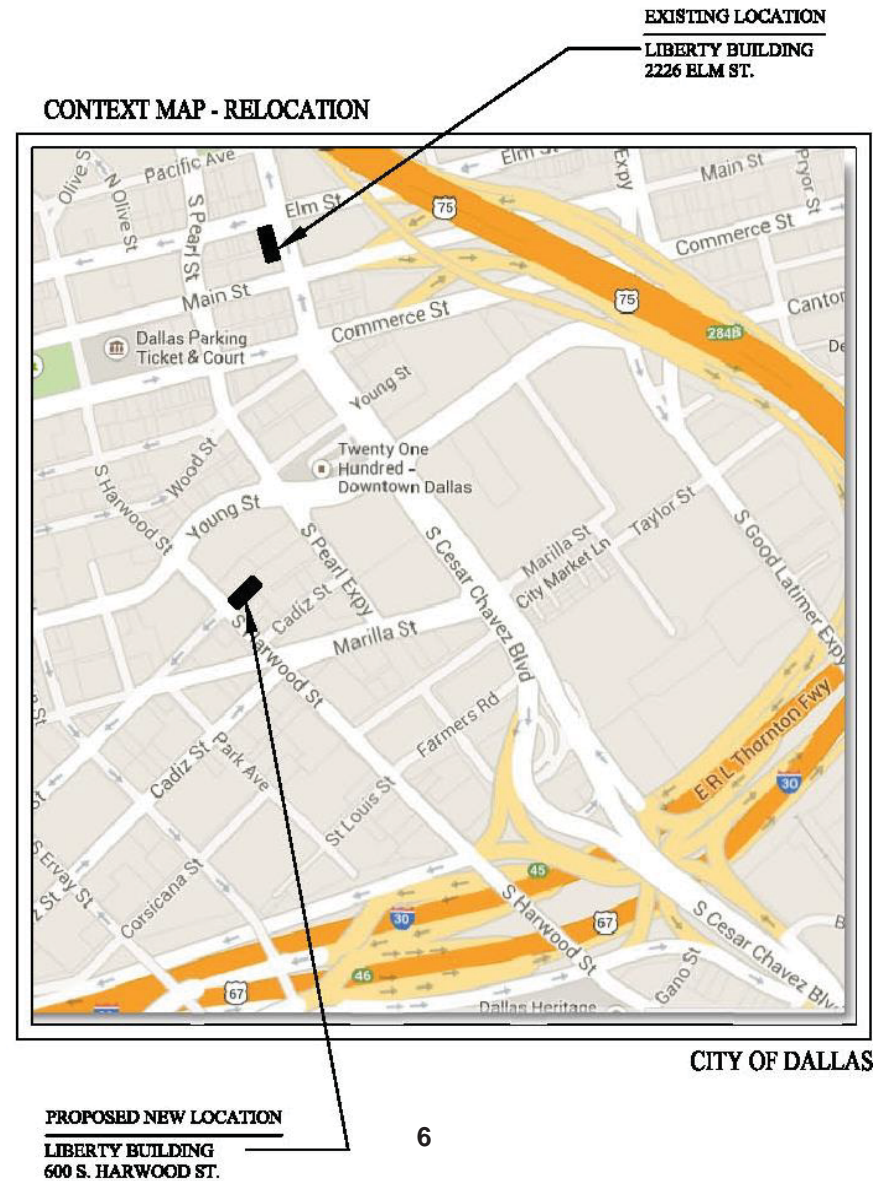


HISTORIC PHOTO



EXISTING PHOTO

Liberty State Bank *Project Relocation*



Liberty State Bank Preservation

Project Description

- Relocation of the Liberty State Bank building to the Farmers Market Area
- Demolition of the middle building
- Disassemble and storage of the third building's façade (for future phase of development)
- 4,000 sf of ground floor retail and second level office space
- 1,000 square feet of plaza/multi-use space
- **Project Cost: \$2,520,800**
- **Project Start Date: December 31, 2013**
- **Project Completion Date: December 31, 2014**



Liberty State Bank Preservation *Project Design*

- On August 23, 2013 Urban Design Peer Review Panel revised the project's design and approved recommendations that are reflected in the project's design



Liberty State Building Preservation

Project Funding Sources and Uses

Funding Sources	Amount	Uses
Private Equity	\$768,300	Land Value Contributed to Project
2006 Bond Funds	\$50,000	Demolition Costs
Construction Loan	\$1,702,500	Construction, Relocation
Total	\$2,520,800	

Liberty Bank Building Preservation

Proposed TIF Funding

- Majority of Funds proposed will reimburse building relocation and façade restoration costs
- The Liberty Bank Building Preservation project would not occur, but for TIF funding

TIF Budget - Liberty State Bank Preservation Project	
Public Infrastructure Improvements	
Streetscape	\$45,000
Design Costs	\$2,250
Contingency	\$2,250
Sub-Total	\$49,500
Redevelopment/Development Projects	
Demolition (includes building relocation costs)	\$455,000
Environmental Remediation	\$40,000
Historic Façade Restoration	\$286,500
Design/Consulting Costs	\$15,630
Contingency	\$138,370
Sub-Total	\$935,500
Total	\$985,000

Liberty State Bank Preservation

TIF Board Funding Recommendation

- On August 29, 2013, the City Center TIF District Board of Directors reviewed and approved TIF funding for the Liberty State Bank Preservation project in an amount not to exceed \$985,000

Liberty State Bank Preservation

Conditions of TIF Funding

- Minimum project investment of \$1,647,500 for the Project (acquisition, construction and construction related soft costs).

The term “Invest” or “Investment” means the sum of all acquisition costs, construction costs (hard and soft) paid, payable or actually incurred by or on behalf of the Owner, with respect to the Property and the improvements thereon. Construction related soft costs include the following items: architecture and engineering, interior design, building relocation, remediation and demolition. Carrying or other similar costs shall not be considered toward this definition of project investment. The owner must provide verification of all expenditures.

- Redevelopment of the Project shall include:
 - Minimum 4,000 square feet of retail/restaurant/commercial/residential space
 - Exterior plaza/retail/multi-use area of a minimum of 1,000 square feet
- Obtain a building permit and start construction for the Project by December 31, 2013;
- Obtain a Certificate of Occupancy (CO) for the Project by December 31, 2014;

Liberty State Bank Preservation

Conditions of TIF Funding (Continued)

- Obtain final acceptance of public infrastructure improvements associated with the Project, as evidenced by the issuance of a Green Tag from the Public Works and Transportation Department by December 31, 2014 and submit documentation to the Office of Economic Development (the “OED”);
- Execute an Operating and Maintenance agreement for public infrastructure improvements associated with the Project the sooner of project completion or December 31, 2014, for a period of 20 years;
- A minimum of 25% of the total net leasable square footage of non-residential space, with a minimum of at least 50% of ground floor space must be occupied prior to TIF Reimbursement;
- The Project shall be managed by a management company acceptable to the Director of the OED, such approval not being unreasonably withheld;
- If necessary, the project deadline can be extended up to 6 months, subject to the Office of Economic Development Director’s and City Center TIF District Board of Director’s approval;

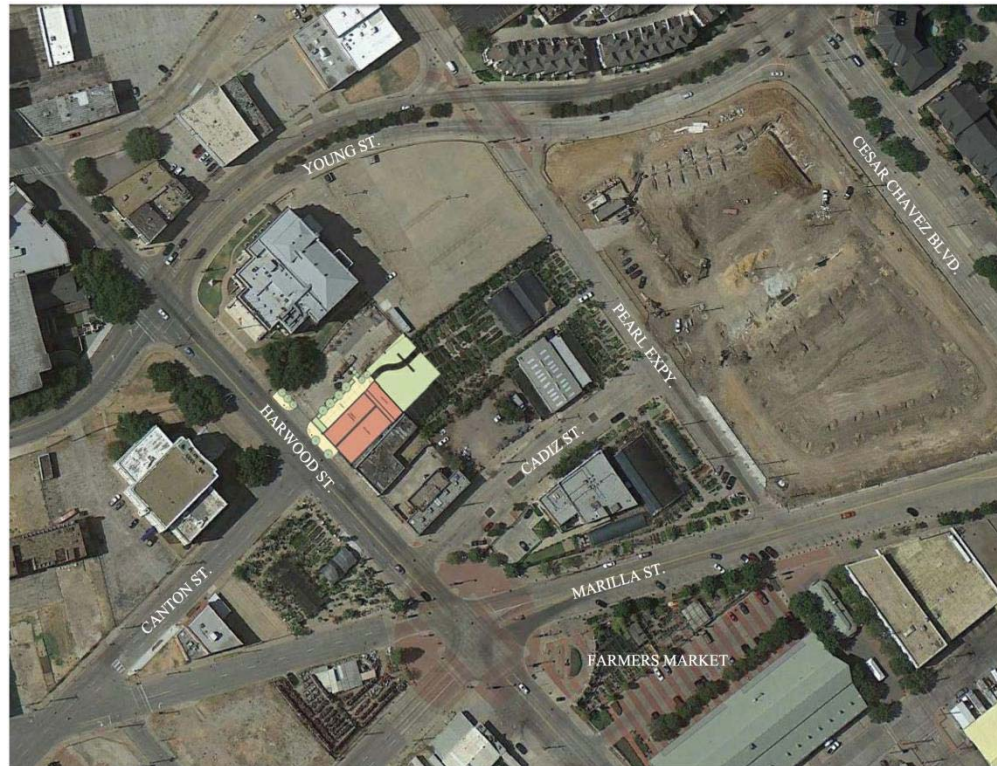
Liberty State Bank Preservation

Conditions of TIF Funding (Continued)

- Prior to City Council consideration, project design review by an independent group of design, engineering, and/or planning professionals selected by the Dallas City Manager is required for all City Center TIF District projects. The Project's design plans shall include:
 - A site plan showing the location of parcel boundaries clearly differentiating publically accessible space from private space.
 - A pedestrian lighting plan for the site using lighting acceptable to the City and spaced at approximately 75 feet unless otherwise required by the City's Public Works and Transportation Department. This lighting plan is required for all public and private streets included in the project.
 - A sidewalk plan for the project. Sidewalks with high anticipated levels of pedestrian traffic shall be designed to accommodate the traffic. The sidewalks shall have a minimum 7 foot walking zone and a minimum 3 foot landscaping and lighting zone, where possible. Landscaping and pedestrian lights shall be placed in the area closest to the back of curb for the length of the sidewalk. The plan shall show the location and type of all landscaping materials.
 - Elevations for all sides of the building visible from the public right of way, focusing on the ground floor.
- Signage plan for the building.

Strategic Importance of Proposed Project

- Saves a 114 year old building from demolition, preserving one of Dallas' oldest surviving historic commercial buildings
- Begins to fill in holes along Harwood Street creating a better connection between the downtown core and Farmers Market Area



Recommendation

- Staff requests ECO Committee's approval of consideration of a development agreement with Preserve Liberty, LLC for TIF reimbursement not to exceed \$985,000 for the Liberty State Building Preservation project by City Council at their September 11, 2013 Council meeting.



APPENDICES

Appendix A: Project Requirements/Other Information

Liberty State Bank Preservation Project Facts	
Minimum Commercial Space	4000 s.f.
Minimum Plaza Space	1,000 s.f.
Required Private Investment – (acquisition, construction hard and soft costs)	Min. \$1,647,500
Expected Total Project Cost	\$2,520,800
TIF Funding	\$985,000
% TIF funds to total project cost	39.07%
Return on Cost without TIF	0.06%
Return on Cost with TIF	1.00%
Deadline to Obtain Building Permit	December 31, 2013
Deadline to Obtain Final CO	December 31, 2014

Appendix B: Liberty State Building Preservation *Project Proforma*

Liberty State Bank Building Preservation Project Proforma		
City Center TIF District		
PROJECT DESCRIPTION:	600 S Harwood Street	
PROJECT TYPE:	Commercial	
CONSTRUCTION START DATE:	December 31, 2013	
PROJECT SCHEDULE:	December 31, 2014	
Use Breakdown	SF	Total Leasable SF
Residential	0	5,200
Commercial	5,200	
Other	0	
		Total Bldg SF (Gross)
		4,200
Project Costs		
Hard Cost	\$1,522,500	
Soft Cost (less Developer Fee)	\$190,000	
Acquisition	\$768,300	
Total Project Cost (without City \$)	\$2,480,800	
Total Project Cost	\$2,480,800	
TIF Assistance	\$985,000	
Net Cost to Developer (after TIF reimbursement)	\$1,495,800	
Return on Cost Analysis		
NOI/Total Project Costs		
Return on Cost (without City \$)	0.6%	
Return on Cost (with City \$)	1.0%	
Income		
Commercial Revenue	\$98,000	
Total Revenue	\$98,000	
Expenses		
Operating Expense (Commercial)	(\$83,240)	
Total Expenses	(\$83,240)	
NOI	\$14,760	

Appendix C: Liberty State Building Preservation

Development Team – Preserve Liberty, LLC

- **Craig Melde** is a managing partner of Preserve Liberty, LLC. Mr. Melde is also an Architect and Senior Principal of ARCHITEXAS which he founded in 1978, an architectural firm which specializes in historic preservation and adaptive use of historic properties. Mr. Melde brings a wealth of experience and knowledge in all aspects of commercial real estate development. Many of the projects that have been successfully rehabilitated have been redevelopment projects for commercial developers. As a developer, Mr. Melde successfully redeveloped an existing historic building into a mixed use development which gives him unique experience in the redevelopment of historic properties. He oversees and coordinates the architectural department of the company as well as coordinating the communication with the city, state and federal organizations regarding zoning, entitlements, and redevelopment incentives.
- **Tanya Ragan** is a partner in Preserve Liberty, LLC. Ms. Ragan is President of Wildcat Management and has more than 15 years of experience in business development, client services, operations and management. Ms. Ragan has represented Fortune 500 clients with management re-structure, team building and category turnaround while working closely with management, board of directors, investors and business owners. She has built close professional relationships with her clients that spans 15+ years. Ms. Ragan started her own business in 2004 and has represented herself, partners and clients in business ventures that include real estate investment, commercial development, venture capital and oil & gas. Ms. Ragan has managed and grown her company's real estate and oil/gas program into a nine state territory. Over the past several years her company has worked closely with city, state and local representatives in both commercial and residential real estate development projects.