

Memorandum

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DATE April 4, 2014

2014 APR -3 PM 5: 03

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

SUBJECT **Economic Development Committee**
Monday April 7, 2014, 9:00 – 10:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Approval of March 6, 2014 Minutes of the Economic Development Committee
2. Mall Area Redevelopment TIF District Proposal
Karl Zavitkovsky, Director
Office of Economic Development
(Estimated time 20 minutes)
3. Statler/Library/Jackson Street Project
Downtown Connection TIF District
Karl Zavitkovsky, Director
Office of Economic Development
(Estimated time 20 minutes)
4. Hatcher Station Village Medical Clinic
Karl Zavitkovsky, Director
Office of Economic Development
(Estimated time 20 minutes)
5. Executive Session
Pursuant to §551.071 of TOMA
D.R. Horton - Texas, Ltd. vs. The City of
Dallas, Texas, Cause No. DC-14-00682
Chris Bowers, First Assistant City Attorney
City Attorney's Office
(Estimated time 20 minutes)
6. Upcoming Agenda Item
 - Two Ponders Retail Eateries, LLC
 - Marfy, Inc. d/b/a Friendly Food Mart
 - Authorize approval of Phase II South Dallas/Fair Park Area Business Façade/Revitalization Program
 - Jefferson Tower Amendment
 - Trinity Forest Golf Course Update **(FYI Only)**


Tennell Atkins, Chair
Economic Development Committee

C: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa Rios, City Secretary
Warren M.S. Ernst, City Attorney
Judge Daniel Solis, Administrative Judge Municipal Court
Craig Kinton, City Auditor
Frank Libro, Public Information Officer
Ryan S. Evans, Interim 1st Assistant City Manager
Forest Turner, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Mgr.
Jeanne Chipperfield, CFO, OFS
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED
Elsa Cantu, Assistant to the CMO

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

A closed session may be held if the discussion on any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested to the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The Purchase, exchange, lease or value of real property, if the deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving appointments, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment or specific occasions for implementation of security personnel or device. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meeting Act.

Economic Development Committee **DRAFT**

Meeting Record

March 6, 2014

The Economic Development Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Office of Economic Development, Staff Coordinator at 214-670-1686.

Meeting Date: March 6, 2014 **Meeting Start time:** 9:03 AM

Committee Members Present:

Tennell Atkins
Rick Callahan
Jerry R. Allen
Adam Medrano
Lee Kleinman

Other Council Members Present:

Staff Present:

Ryan Evans, Interim First Assistant City Manager, City Managers Office
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Karl Stundins, Manager, Office of Economic Development

Other Presenters:

Jim Reynolds, SVP Development & Construction, Trinity Grove, LLC
John Crawford, President and CEO, Downtown Dallas, Inc.
Ken Good, Founder and Manager, Good Signature Management, LLC
Scott Krikorian, Managing Director, Trammell Crow Company

1. Approval of February 18, 2014 Minutes of the Economic Development Committee

Presenter(s):

Action Taken/Committee Recommendation(s): Motion made to approve the minutes.

Motion made by: Mr. Allen

Motion seconded by: Mr. Callahan

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

2. Incentives for Trinity Groves, Phase 1&2 (Sports Arena TIF District)

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to approve the minutes.

Motion made by: Mr. Allen

Motion seconded by: Mr. Medrano

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

March 6, 2014

ED – Committee Meeting 2 of 2

3. Incentives for Hartford Building Renovation (City Center TIF District)

Presenter (s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Allen

Motion seconded by: Mr. Callahan

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

- **Follow-up (if necessary):**

Upcoming Item

4. TCDFW Industrial Development, Inc. Project

Presenter(s): Hammond Perot, Assistant Director, Office of Economic Development

Action Taken/Committee Recommendation(s): No action taken

Motion made by: Mr. Kleinman

Motion seconded by: Mr. Callahan

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

Meeting Adjourned: 10:08 AM

Approved By: _____

Memorandum



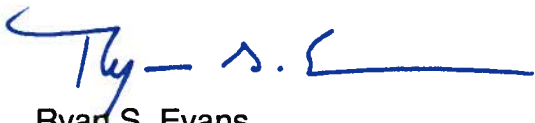
DATE: April 4, 2014

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

SUBJECT: **Proposed Mall Area Redevelopment TIF District**

On Monday, April 7, 2014, the Economic Development Committee will be briefed on the proposed Mall Area Redevelopment TIF District. A copy of the briefing is attached.

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



Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M. S. Ernst, City Attorney
Judge Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
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
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Mall Area Redevelopment TIF District Proposal



Economic Development Committee
April 7, 2014

**DALLAS
ECONOMIC
DEVELOPMENT**



Purpose

- Provide background for each redevelopment area
- Provide overview of proposal for new TIF district
- Seek Economic Development Committee's approval for City Council's consideration on April 23, 2014 of a resolution to call a public hearing on May 14, 2014

Background

- Redevelopment/revitalization of the Valley View Center Mall area and of the Southwest Center Mall area are high City Council priorities (forwardDallas! Comprehensive Plan, City Council Strategic Plan, GrowSouth Initiative).
- Anticipated catalyst development projects in the Valley View area planned on sites owned by Beck Ventures, Diversion Capital, EF Properties, and Slosburg/Richdale Group will generate needed early increment and momentum.
- A portion of increment generated in this area can be used to encourage new development in the Southwest Center Mall area.

Background

- The proposed Mall Area Redevelopment TIF District comprises two non-contiguous sub-districts:
 - the Montfort-IH 635 Sub-District for the Valley View Center Mall area in northern Dallas
 - the Westmoreland-IH 20 Sub-District for the Southwest Center Mall area in southern Dallas
- The proposed TIF district represents the City's effort to establish a funding mechanism in order to stimulate private investment and sustain the orderly redevelopment and revitalization of two commercial core assets while taking advantage of each area's strategic regional location at the crossroads of key transportation corridors.

Background

- Originally (40-50 years ago), these malls were created with complex configurations of super-blocks, private land ownership, and reciprocal easement agreements that bound multiple owners together.
- Over the last 10-15 years, as market conditions have changed drastically, these inflexible configurations have heavily burdened each mall and have significantly hindered market adaptation.
- As a result, these mall areas are challenged by ever-increasing obsolescence (economic and physical), and, without public participation, revitalization and redevelopment of these areas is extremely difficult.

Background: Montfort-IH 635 Sub-District

The proposed TIF district:

- is recommended by and consistent with the Galleria-Valley View Area Plan adopted by City Council in May 2013,
- will serve as a long-term funding tool to help implement the shared vision for the area, and
- will leverage other implementation tools (PD 887 form-based zoning and Thoroughfare Plan amendment) approved by City Council in June 2013.



Background: Montfort-IH 635 Sub-District

Vision for the Valley View Center Mall area:

- anchored by a large central park;
- higher density mixed use development with vibrant retail, office, and entertainment uses, as well as mixed housing choices;
- connected by an integrated network of walkable streets and open spaces, and
- eventually linked to the Dallas Area Rapid Transit (DART) light rail network via an underground line connecting the existing Red Line with the proposed Cotton Belt Line.

Two key opportunities identified in the Area Plan are:

- to break down the super blocks into pedestrian-scale developable parcels, and
- to provide a community-scale central park with the potential to serve as a regional destination that will also support local residents, workers, and visitors, making up for a severe lack of open space in the area.

Background: Montfort-IH 635 Sub-District

Illustrative Vision
for the Galleria-
Valley View Area



Background: Montfort-IH 635 Sub-District

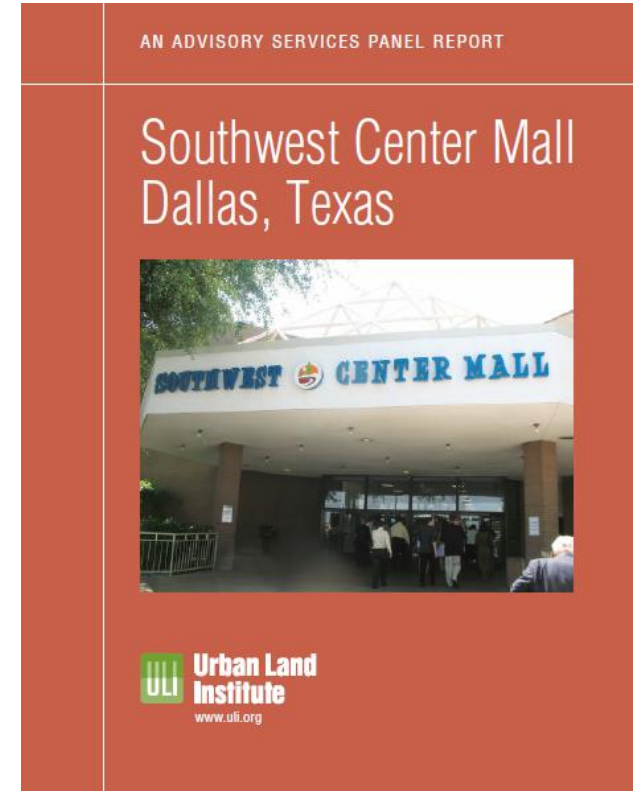
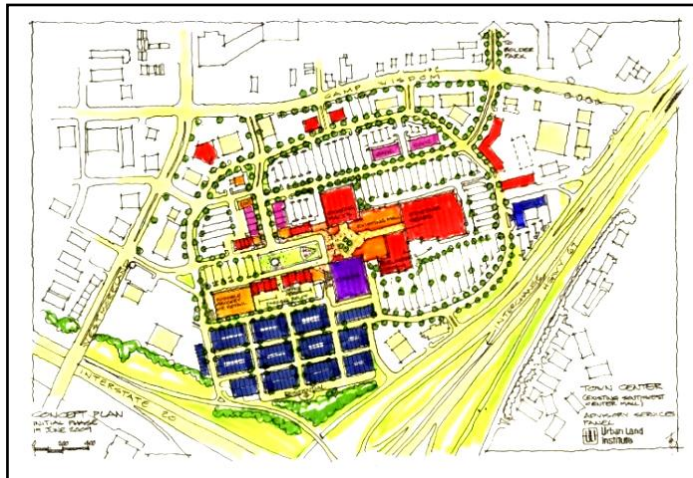
Vision for the Galleria-Valley View Area



Background: Westmoreland-IH 20 Sub-District

The proposed TIF district:

- is recommended by and consistent with the ULI Advisory Services Panel report sponsored by the City in 2009, and
- will serve as a long-term funding tool to help implement many of the report's recommendations over time.

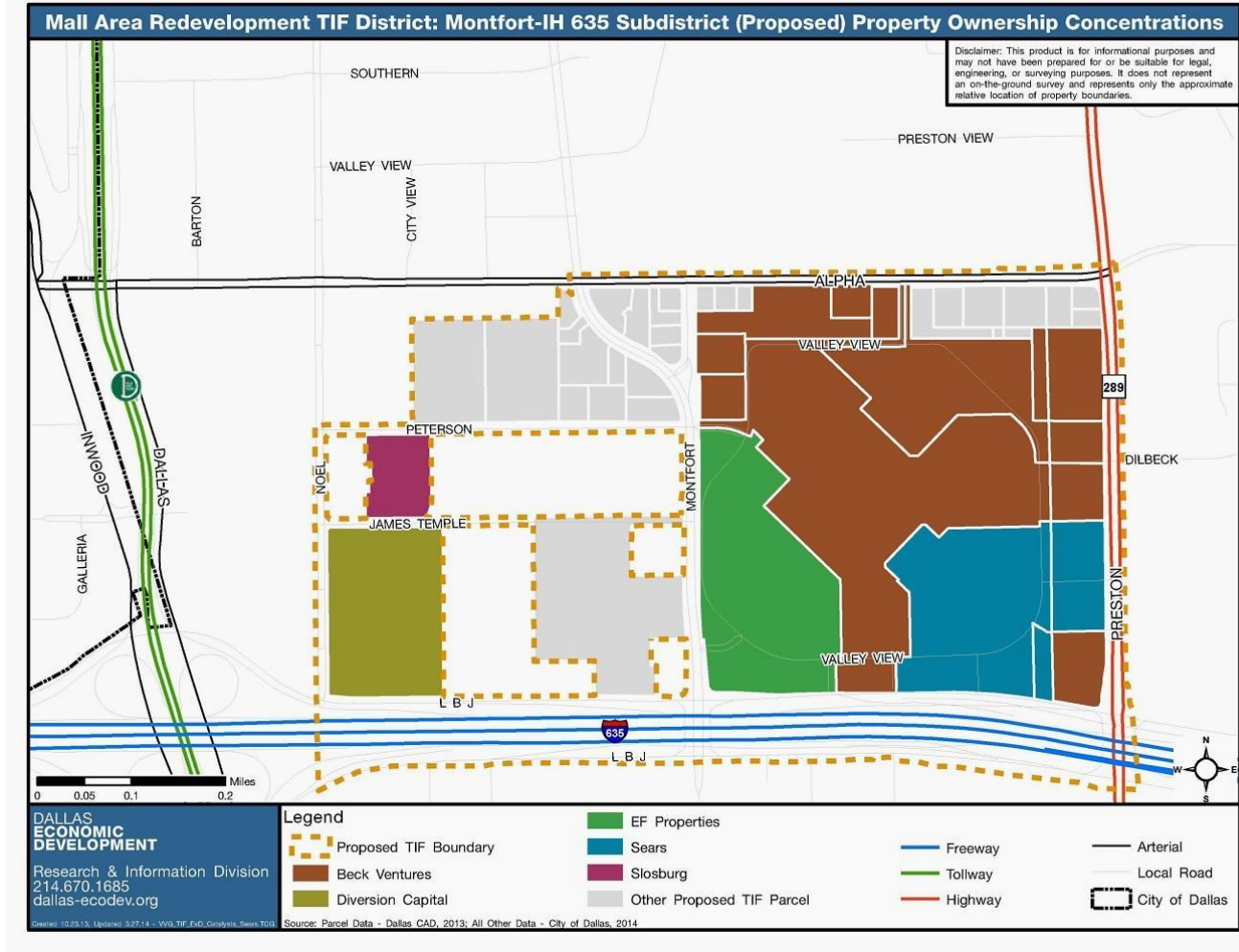


Background: Westmoreland-IH 20 Sub-District

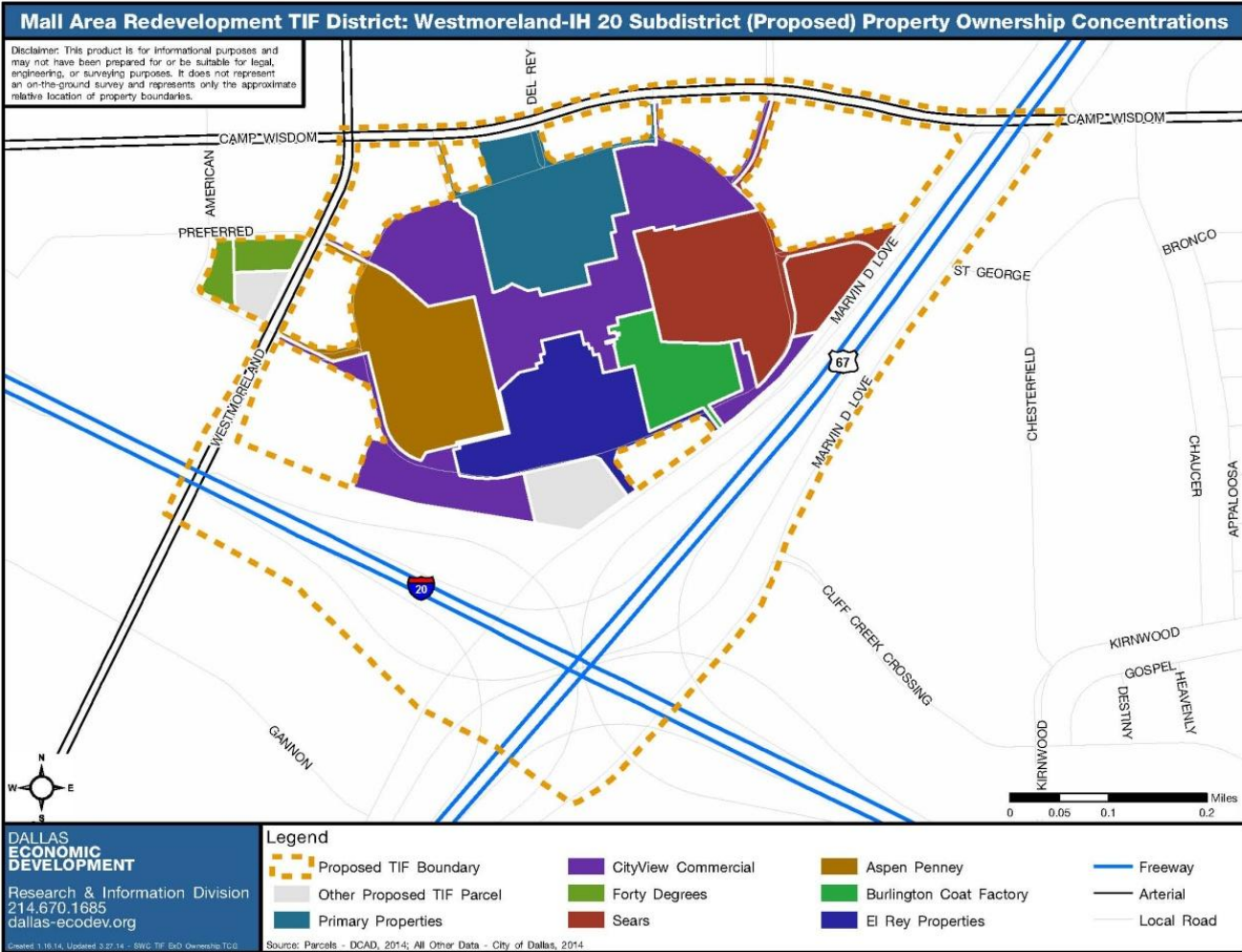
Vision for the Southwest Center Mall area:

- higher density mixed use redevelopment with residential, retail, office, entertainment, and community uses,
- area-wide rezoning and thoroughfare plan amendments consistent with the vision,
- coordination with TxDOT to improve freeway access,
- City support in helping to close funding gaps and push forward projects that might not otherwise succeed,
- City support in land assembly and developer recruitment, and
- continued City assistance with public infrastructure improvements in the area (network of new internal streets, new streetscape on existing perimeter streets, new central open space, etc.).

Montfort-IH 635 Sub-District Concentration of Key Property Owners



Westmoreland-IH 20 Sub-District Concentration of Key Property Owners



Preliminary Plan Goals

- Goal 1** -- To create additional taxable value attributed to new private investment in projects in the Montfort-IH 635 Sub-District totaling approximately \$3.9 billion in total dollars over the 30-year life of the Sub-District.
- Goal 2** -- To create additional taxable value attributed to new private investment in projects in the Westmoreland-IH 20 Sub-District totaling approximately \$295 million in total dollars over the 30-year life of the Sub-District.
- Goal 3** -- To attract new higher density private development in the Montfort-IH 635 Sub-District totaling approximately 707,870 square feet of new retail space; 72,991 square feet of renovated movie theater space; 3,987,022 square feet of new office space; 957 new hotel rooms; and 7,674 new residential units (including apartments and condominiums).
- Goal 4** -- To attract new higher density private development in the Westmoreland-IH 20 Sub-District totaling approximately 140,000 square feet of new retail space; 45,000 square feet of movie theater space; 70,000 square feet of new office space; 80 new hotel rooms; and 1,620 new residential units (including apartments and townhomes).

Preliminary Plan Goals

Goal 5 -- To encourage the sustainable redevelopment of properties including and around two obsolete shopping malls in a manner in which negative fiscal impacts for the remainder of the City are limited and a walkable development pattern is achieved that is a net benefit to the City from a fiscal, land use, and quality of life standpoint.

Goal 6 -- To increase public open space in the District.

Goal 7 -- To generate \$432.5 million (net present value of \$182.9 million in 2014 dollars) in TIF fund revenues over the 30-year life of the District.

Preliminary Plan Objectives

- Provide funding for the acquisition of land for a central community park (referred to in the adopted Area Plan as “Midtown Commons”) to provide open space, recreational opportunities, and cultural amenities to the Montfort-IH 635 Sub-District while also increasing land values and attracting new residential and office development.
- Direct the Montfort-IH 635 Sub-District’s overall development through the application of design guidelines for public improvements and private development consistent with the regulations set forth in PD 887, as amended.
- Provide funding to build a street and circulation network in the Montfort-IH 635 Sub-District to enhance traffic flow, reduce congestion, provide greater accessibility, and disaggregate the existing super-blocks into a more pedestrian-scaled environment that can redevelop incrementally.

Preliminary Plan Objectives

- Improve infrastructure in the Montfort-IH 635 Sub-District, including roadways, storm water drainage, water distribution/wastewater collection lines, and burial of overhead utilities to support redevelopment in the sub-district.
- Improve the pedestrian environment through sidewalk, landscaping, lighting and other related streetscape features.
- Provide funding to support an economic development grants program for the Montfort-IH 635 and Westmoreland-IH 20 Sub-Districts.
- Encourage mixed income housing throughout both areas.

Preliminary Financing Plan

- Per the 2013 certified tax roll, the “base” appraised value of taxable real property of the proposed TIF district is approximately \$162.2 million (\$142.7 million in the Montfort-IH 635 Sub-District and \$19.6 million in the Westmoreland-IH 20 Sub-District). Note: the “base” value will be adjusted to reflect the 2014 certified tax roll (as of January 1, 2014) when it becomes available from DCAD in August 2014.
- Over the 30-year life of the proposed TIF district, the additional appraised value of taxable real property attributed to new private investment is projected at approximately \$4.2 billion (\$3.9 billion in the Montfort-IH 635 Sub-District and \$295 million in the Westmoreland-IH 20 Sub-District).
- City participation is proposed to be 0% in 2015; 90% from 2016 through 2042; 75% in 2043; and 55% in 2044.
- Dallas County participation is anticipated at 0% for the first five years and then at least 55% for 20 years (2020 through 2039).

TIF Budget Allocation by Sub-District

The budget allocation reflects tax increment sharing, with 10% (after administrative costs) of the annual increment generated in the Montfort-IH 635 Sub-District being allocated toward redevelopment in the Westmoreland-IH 20 Sub-District.

	Captured Appraised Value--New Development	Increment Generated to TIF Fund*	Estimated TIF Budget Allocation*
Montfort-IH 635 Sub-District	\$3,931,199,920	\$399,732,434	\$360,127,000
Westmoreland-IH 20 Sub-District	\$295,434,768	\$32,718,272	\$72,323,706
Total	\$4,226,634,687	\$432,450,706	\$432,450,706
* total dollars			

TIF Budget Expenditures by Category

The estimated Project Plan Improvements include approximately \$432.5 million in the TIF-eligible categories listed below:

Entire District

- Administration and Implementation: \$7.68 million

Montfort-IH 635 Sub-District (see Appendix slides 37-42 for more information)

- Infrastructure Improvements: \$167.4 million
- Grants for Economic Development: \$118.1 million
- Set Aside for Land Acquisition for Central Open Space: \$70.9 million
- Set Aside for the Westmoreland-IH 20 Sub-District: \$39.6 million

Westmoreland-IH 20 Sub-District (see Appendix slides 43-44 for more information)

- Grants for Economic Development: \$68.3 million (includes \$39.6 million from Montfort-IH 635 Sub-District)

Complies with State Law and City FMPC Policy

- State law: the total value of taxable real property in existing and proposed TIF zones cannot exceed 25% of total value of taxable real property in entire City.
- Will be at approximately 10% with this proposed TIF zone.
- City FMPC policy: the total value of taxable real property in all active and proposed TIF zones plus the total value of taxable real property and business personal property in all active Tax Abatement Reinvestment Zones cannot exceed 10% of the total taxable value (all real and business personal property) of entire City.
- Will be at approximately 8.87% with this proposed TIF zone.

Summary of Key Benefits to the City

- Provides funding mechanism to stimulate private investment and sustain the orderly redevelopment and revitalization of two commercial core assets while taking advantage of each area's strategic regional location at the crossroads of key transportation corridors.
- Supports redevelopment of the Southwest Center Mall area, a key focus of the GrowSouth Initiative.
- Over the 30-year TIF term, the total new City real property, BPP, hotel occupancy, and sales taxes (\$695 million) generated by the TIF district exceeds the amount of City real property tax (\$386 million) invested in the TIF fund (i.e. net benefit to City = \$309 million).

Summary of Key Benefits to the City

- In each year of the TIF term, the direct monetary benefits to the City (from real property, BPP, hotel occupancy, and sales tax) are projected to exceed the amount of City real property tax revenue invested in the TIF district.
- After the TIF term expires, it will take approximately 9 years for the City to “recapture” the amount of real property tax revenue that had been invested in the TIF district.

Recommendation & Next Steps

- The Mall Area Redevelopment TIF District Preliminary Project Plan and Reinvestment Zone Financing Plan is feasible.
- Moving forward with the creation of the Mall Area Redevelopment TIF District is recommended.
- April 23, 2014: City Council to consider a resolution to call a public hearing on May 14, 2014.
- May 14, 2014: City Council to hold a public hearing and consider an ordinance to create the Mall Area Redevelopment TIF District.

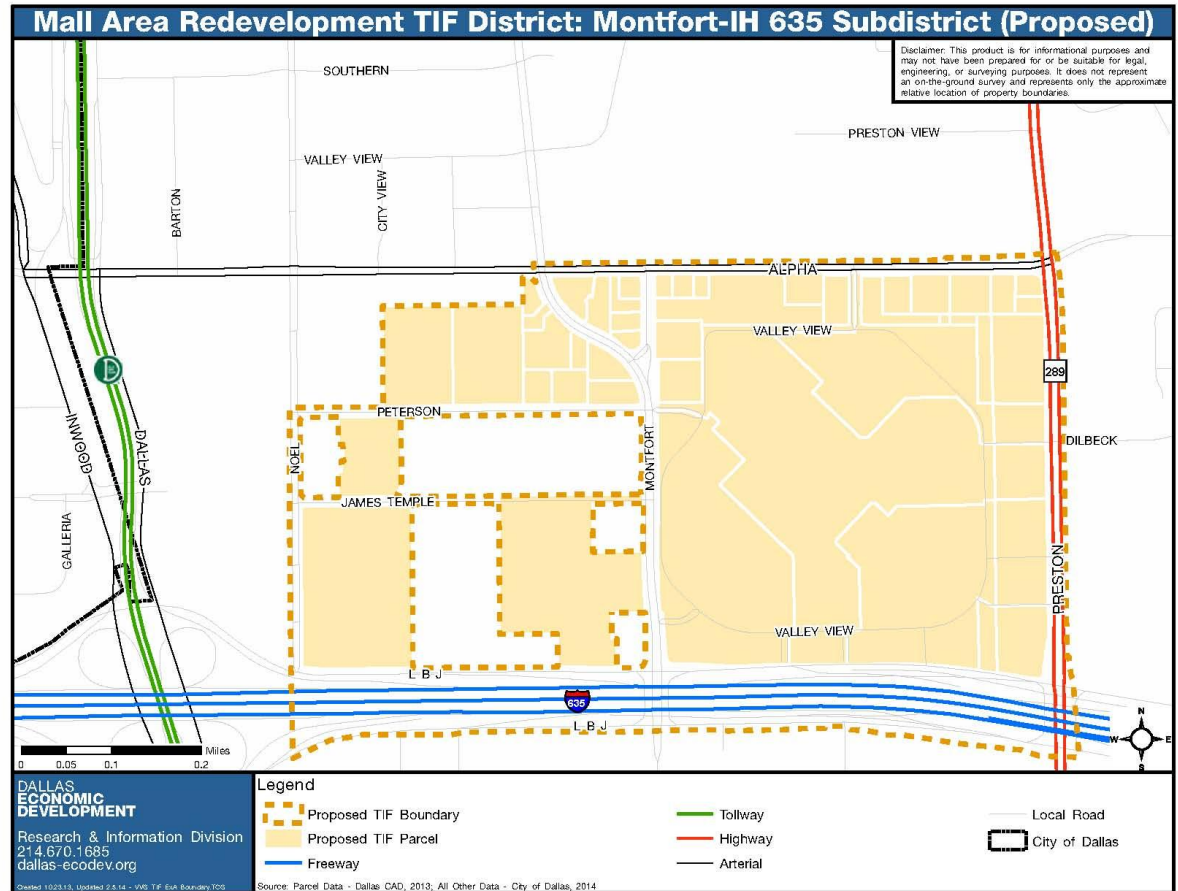
Mall Area Redevelopment TIF District Proposal

APPENDIX

Montfort-IH 635 Sub-District Boundary Map

generally bounded by Alpha Road, Preston Road, Noel Road, and Interstate Highway 635 (LBJ Freeway).

173.9 acres (not including rights-of-way)



Montfort-IH 635 Sub-District

Existing Conditions

- Inadequate sidewalk & street layout
- Faulty lot layout
- Vacant land
- Vacant and/or deteriorated structures
- Deteriorating public infrastructure
- Lack of parks and open space



Montfort-IH 635 Sub-District Projected Development Schedule

- ◆ 7,674 residential units (apartments and condos)
- ◆ 707,870 square feet of retail space
- ◆ 72,991 square feet of renovated movie theater
- ◆ 3,987,022 square feet of office space
- ◆ 957 hotel rooms

TIF Zone Year	Completed During the Single Year Prior to January 1,	Multi-Family Residential (Rental)		Multi-Family Residential (Condo)		Retail	Movie Theater	Office	Hotel	
		Units	Square Feet	Units	Square Feet	Square Feet	Square Feet	Square Feet	Rooms	Square Feet
Base	2014									
1	2015	0	0	0	0	0	0	0	0	0
2	2016	0	0	0	0	0	0	0	0	0
3	2017	335	371,850	0	0	133,350	0	0	0	0
4	2018	250	277,500	0	0	0	72,991	242,000	0	0
5	2019	521	578,310	0	0	0	0	0	0	0
6	2020	0	0	0	0	0	0	0	0	0
7	2021	0	0	0	0	50,000	0	0	273	372,254
8	2022	0	0	0	0	50,000	0	0	0	0
9	2023	500	555,000	0	0	0	0	350,000	0	0
10	2024	305	338,550	0	0	0	0	0	0	0
11	2025	0	0	0	0	0	0	0	0	0
12	2026	0	0	0	0	0	0	0	0	0
13	2027	400	444,000	200	228,000	100,000	0	350,000	0	0
14	2028	962	1,067,820	242	275,880	15,000	0	0	0	0
15	2029	0	0	0	0	0	0	908,000	0	0
16	2030	636	705,960	0	0	217,520	0	0	684	775,600
17	2031	0	0	200	228,000	0	0	0	0	0
18	2032	0	0	210	239,400	0	0	552,666	0	0
19	2033	300	333,000	0	0	0	0	0	0	0
20	2034	600	666,000	0	0	0	0	552,666	0	0
21	2035	0	0	274	312,360	0	0	0	0	0
22	2036	512	568,320	0	0	0	0	0	0	0
23	2037	0	0	227	258,780	0	0	0	0	0
24	2038	0	0	0	0	35,500	0	552,666	0	0
25	2039	0	0	0	0	35,500	0	0	0	0
26	2040	500	555,000	0	0	35,500	0	479,024	0	0
27	2041	500	555,000	0	0	35,500	0	0	0	0
28	2042	0	0	0	0	0	0	0	0	0
29	2043	0	0	0	0	0	0	0	0	0
30	2044	0	0	0	0	0	0	0	0	0
Totals		6,321	7,016,310	1,353	1,542,420	707,870	72,991	3,987,022	957	1,147,854

Montfort-IH 635 Sub-District Catalyst Development Concept (Beck Ventures)



Montfort-IH 635 Sub-District Catalyst Development Concept (Diversion Capital LLC)



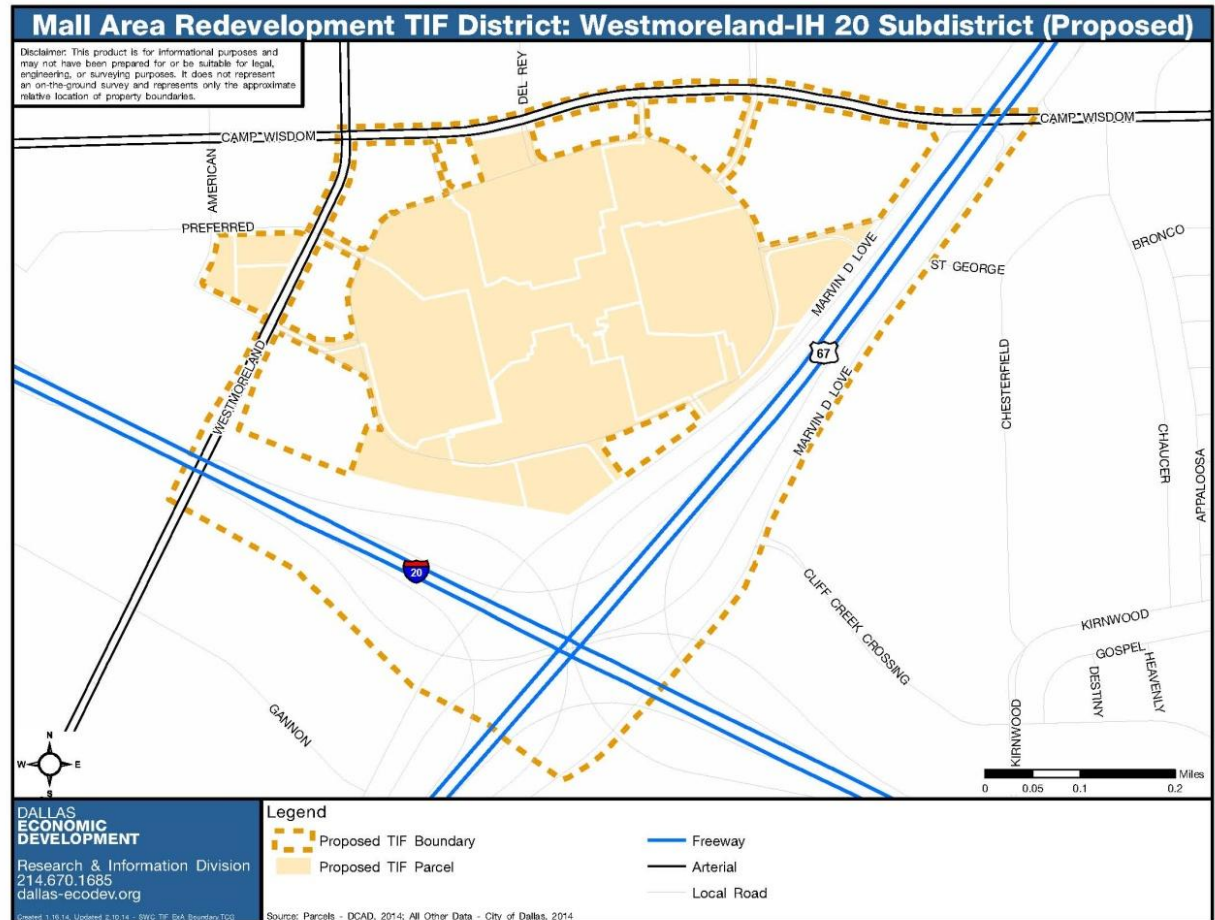
Montfort-IH 635 Sub-District Catalyst Development Concept (EF Properties)



Westmoreland-IH 20 Sub-District Boundary Map

generally bounded by Westmoreland Road, Camp Wisdom Road, Highway 67, and Interstate Highway 20 (LBJ Freeway).

96.6 acres (not including rights-of-way)



Westmoreland-IH 20 Sub-District Existing Conditions

- Inadequate sidewalk & street layout
- Faulty lot layout
- Vacant land
- Vacant and/or deteriorated structures
- Deteriorating public infrastructure
- Lack of parks and open space



Westmoreland-IH 20 Sub-District Projected Development Schedule

- ◆ 1,620 residential units (apartments and townhomes)
- ◆ 140,000 square feet of retail space
- ◆ 45,000 square feet of movie theater
- ◆ 70,000 square feet of office space
- ◆ 80 hotel rooms

TIF Zone Year	Completed During the Single Year Prior to January 1,	Multi-Family Residential (Rental)		Single Family Residential (Townhome)		Retail	Movie Theater	Office	Hotel	
		Units	Square Feet	Units	Square Feet	Square Feet	Square Feet	Square Feet	Rooms	Square Feet
Base	2014									
1	2015	0	0	0	0	0	0	0	0	0
2	2016	0	0	0	0	0	0	0	0	0
3	2017	0	0	0	0	0	0	0	0	0
4	2018	0	0	0	0	0	0	0	0	0
5	2019	0	0	0	0	0	0	0	0	0
6	2020	0	0	0	0	0	0	0	0	0
7	2021	200	220,000	0	0	20,000	0	10,000	0	0
8	2022	0	0	0	0	0	0	0	0	0
9	2023	0	0	0	0	40,000	0	0	0	0
10	2024	0	0	0	0	0	45,000	0	0	0
11	2025	300	330,000	0	0	0	0	0	0	0
12	2026	0	0	15	33,000	0	0	0	0	0
13	2027	0	0	15	33,000	0	0	0	80	49,600
14	2028	0	0	20	44,000	20,000	0	0	0	0
15	2029	300	330,000	30	66,000	0	0	0	0	0
16	2030	0	0	20	44,000	0	0	20,000	0	0
17	2031	300	330,000	15	33,000	0	0	0	0	0
18	2032	0	0	5	11,000	20,000	0	0	0	0
19	2033	200	220,000	0	0	0	0	0	0	0
20	2034	0	0	0	0	0	0	0	0	0
21	2035	0	0	0	0	0	0	0	0	0
22	2036	0	0	0	0	20,000	0	20,000	0	0
23	2037	0	0	0	0	0	0	0	0	0
24	2038	200	220,000	0	0	0	0	0	0	0
25	2039	0	0	0	0	0	0	0	0	0
26	2040	0	0	0	0	20,000	0	0	0	0
27	2041	0	0	0	0	0	0	0	0	0
28	2042	0	0	0	0	0	0	20,000	0	0
29	2043	0	0	0	0	0	0	0	0	0
30	2044	0	0	0	0	0	0	0	0	0
Totals		1,500	1,650,000	120	264,000	140,000	45,000	70,000	80	49,600

Development Plan (estimated private investment >\$5 billion)

Montfort-IH 635 Sub-District

- 7,674 residential units (apartments and condos)
- 707,870 square feet of retail space
- 72,991 square feet of renovated movie theater
- 3,987,022 square feet of office space
- 957 hotel rooms
- Anticipated additional taxable value is \$3.9 billion

Westmoreland-IH 20 Sub-District

- 1,620 residential units (apartments and townhomes)
- 140,000 square feet of retail space
- 45,000 square feet of movie theater
- 70,000 square feet of office space
- 80 hotel rooms
- Anticipated additional taxable value is \$295 million

TIF Increment Projection Chart

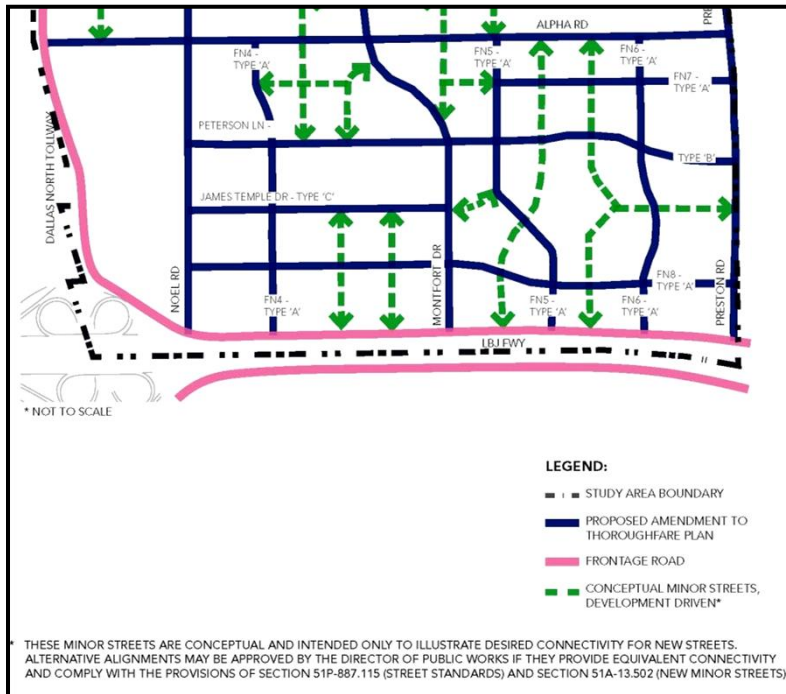
		City of Dallas			Dallas County				TOTAL Tax Increment Revenue to TIF Fund (City and County)				
Tax Year	Captured Appraised Value Montfort-IH 635 Sub-District	Captured Appraised Value Westmoreland-IH 20 Sub-District	Captured Appraised Value Sub-Districts Combined	City Real Property Tax Increment	% of City Tax Increment to TIF Fund	City Tax Increment to TIF Fund	Cumulative to TIF Fund NPV (2014 dollars)	County Real Property Tax Increment		% of County Tax Increment to TIF Fund	County Tax Increment to TIF Fund	Cumulative to TIF Fund NPV (2014 dollars)	
	Base	2014	2014	2014	2014	2014	2014	2014		2014	2014	2014	
1	2015	\$1,426,955	\$195,708	\$1,622,663	\$12,933	0%	\$0	\$0	\$3,945	0%	\$0	\$0	\$0
2	2016	\$2,868,179	\$393,373	\$3,261,553	\$25,995	90%	\$23,395	\$20,798	\$7,929	0%	\$0	\$0	\$23,395
3	2017	\$79,719,397	\$593,015	\$80,312,412	\$640,090	90%	\$576,081	\$513,235	\$195,239	0%	\$0	\$0	\$576,081
4	2018	\$173,038,713	\$794,653	\$173,833,366	\$1,385,452	90%	\$1,246,907	\$1,538,101	\$422,589	0%	\$0	\$0	\$1,246,907
5	2019	\$269,942,006	\$998,308	\$270,940,314	\$2,159,394	90%	\$1,943,455	\$3,074,042	\$658,656	0%	\$0	\$0	\$1,943,455
6	2020	\$274,068,381	\$1,203,999	\$275,272,380	\$2,193,921	90%	\$1,974,529	\$4,574,521	\$669,187	55%	\$368,053	\$279,690	\$2,342,582
7	2021	\$346,583,257	\$24,513,334	\$371,096,591	\$2,957,640	90%	\$2,661,876	\$6,519,528	\$902,136	55%	\$496,175	\$642,240	\$3,158,051
8	2022	\$353,636,548	\$24,954,175	\$378,590,723	\$3,017,368	90%	\$2,715,631	\$8,427,494	\$920,354	55%	\$506,195	\$997,886	\$3,221,826
9	2023	\$526,345,658	\$27,975,975	\$554,321,634	\$4,417,943	90%	\$3,976,149	\$11,113,638	\$1,347,556	55%	\$741,156	\$1,498,584	\$4,717,305
10	2024	\$594,118,749	\$33,147,920	\$627,266,669	\$4,999,315	90%	\$4,499,384	\$14,036,352	\$1,524,885	55%	\$838,687	\$2,043,379	\$5,338,071
11	2025	\$601,486,892	\$68,854,223	\$670,341,115	\$5,342,619	90%	\$4,808,357	\$17,039,638	\$1,629,599	55%	\$896,280	\$2,603,193	\$5,704,636
12	2026	\$608,928,715	\$71,484,296	\$680,413,011	\$5,422,892	90%	\$4,880,603	\$19,970,801	\$1,654,084	55%	\$909,746	\$3,149,563	\$5,790,349
13	2027	\$866,607,498	\$78,590,966	\$945,198,464	\$7,533,232	90%	\$6,779,909	\$23,886,029	\$2,297,777	55%	\$1,263,778	\$3,879,363	\$8,043,686
14	2028	\$1,194,472,054	\$84,854,642	\$1,279,326,696	\$10,196,234	90%	\$9,176,610	\$28,981,475	\$3,110,043	55%	\$1,710,524	\$4,829,156	\$10,887,134
15	2029	\$1,405,435,491	\$132,436,804	\$1,537,872,295	\$12,256,842	90%	\$11,031,158	\$34,871,101	\$3,738,568	55%	\$2,056,212	\$5,926,984	\$13,087,370
16	2030	\$1,801,875,528	\$139,617,980	\$1,941,493,509	\$15,473,703	90%	\$13,926,333	\$42,020,507	\$4,719,771	55%	\$2,595,874	\$7,259,636	\$16,522,207
17	2031	\$1,885,580,176	\$187,018,153	\$2,072,598,329	\$16,518,609	90%	\$14,866,748	\$49,359,152	\$5,038,487	55%	\$2,771,168	\$8,627,563	\$17,637,915
18	2032	\$2,112,335,353	\$191,418,051	\$2,303,753,404	\$18,360,915	90%	\$16,524,823	\$57,202,534	\$5,600,425	55%	\$3,080,233	\$10,089,572	\$19,605,057
19	2033	\$2,214,637,303	\$222,911,917	\$2,437,549,219	\$19,427,267	90%	\$17,484,541	\$65,182,250	\$5,925,682	55%	\$3,259,125	\$11,576,994	\$20,743,666
20	2034	\$2,555,462,356	\$225,336,744	\$2,780,799,100	\$22,162,969	90%	\$19,946,672	\$73,935,520	\$6,760,123	55%	\$3,718,067	\$13,208,607	\$23,664,739
21	2035	\$2,685,378,925	\$227,785,820	\$2,913,164,744	\$23,217,923	90%	\$20,896,131	\$82,752,755	\$7,081,903	55%	\$3,895,047	\$14,852,143	\$24,791,178
22	2036	\$2,868,930,228	\$234,485,190	\$3,103,415,418	\$24,734,221	90%	\$22,260,799	\$91,784,548	\$7,544,403	55%	\$4,149,422	\$16,535,673	\$26,410,220
23	2037	\$2,988,389,675	\$237,025,750	\$3,225,415,425	\$25,706,561	90%	\$23,135,905	\$100,810,361	\$7,840,985	55%	\$4,312,542	\$18,218,088	\$27,448,447
24	2038	\$3,184,829,781	\$273,815,783	\$3,458,645,564	\$27,565,405	90%	\$24,808,865	\$110,116,583	\$8,407,967	55%	\$4,624,382	\$19,952,771	\$29,433,247
25	2039	\$3,220,564,698	\$276,749,649	\$3,497,314,347	\$27,873,595	90%	\$25,086,236	\$119,164,918	\$8,501,971	55%	\$4,676,084	\$21,639,385	\$29,762,320
26	2040	\$3,586,226,890	\$281,363,415	\$3,867,590,305	\$30,824,695	90%	\$27,742,225	\$128,786,381	\$9,402,112	0%	\$0	\$21,639,385	\$27,742,225
27	2041	\$3,811,387,258	\$284,372,757	\$4,095,760,015	\$32,643,207	90%	\$29,378,887	\$138,583,578	\$9,956,793	0%	\$0	\$21,639,385	\$29,378,887
28	2042	\$3,850,928,086	\$289,227,913	\$4,140,155,999	\$32,997,043	90%	\$29,697,339	\$148,106,072	\$10,064,719	0%	\$0	\$21,639,385	\$29,697,339
29	2043	\$3,890,864,322	\$292,315,901	\$4,183,180,222	\$33,339,946	75%	\$25,004,960	\$155,815,568	\$10,169,311	0%	\$0	\$21,639,385	\$25,004,960
30	2044	\$3,931,199,920	\$295,434,768	\$4,226,634,687	\$33,686,278	55%	\$18,527,453	\$161,308,221	\$10,274,949	0%	\$0	\$21,639,385	\$18,527,453
Total for years 1-30					\$447,094,207		\$385,581,958		\$136,372,148		\$46,868,748		\$432,450,706
NPV @ 4%					\$184,840,230		\$161,308,221		\$56,379,749		\$21,639,385		\$182,947,606

TIF Budget Expenditures by Category

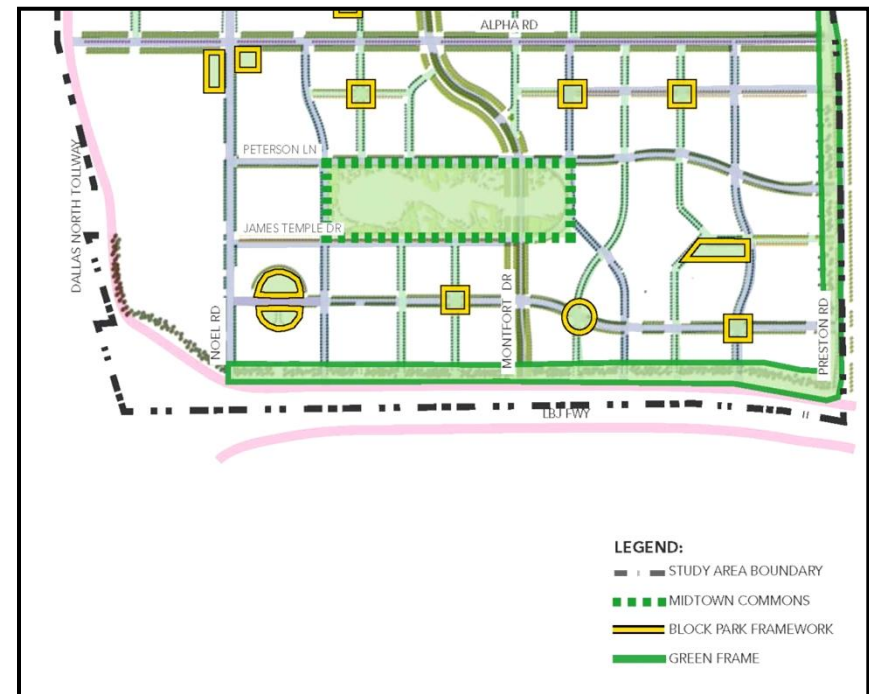
Category	Estimated TIF Expenditure (NPV-2014 dollars)*	Estimated TIF Expenditure (Total)**
Montfort-IH 635 Sub-District		
Infrastructure Improvements	\$70,804,842	\$167,368,158
Grants for Economic Development	\$49,990,321	\$118,166,889
Set Aside to Acquire Land for Sub-District-Wide Public Open Space***	\$30,000,000	\$70,913,861
Set Aside to Share with the Westmoreland-IH 20 Sub-District	\$16,755,018	\$39,605,434
Sub-District Total Project Costs	\$167,550,181	\$396,054,342
Westmoreland-IH 20 Sub-District		
Grants for Economic Development	\$12,147,425	\$28,714,028
Sub-District Total Project Costs	\$12,147,425	\$28,714,028
Administration and Implementation****	\$3,250,000	\$7,682,335
Total Project Costs	\$182,947,606	\$432,450,706
<p>* All values discounted to 2014 dollars at 4% annually. Actual expenditure values will depend on timing of project cost incurrence.</p> <p>** All values are estimated expenditures based on annual TIF project costs and debt service schedules. These values depend on timing of projects and will fluctuate.</p> <p>*** Includes land acquisition and associated costs; does not include design, construction, maintenance, or operating/programming costs.</p> <p>**** Admin is estimated at \$100,000 per year, plus \$250,000 cost already incurred for the 2012-2013 Valley View-Galleria Area Planning Study.</p>		

Project Plan Improvements

Montfort-IH 635 Sub-District



Streets Plan



Open Space Plan

TIF Budget Expenditures: Montfort-IH 635 Sub-District Infrastructure Improvements: \$167.4 million

- **\$35 million** for design and construction of improvements to **existing roads** (Montfort Drive; Noel Road; Peterson Lane; James Temple Drive) as required by the Thoroughfare Plan. Estimated costs include associated grading, paving, and landscape/streetscape. Right-of-way is to be dedicated to the City as platting occurs with redevelopment.
- **\$68.5 million** for design and construction of **new roads** as required by the Thoroughfare Plan and **\$44.9 million** for design and construction of **new minor streets** as required by the zoning regulations of PD 887. Estimated costs include associated grading, paving, storm drainage, intersections, water, wastewater, landscape/streetscape, and gas/power/telecommunications utilities. Right-of-way is to be dedicated to the City as platting occurs with redevelopment.

TIF Budget Expenditures: Montfort-IH 635 Sub-District Infrastructure Improvements: \$167.4 million

- **\$9.5 million** in costs for design, relocation/burial, and eligible upgrade of existing **off-site electric, gas, and telecommunications** infrastructure.
- **\$7.1 million** in costs for design and replacement/upsizing of existing **off-site wastewater** infrastructure as required by Dallas Water Utilities. The estimated costs include the replacement/upsizing of any existing off-site wastewater lines connecting private parcels to the sewershed #1 discharge point located immediately north of LBJ Freeway along the westbound frontage road as well as the replacement/upsizing of the existing off-site wastewater line from the sewershed #1 discharge point to a connection point located generally east of the Dallas North Tollway at Harvest Hill Road.
- **\$2.4 million** in costs for design, fabrication, and installation of unified **wayfinding**.

TIF Budget Expenditures: Montfort-IH 635 Sub-District Grants Program for Economic Development: \$118.1 million

- It is anticipated that a grant program will serve as a flexible tool to help close funding gaps and push forward projects that might not otherwise succeed.
- It is anticipated that TIF grant funding may be used to:
 1. offset the cost incurred by a private developer for complying with the mixed income housing requirements,
 2. offset the financial cost (i.e. interest) incurred by a private developer for providing significant advance funding for a large scale public infrastructure improvement or open space acquisition that benefits multiple parcels by making them ready to support new vertical development, and
 3. offset the cost incurred by a private developer for environmental remediation and demolition of an existing structure when in conjunction with the vertical construction of a new structure to replace it.

TIF Budget Expenditures: Montfort-IH 635 Sub-District Set Aside for Land Acquisition for Sub-District-Wide Central Open Space: \$70.9 million

- A large central open space feature (“Midtown Commons”) is recommended in the Open Space Plan of the Galleria-Valley View Area Plan and is critical to creating higher density urban development in the area.
- Without a large central open space feature, redevelopment potential of the area will be limited.
- Size range: 10-20 acres (ideal size: 15-18 acres)
- The graphical depiction of the large central open space in the Open Space Plan is conceptual—the actual size, location, and configuration is subject to change over time as redevelopment occurs and as land is acquired.

TIF Budget Expenditures: Montfort-IH 635 Sub-District Sub-District-Wide Central Open Space

- \$70.9 million for land acquisition only
- It is acknowledged that many desired expenditures associated with the central open space feature are likely beyond the capacity of TIF funding.
- It is anticipated that other sources of funding will be considered in order to help fund expenditures associated with the design, construction, maintenance, operations, and programming of the central open space. These other sources of funding include but are not limited to:
 - the additional open space requirement of PD 887
 - bonds (City general obligation and certificates of obligation)
 - a public improvement district
 - grants from other governmental entities
 - private philanthropic contributions

TIF Budget Expenditures: Westmoreland-IH 20 Sub-District Grant Program for Economic Development: \$68.3 million

- 10% of the annual tax increment generated by the Montfort-IH 635 Sub-District will be set aside and allocated to the Westmoreland-IH 20 Sub-District. The set aside is an estimated total of \$39.6 million.
- It is anticipated that a grant program of \$68.3 million will serve as a flexible tool to jumpstart initial redevelopment activity, attract quality private development partners, help close funding gaps, and push forward projects that might not otherwise succeed.
- It is acknowledged that some desired expenditures (e.g. freeway access infrastructure improvements) are likely beyond the capacity of TIF funding.
- Nevertheless, it is anticipated that the development momentum made possible by TIF funding will leverage additional funds from other public sources (e.g. City bonds, other governmental entities).

TIF Budget Expenditures: Westmoreland-IH 20 Sub-District Grant Program for Economic Development: \$68.3 million

It is anticipated that TIF grant funding may be used to offset costs related to:

1. the renovation of existing Southwest Center Mall buildings (in-line and/or anchor stores),
2. the retention of existing Southwest Center Mall anchor retailers,
3. the strategic assembly of real property,
4. the active recruitment of potential developers,
5. critical public infrastructure improvements (e.g. open space; streetscape improvements on existing streets; new streets to break down the existing super-blocks; unified wayfinding),
6. site access improvements from adjacent freeways, and
7. the creation of additional planning and implementation tools to further position the area for redevelopment.

TIF District Evaluation Policy

Proposals for new TIF districts in the City of Dallas are evaluated on the following criteria:

➤ **Financial Performance**

- ◆ Taxes generated exceed taxes foregone;
- ◆ Financial participation by other taxing entities;
- ◆ Incentives needed to make redevelopment feasible (review of pro formas and public improvement needs/costs); and
- ◆ Minimum of \$100 million invested within 5 years of adoption

➤ **Public Policy** – the proposed TIF plan provides for:

- ◆ Affordable housing;
- ◆ Strong urban design;
- ◆ Preferential hiring of neighborhood residents;
- ◆ Enhancement of other public investments;
- ◆ Enhancement of core assets of the City of Dallas;
- ◆ Benefits to distressed areas;
- ◆ Adds parks, trails or green space;
- ◆ Fair Share Policy compliance (M/WBE business hiring)

TIF District Evaluation Ranking

Criteria	Points (Max)	Points Scored
Financial		
Total new taxes generated by the District from all revenue sources exceed amount of taxes foregone - Direct monetary benefits to all taxing jurisdictions exceeds public funds invested during term of TIF District; Cash benefits to the City exceeds City expenditures	50	50
Other taxing units participation	15	5
Comprehensive Review of Project Pro Forma - including rental rates, land costs, site analysis, construction costs, other sources of funds and grants, operating expenses and rate of return for the developer	20	10
A minimum of \$100 million in new private investment is planned within 5 years of adoption of TIF District	15	15
Subtotal	100	80
Policy		
Provides affordable housing	10	10
Plan provides Urban Design Guidelines and/or historic preservation guidelines, if applicable	10	10
Provides preferential hiring for neighborhood residents for new jobs created	5	5
Enhances public investments over \$10 million made within last 5 years or expected within the next 5 years (i.e. DART Light Rail System, Trinity River, bond improvements)	20	20
Enhances core assets of City	25	20
Provides direct benefits to distressed areas	20	15
Adds park or green space or to City/County Trail system and provides for ongoing maintenance of these amenities	5	0
Complies with Fair Share Guidelines for private investment.	5	5
Subtotal	100	85
Total : Financial & Policy	200	165

The table shows the ranking of the proposed TIF district based on the City's criteria.

The TIF proposal scored 165 out of 200 possible points. This exceeds the 140 points needed for staff's recommendation.

Financial Performance Evaluation

- Revenues for this TIF district are estimated to be collected in 29 years.
- As a result of the City's participation being up to 90% during the life of the TIF, there will be continuous revenue flow to the City's general fund.
- The City is projected to net approximately \$309 million (NPV \$126 million) in added revenue from real property, BPP, hotel occupancy, and sales taxes during the TIF term.
- Net financial benefits to all taxing jurisdictions from projected increases in real property, BPP, hotel occupancy, and sales taxes is an estimated \$1.485 billion (NPV \$610 million).
- A minimum of \$100 million in new investment is expected to occur within the first 5 years.
- The TIF proposal scored a total of 85 out of 100 possible criteria points.

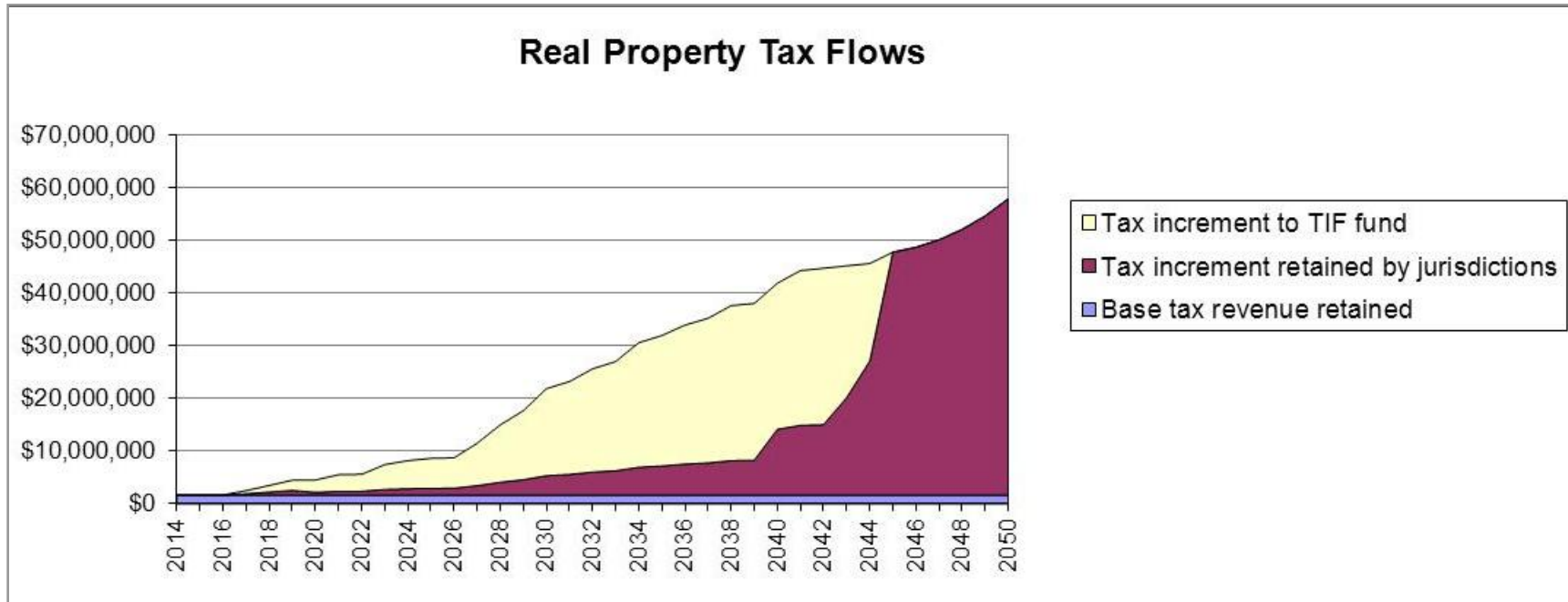
Financial Performance Evaluation

Mall Area Redevelopment TIF District - Financial Summary							
Taxing Jurisdictions	Total Increment Revenues to Taxing Jurisdictions (General Funds) and TIF Fund					Less	Net Benefit
	Real Property Tax Increment	BPP Tax Increment	Sales Tax Increment	Hotel Occupancy Tax Increment	Total Tax Increment	Contribution to TIF Fund	
Participating Jurisdictions							
City of Dallas	\$184,840,230	\$11,476,877	\$31,584,072	\$59,862,595	\$287,763,774	\$161,308,221	\$126,455,553
Dallas County	\$56,379,749	\$3,500,663	-	-	\$59,880,412	\$21,639,385	\$38,241,028
Other Jurisdictions							
DISD	\$297,341,137	\$18,462,148	-	-	\$315,803,285	\$0	\$315,803,285
DCHD	\$64,009,916	\$3,974,427	-	-	\$67,984,343	\$0	\$67,984,343
DCCCD	\$28,920,422	\$1,795,692	-	-	\$30,716,114	\$0	\$30,716,114
DART	-	-	\$31,584,072	-	\$31,584,072	\$0	\$31,584,072
Total	\$631,491,454	\$39,209,807	\$63,168,144	\$59,862,595	\$793,732,000	\$182,947,606	\$610,784,394
% of Total Tax Revenue	79.56%	4.94%	7.96%	7.54%	100.00%		

Notes:

TIF District Term (years)	30	(1) All values are projections and expressed in year 2014 dollars with the exception of windfall values which are expressed in nominal dollars.
Estimated TIF Fund Collection Period (years)	29	(2) The legal TIF life will be set at 30 years. Based on projections, TIF collections will begin in 2016 and continue for 29 years (through 2044), at which time the budget cap of \$173.9 million (2014 dollars) is expected to be reached.
Windfall* to City of Dallas in 2045 (one year after TIF expiration)	\$54,285,295	(3) Projections assume City participation for 29 years at varying rates and County participation for 20 years at 55%.
Windfall** to Dallas County in 2045 (one year after TIF expiration)	\$11,526,112	
		*Windwall for the City of Dallas is defined as total new tax revenue (real property, business personal property, hotel occupancy, and sales) generated as a result of new development in the TIF District in the year after the TIF District expires.
		**Windwall for Dallas County is defined as total new tax revenue (real property and business personal property) generated as a result of new development in the TIF District in the year after the TIF District expires.

Real Property Tax Flows



Public Policy Evaluation

- Achievement of mixed income goals is required for residential projects to be eligible for TIF funding.
- Urban design guidelines will be developed through the TIF board of directors (consistent with PD 887 zoning).
- Preferential hiring of neighborhood residents for new jobs created is incorporated in the TIF plan and will be required in development agreements.
- The TIF district will enhance and leverage the \$2.7 billion LBJ Express highway improvement project (under construction) as well as \$5-6 million in City and County bond funds for Montfort-IH 635 area-wide road improvements and \$4 million in City (DWU) bond funds for Montfort-IH 635 area-wide wastewater improvements (expected in next 3 years).

Public Policy Evaluation

- The TIF district enhances core commercial assets (Galleria-Valley View Mall area and Southwest Center Mall area) located at the crossroads of key transportation corridors (Dallas North Tollway, LBJ Freeway, Highway 67, Preston Road, Westmoreland Road, Camp Wisdom Road, etc.).
- The TIF district provides direct benefits to distressed areas.
- Fair share guidelines for private investment is incorporated in the TIF plan.
- TIF district facilitates the provision of parks and open space.
- The TIF proposal scores a total of 85 out of 100 possible policy criteria points.

State Cap and FMPC Policy Evaluation

- Per state law, the City of Dallas may not designate a tax increment reinvestment zone if the total appraised value of taxable real property in the proposed zone and in existing reinvestment zones exceeds 25% of the total appraised value of taxable real property in the city. Based on the 2013 certified tax roll, the total appraised value of the proposed zone and other existing reinvestment zones is approximately **10%** of the total appraised value of taxable real property in the City of Dallas.
- Per the City of Dallas Financial Management Performance Criteria (FMPC), no reinvestment zone can be created if the total real property tax base of all active tax increment reinvestment zones plus the total real property and business personal property tax base of all tax abatement reinvestment zones exceeds 10% of the total tax base (all real and business personal property) of the City. Based on the 2013 certified tax roll, the total real property tax base of all active tax increment reinvestment zones plus the total real property and business personal property tax base of all tax abatement reinvestment zones is approximately **8.87%** of the total tax base (all real and business personal property) of the City.

Memorandum



CITY OF DALLAS

DATE April 4, 2014

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

SUBJECT **Statler/Library/Jackson Street Project Downtown Connection TIF District**

On Monday, April 7, 2014 the Economic Development Committee will be briefed on Statler/Library/Jackson Street Project Downtown Connection TIF District

Briefing material is attached.

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

A handwritten signature in black ink, appearing to read 'Ry - S. Evans'.

Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M. S. Ernst, City Attorney
Judge Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
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
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Statler/Library/Jackson Street Project
Downtown Connection TIF District

Economic Development Committee

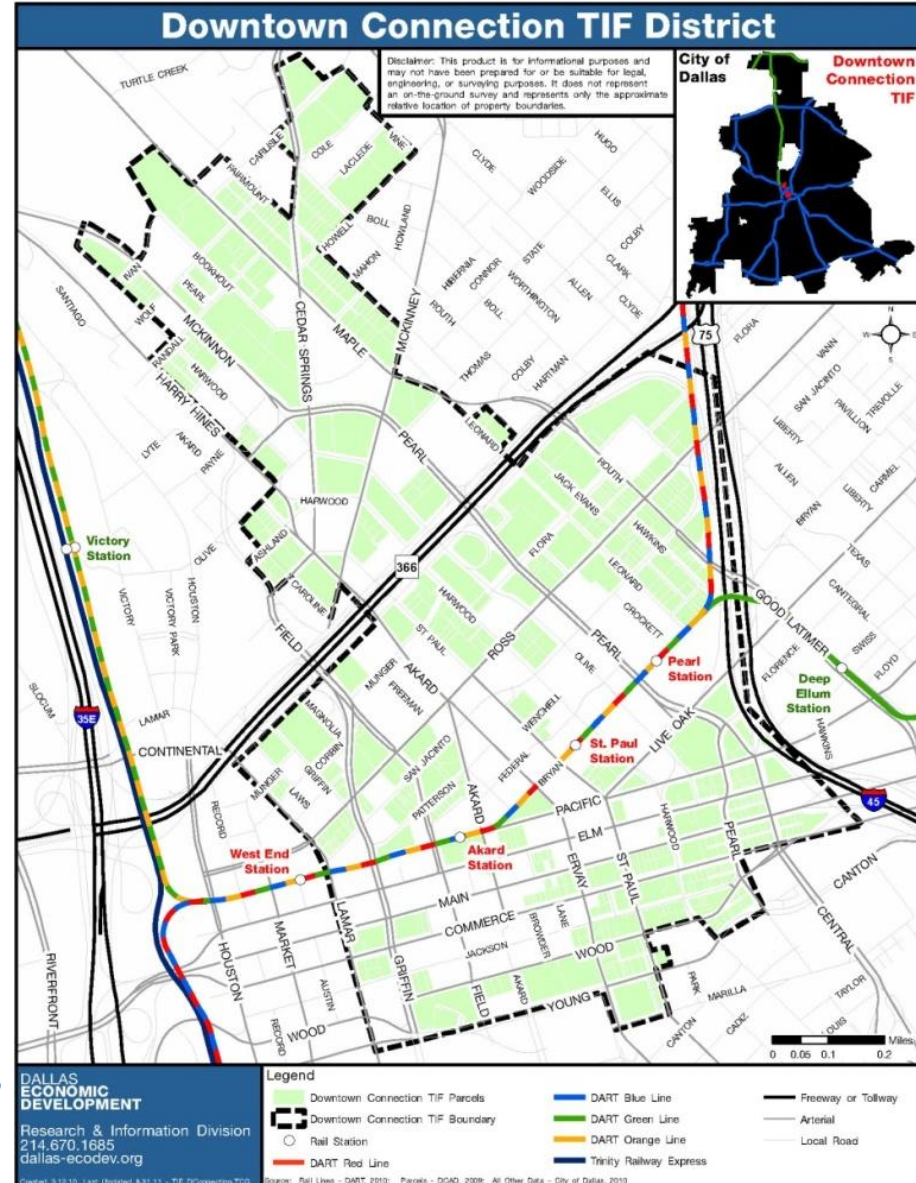
April 7, 2014

Purpose

- Provide background information on Downtown Connection TIF District
- Review the Statler/Library/Jackson Street Project
- Review Budget Status of Downtown Connection TIF District
- Obtain Economic Development Committee's approval for consideration of the project by City Council on April 23, 2014

Downtown Connection TIF District Background

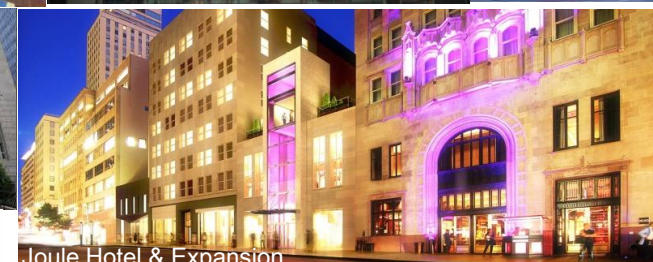
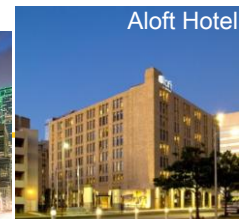
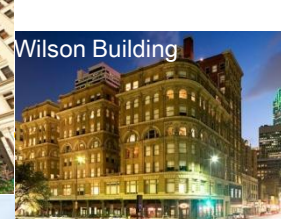
- Created June 2005
- Project Plan and Reinvestment Zone Financing Plan originally approved August 2005, amended May 2013 to increase budget for district
- Expires December 31, 2035, or when approximately \$500.7 million in TIF increment has been collected (NPV of \$231.6 million)
- Established to fund projects creating a greater density/critical mass of development within an expanded Downtown core with focus on strengthening connectivity to/between the core and growing downtown areas



Downtown TIF Districts

Downtown Progress

- Over 10 million square feet of space has been renovated (35 buildings) or currently under renovation (8 buildings)
- Approx. 7.8 million square feet of vacant building space has been renovated and repurposed
 - Davis Building
 - Mosaic
 - Mercantile
 - Third Rail Lofts
 - Magnolia Hotel
 - 1505 Elm
 - Joule Hotel & Expansion
 - Aloft Hotel
 - CityWalk @ Akard
 - Interurban Building
 - Metropolitan
 - Kirby Building
 - Wilson Building
 - DP&L Buildings
 - Iron Cactus
 - Lone Star Gas Lofts Ph 1
 - Continental
 - Republic Tower
 - Old Post Office
 - Gulf States
- Another 2.6 million square feet vacant building space is currently under renovation or planned for renovation
 - One Dallas Center
 - Tower Petroleum
 - 500 South Ervay
 - Lone Star Gas Lofts Ph 2
 - Corrigan Tower
 - 211 N. Ervay
 - 1600 Pacific Ave.



Downtown Connection TIF District

Statler/Library Buildings Background

Statler Hilton Building – 1914 Commerce Street

- Originally opened 1956 as Statler Hilton Hotel (1,000 rooms)
- Designed by William Tabler
- Changed ownership 1988, renamed Grand Hotel
- Closed in 2001, vacant for 13 years
- In 2008, named to the America's 11 Most Endangered Historic Places List by the National Trust for Historic Preservation.



Old Dallas Central Library – 1954 Commerce Street

- Originally constructed in 1958 as the Dallas Public Library
- Building has been vacant since 1982 when the public library moved to its current location, the J. Erik Jonsson building



Statler/Library Buildings

Previous TIF Funding

- June 2011, City Council approved a development agreement with Ricchi Development Group (Ricchi) and TIF funding for redevelopment of the Statler and Library buildings
 - Statler – \$13,168,950
 - Library – \$3,020,350
- In 2013, the TIF award for the project was cancelled as a result of the developer not meeting project deadlines
- Those funds were reallocated to the current TIF funding request under consideration
- August 2013, Centurion Acquisitions L.P. entered into a contract with Ricchi to purchase both buildings
- Closing is scheduled for the end of April 2014
- If buildings are not purchased by Centurion, the buildings will go back to the original Chinese owner potentially delaying redevelopment indefinitely

Statler/Library/Jackson Street Project

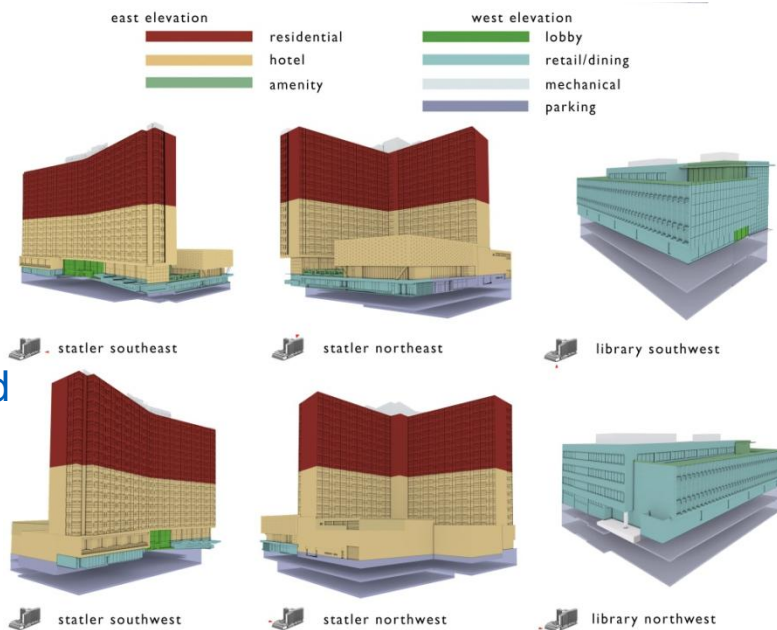
Project Description

- **Statler/Library Buildings:**

- **Residential** (Statler Only) – 229 Units (upper eleven stories)
- **Hotel Rooms** (Statler Only) – 164 rooms (middle five stories)
- **Restaurant/Retail** (Statler Only) – 33,695 square feet
- **Office Space** (Library Only)– 78,378 square feet
- **Hotel Amenity Space** (Both Buildings) – 31,571 square feet (ballrooms, meeting spaces, lounge/bar)
- **Theater** (Both Buildings)- 13,926 square feet
- **Parking** – 234 spaces (beneath building)

- **Jackson Street:**

- **Parking** – 58 space below ground garage (existing)
- **New Construction** - 93,200 above ground parking garage
 - 215 parking spaces
 - 9,700 square feet ground floor retail
- **Surface Parking** – 54 spaces



Statler/Library/Jackson Street Project

Project Description (continued)

- **Project Cost:** \$175,299,650
- **Start Construction:** 12/31/2014
- **Complete Construction:** 10/01/2017
- **Design Review:** Design Peer Review Panel (10/25/2013) reviewed and approved design of project
- **State and Federal Historic Tax Credits:** Developer will seek state and federal historic tax credits for the project



view of the north elevation of the statler



view sw of library at corner of s harwood & commerce



night view of new retail/vehicle park



view southeast of statler



view across main street garden toward commerce st

Statler/Library/Jackson Street Project

Project Map

- Project includes redevelopment of the Old Statler and Library Buildings and surface parking lots at the northeast and southeast corners of the Jackson and S. Harwood Streets



Statler/Library/Jackson Street Project

Strategic Importance

- Redevelops key buildings adjacent to Main Street Garden Park
- Revitalizes and transforms a dormant and underutilized segment of downtown
- Compliments adjacent redevelopment projects: Continental Building and Atmos Complex
- Begins to bridge the gap between the Main Street core, Farmer's Market and Deep Ellum
- Creates street front retail on Commerce Street
- Provides transient parking essential to developing and maintaining an active retail corridor
- Creates jobs downtown
- Removes over 669,000 (both buildings) square feet of space from the downtown's vacant building inventory

Statler/Library/Jackson Street Project

Project Team

- **Developer: Centurion American** - Since 1990, Centurion has developed well over 10,000 single-family lots in dozens of premier communities surrounding North Texas. Centurion has demonstrated the ability to successfully work with investors, land-owners, financial institutions, and vendors to acquire over 15,000 acres of land inventory for a diverse mix of developments in size and scope and has delivered award winning communities with impeccable amenities
 - **Mehrdad Moayed**, President CEO - More than 25 years of hands-on experience in the development industry
 - **Urban Development Projects**
 - Stoneleigh Residences – Redevelopment of the Stoneleigh condominium tower in Uptown
 - 22 story residential high rise
 - 70 luxury condos
 - Three Thousand Flora – 49 townhomes near downtown
- **Architect: Merriman Associates/Architects**
 - **Jerry Merriman**, President and Founder – has over 35 years of experience with over 300 municipalities nationwide, and numerous countries internationally
 - **Downtown Projects**
 - Mosaic
 - Continental
 - Gulf States
 - Lone Star Gas Lofts
 - 1414 Elm
 - 1401 Elm Street
 - Energy Plaza
 - Corrigan Tower



Statler/Library/Jackson Street Project

Project Funding Sources and Uses

Sources	Amount	%	Uses
Private Equity	\$33,736,650	19%	Acquisition and Construction
Loan	\$90,563,000	52%	Construction
Historic Tax Credits	\$51,000,000	29%	Construction
\$175,299,650			

Statler/Library/Jackson Street Project

Proposed TIF Funding

- Portion of TIF funds will reimburse streetscape and utility improvements.
- Majority of funding commitment is an Economic Development TIF Grant, to make the project viable
- The project would not occur, but for TIF funding

Description	Amount
Redevelopment of Vacant/Underutilized Downtown Buildings	
<i>Streetscape Improvements</i> (includes utilities, design, engineering and architectural costs)	\$3,000,000
<i>Economic Development TIF Grant</i> (offsets portion of costs for stair park only)	\$43,500,000
Total TIF Base Funding Proposed	\$46,500,000

Statler/Library/Jackson Street Project

TIF Board Funding Recommendation

- On March 27, 2014, the Downtown Connection TIF District Board of Directors reviewed and approved TIF funding for the Statler/Library/Jackson Street project in an amount not to exceed \$46,500,000, of which \$43,500,000 is in the form of an Economic Development TIF Grant.

Statler/Library/Jackson Street Project

Highlights of TIF Funding Conditions

- Minimum private investment \$120,000,000, acquisition, construction and construction related soft costs;
- Minimum private investment shall include \$16,000,000 for the following TIF Eligible expenditures associated with the Project
 - Environmental Remediation/Demolition – minimum \$3,500,000
 - Historic Façade Restoration – minimum \$9,000,000
 - Streetscape Improvements – minimum \$3,500,000
- Redevelopment shall include a minimum of 400,000 square feet:
 - Minimum 30,000 square feet of retail/restaurant space.
 - Minimum 160,000 square feet (approximately 170 residential units) of residential space,
 - Minimum 10,000 square feet of theater space
 - Minimum 120,000 square feet of hotel space
 - Minimum 80,000 square feet of new parking garage construction
- Start construction and/or demolition for the Project by June 30, 2014;
- Certificate of Occupancy (CO) for the Project by October 1, 2017;
- 25% of total net leasable commercial (non-residential) space with a minimum of 50% of ground floor space that front onto a street must be occupied prior to TIF payment;
- Project shall be managed by a management company acceptable to Director;

Statler/Library/Jackson Street Project

Highlights of TIF Funding Conditions (Continued)

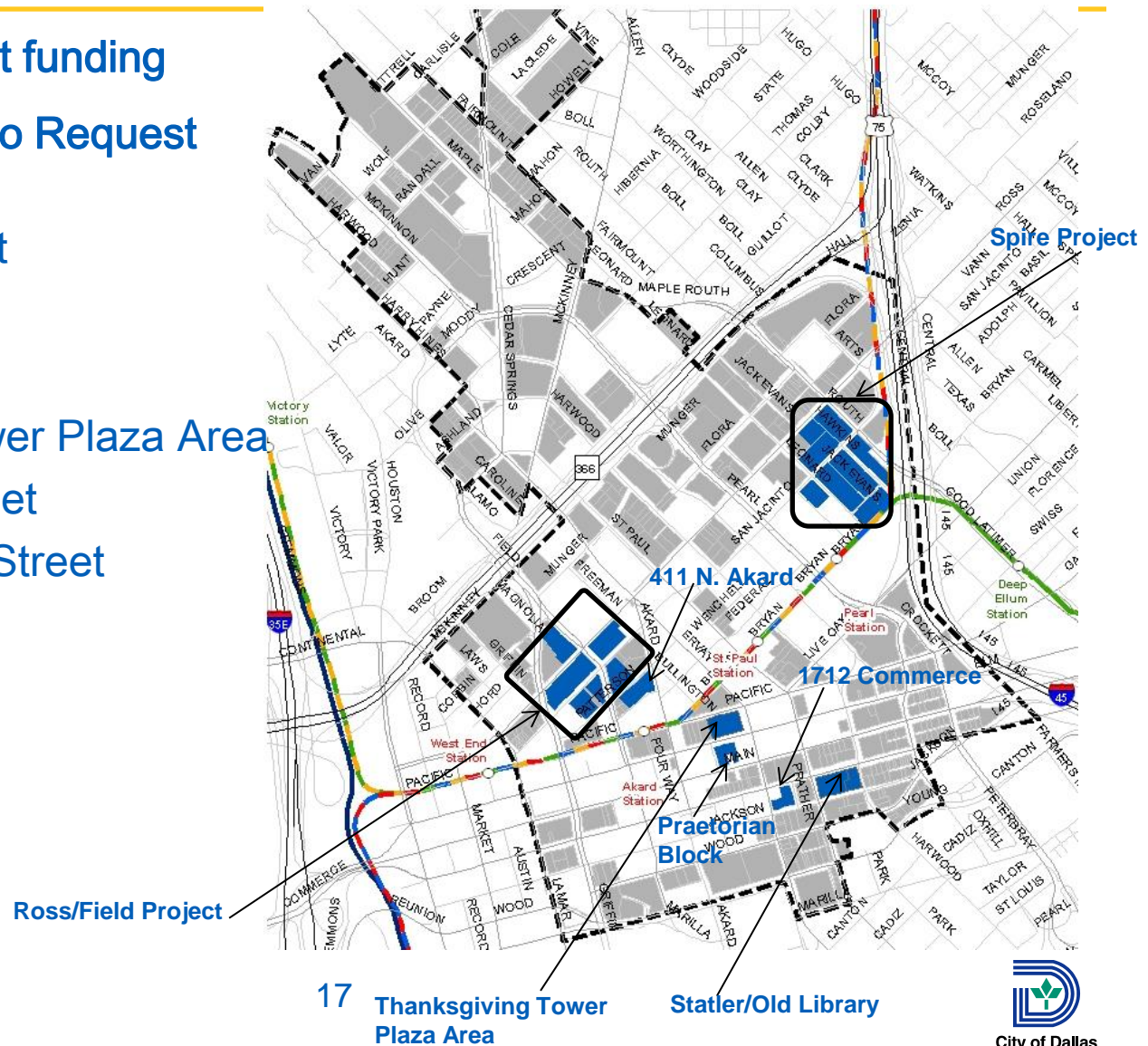
- **Mixed Income Housing Requirement:** A minimum of 10% of the Project's residential units must comply with the City's Mixed Income Housing Guidelines for the City Center TIF District;
- Market the apartments pursuant to an affirmative fair housing marketing plan;
- Final acceptance of public infrastructure improvements from Public Works and Transportation Department by October 1, 2017;
- Execute Operating and Maintenance agreement for public infrastructure improvements by October 1, 2017, for 20 years;
- Construction shall be in general conformance with site plans approved by the Downtown Connection TIF Board of Directors and Dallas City Council;
- Submit quarterly status reports for ongoing work on the project;
- 25% MWBE participation for TIF reimbursable improvements; 25% Good Faith Effort for private construction;
- Project deadline can be extended 12 months, with Director and Downtown Connection TIF District Board of Directors approval.

Remaining Downtown Projects/Priorities

\$44.9M left for project funding

Projects Anticipated to Request TIF Funding

- Ross/Field Project
- Spire Project
- Praetorian Block
- Thanksgiving Tower Plaza Area
- 411 N. Akard Street
- 1712 Commerce Street



Recommendation

- Staff requests ECO Committee's approval of consideration of a development agreement with Centurion Acquisitions, L.P. for TIF reimbursement not to exceed \$46,500,000, of which \$43,500,000 is in the form of an Economic Development TIF Grant for the Statler/Library/Jackson Street project by City Council at their April 23, 2014 Council meeting.

APPENDICES

Appendix A: Project Requirements/Other Information

Statler/Library/Jackson Street Project	
Minimum Residential Space (required)	141,000 s.f. Approx. 170 Units
Minimum Affordable Housing Units	17 Units or 10% of Total Residential Units
Minimum Hotel Space	110,000 s.f.
Minimum Retail Space	40,000 s.f.
Minimum Theater Space	10,000 s.f.
Parking Garage (new construction)	90,000 s.f.
Total Parking Spaces for Project	507
Required Private Investment – (acquisition, construction hard and soft costs)	Min. 120,000,000
Expected Total Project Cost	\$175,299,650
TIF Funding	\$46,500,000
% TIF funds to total project cost	28.52%
Return on Cost without TIF	4.1%
Return on Cost with TIF	5.8%
Deadline to Obtain Building Permit	December 31, 2014
Deadline to Obtain Final CO	October 1, 2017

Appendix B: Statler/Library/Jackson Street Project

Project Proforma

Statler/Library/Jackson Street Project				
Downtown Connection TIF District				
PROJECT DESCRIPTION:		210, 300 and 308 S. Harwood St. and 2003 Jackson St.		
PROJECT TYPE:		Mixed Use		
CONSTRUCTION START DATE:		December 31, 2014		
PROJECT SCHEDULE:		October 1, 2017		
Residential Units		SF	# of Units	
Total/Avg		235,693	229	
Use Breakdown		SF	Total Leasable SF (entire project)	
Residential		187,693	534,414	
Hotel		118,161		
Retail		43,665	Total Existing Bldg SF (Gross) Statler/Library	
Theater		13,317	669,066	
Parking Garage		93,200		
Office		78,378		
Project Costs			Income	
Hard Cost	\$95,951,733		Residential Revenue	\$3,657,658
Soft Cost (less Developer Fee)	\$36,129,667		Hotel Revenue	\$9,034,670
Acquisition	\$25,618,250		Retail/Theater/Restaurant	\$1,077,683
Total Project Cost (without City \$)	\$157,699,650		Office	\$1,186,896
			Parking	\$332,087
			Total Income	\$15,288,993
Total Project Cost	\$157,699,650		Expenses	
TIF Assistance	\$46,500,000		Residential Operating Expense	(\$1,274,628)
Net Cost to Developer (after TIF reimbursement)	\$111,199,650		Hotel Operating Expense	(\$6,324,269)
			Parking Expense	(\$99,626)
			Office/Theater/Retail	(\$1,124,414)
			Total Expenses	(\$8,822,937)
			NOI	\$6,466,056
Return on Cost Analysis			Notes: Stabilized rates in 2020; Revenue reflects vacancy rates for Residential (10%), Hotel (35%), Parking (15%) and Retail (15%)	
NOI/Total Project Costs				
Return on Cost (without City \$)	4.1%			
Return on Cost (with City \$)	5.8%			

Note: Project Costs may increase by 10% based on Hotel flag

Downtown Connection TIF District

Reimbursement Queue

Downtown Connection TIF District
Reimbursement Queue
As of March 2014

Reimbursement Priority ¹	Project Name	Priority Date	Construction Status	Primary TIF Reimbursement	Maximum Interest	Total Eligible TIF Reimbursement	Project Generated Increment Only ⁴	Reimbursement Status
1	Stoneleigh Hotel	5/30/2010	Completed	\$2,500,000	\$0	\$2,500,000	Yes	To Be Paid
2	Hall Lone Star ²	5/30/2010	Completed	\$852,764	\$2,000,000	\$2,852,764	No	To Be Paid
3	Santa Fe IV - Aloft Hotel	5/30/2010	Completed	\$3,734,419	\$0	\$3,734,419	No	To Be Paid
4	Grand Ricchi Dallas - 1600 Pacific	10/26/2010	Completed	\$8,830,000	\$4,040,200	\$12,870,200	No	N/A
5	Joule Hotel Expansion	1/19/2011	Completed	\$20,658,500	\$0	\$20,658,500	No	N/A
6	Atmos Complex Phase I	6/20/2011	Completed	\$3,250,000	\$3,000,000	\$6,250,000	No	N/A
7	Joule Hotel Expansion Amendment	8/10/2011	Completed	\$3,194,409	\$0	\$3,194,409	No	N/A
8	Continental Building ³	9/16/2011	Completed	\$13,305,700	\$4,222,588	\$17,528,288	No	N/A
9	Atmos Complex Phase II	5/21/2013	Under Construction	\$11,750,000	\$5,000,000	\$16,750,000	No	N/A
10	Hall Lone Star Project - Phase II ²	8/22/2013	Under Construction	\$5,000,000	\$0	\$5,000,000	No	N/A
11	PetroCorrigan Project	2/13/2014	Under Construction	\$10,300,000	\$0	\$10,300,000	No	N/A
TBD	The Olympic	TBD	Approved	\$45,000,000	\$5,000,000	\$50,000,000	No	N/A
TBD	500 S. Ervay	TBD	Under Construction	\$5,000,000	\$0	\$5,000,000	Yes	N/A
TBD	LTV Tower Project	TBD	Approved	\$17,500,000	\$0	\$17,500,000	No	N/A
TBD	Statler/Library/Jackson Street	TBD	Under Consideration	\$46,500,000	\$0	\$46,500,000	No	N/A
						\$220,638,580		

Notes:

¹The priority ranking of an approved project is established by the submittal of evidence to the City of an executed construction loan and building permit for the project.

²Hall Lone Star Project, Phases I and II, is eligible to receive up to \$2M in interest. The full \$2M in interest is shown in Phase I of the project.

³The Total TIF Re`

⁴Based on the development agreement for the project, reimbursement may take the form of project generated increment only or project generated increment plus shared increment.

Downtown Connection TIF District

Budget Status

Budget values may fluctuate as a result of district property value changes as provided by DCAD, completion of projects within the district, changes in tax rates for taxing jurisdictions, etc.

Downtown Connection TIF District			
Current Projected Increment Revenues to Retire TIF Fund Obligations			
Category	B	C	B - C
	Estimated Total Dollar TIF Budget	Allocated ³	Estimated Total Dollar Balance
Catalyst Projects: - Environmental remediation, demolition, historic façade, restoration, street/utility improvements & streetscape improvements, land acquisition, and non project costs, including, but not limited to machinery, equipment, materials and supplies	\$68,000,000	\$68,000,000	\$0
Redevelopment of Vacant/Underutilized Downtown Buildings, Underdeveloped Parcels, Surface Parking Lots - Environmental remediation, interior/exterior demolition, historic façade restoration, street/utility improvements, land acquisition, TIF grants, affordable housing	\$265,504,895	\$220,638,580	\$44,866,315
Uptown/Downtown connection improvements	\$0	\$0	\$0
Park and plaza design and acquisition	\$3,243,249	\$0	\$3,243,249
Affordable Housing²	\$3,000,000	\$2,000,000	\$1,000,000
Retail Initiative/Streetscape Improvements	\$1,985,000	\$459,845	\$1,525,155
Downtown Area Plan	\$515,000	\$512,464	\$2,536
Administration and Implementation	\$8,132,568	\$798,136	\$7,334,432
Debt Service (Interest Only)	\$150,363,000	\$150,363,000	\$0
Total Project Costs	\$500,743,712	\$442,772,025	\$57,971,687
¹ TIF Budget shown above in total dollars; TIF Project Plan shows the budget in net present value			
² The Affordable Housing line item has been reduced by the amount of money allocated to the Continental project			
³ The Allocated total shown for the Redevelopment of Vacant/Underutilized Downtown Building line item reflects the total TIF District's commitment to projects currently in the Reimbursement Queue			

Memorandum



DATE April 4, 2014

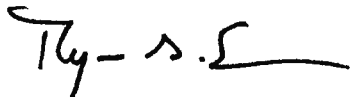
TO Members of the Economic Development Committee:
Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano,
Lee Kleinman, Jerry R. Allen

SUBJECT **Hatcher Station Village Medical Clinic**

On Monday, April 7, 2014 the Economic Development Committee will be briefed on the Hatcher Station Village Medical Clinic. The City Council will be asked to consider approval of the item on April 23, 2014.

A copy of the briefing material is attached. Staff will be available at the meeting to answer questions.

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



Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M. S. Ernst, City Attorney
Judge Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
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
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Hatcher Station Village Medical Clinic

Economic Development Committee

April 7, 2014



Briefing Purpose

Project Overview

Funding Sources and Uses and proposed
City Sources

Approvals needed and recommended next
steps

Hatcher Station Village: Project Overview

Project

- 44,000 SF medical clinic to be leased by Parkland Health and Hospital System
- Approx. \$19.8 million project
- Sponsor: Frazier Revitalization, Inc.

Location

- Scyene Rd. and Hatcher St. in South Dallas/Fair Park
- Federally designated medically underserved area
- Located adjacent to DART's Hatcher Station



Hatcher Station Village: Project Location



Hatcher Station Village Medical Clinic



Project Overview: Tenant

Tenant: Parkland Health and Hospital System

- One of nation's largest publicly funded hospital networks
- In 1987, established Community-Oriented Primary Care (COPC) model to better serve Dallas County's poorest residents
- COPC has grown to 12 community health centers serving 450,000 patient visits annually

Project existing replace and expand Parkland's East Dallas Health Center at Baylor University Medical Center located on Live Oak into a new one-story facility closer to its primary clientele

Anticipated lease terms

- 25 year lease with Parkland having an option to purchase from FRI after NMTC compliance term (7 years)
- \$30/sq ft triple net

Rents from Parkland will retire project debt and may provide additional funds to further FRI's mission

Project Overview: Development Team

Sponsor: Frazier Revitalization, Inc.

- 501(c)(3) community development organization founded in 2005

Mission: Revitalize and transform Frazier through economic and cultural development

Sample real estate activities:

- Partnered with THDCA to construct houses in Dolphin Heights
- Land assemblage to support community redevelopment
- Active partner in the Frazier Neighborhood Master Plan and implementation process

Sample community activities:

- After school programs serving 120 at-risk elementary and middle school students annually
- Community-based coalition building and planning

Key Staff and Board Members:

- Dorothy Hopkins (President and CEO), Andrea Hills (Project Manager)
- Richard Knight (Chairman), Don Williams

Hill and Wilkinson will be General Contractor

Funding Sources and Uses

Total Project Cost: \$19.76 MM

NMTC Allocation: \$15 MM
(nets \$4.2 M to the project)

NMTC Investor:
JPMorgan Chase

Sources	
Chase Senior Debt	\$11,652,000
Forgivable Debt (City existing)	\$1,025,000
City - HUD Challenge Grant (existing)	\$200,000
City - PPP Grant	\$1,901,949
City - South Dallas / Fair Park Trust Fund Grant	\$200,000
NMTC Equity	\$4,284,750
FRI (funded equity)	\$500,000
Total	\$19,764,108
Uses	
Acquisition/Land	\$2,324,978
Hard Cost	\$12,840,004
Soft Costs (inc. financing)	\$3,588,626
NMTC Closing costs & Reserves	\$1,010,500
Total	\$19,764,108

Previous City Funding Support

The City has provided the following funds:

- \$1.025 M as a forgivable loan for land acquisition (PPP and 2006 Bond Funds) and demolition
- \$200,000 from the HUD's Community Challenge Grant for predevelopment (architecture, engineering, site planning and zoning)

Summary of Proposed Additional City Assistance

The City is proposing to provide the following additional funding:

- \$15 M in NMTC allocation
- Up to \$2,000,000 grant from PPP
- Real Property tax abatement of 90% for 10 years
- \$200,000 grant from the South Dallas Fair Park Trust Fund

NMTC Allocation

\$15 M allocation will net project about \$4.2 M in equity

- JP Morgan Chase anticipated to be the NMTC investor
- The Dallas Development Fund (City-controlled NMTC CDE) approved the NMTC allocation on March 28, 2014
- More information on NMTC financing can be found in Appendix A

PPP Grant

PPP grant not to exceed \$2 M to provide gap financing for project

Project meets PPP guidelines for minimum investment and job creation in Southern Dallas

Funds will be disbursed on a *pari passu* basis and likely to be administered by Chase as part of their disbursement process

(see Appendix B for PPP information)

Tax Abatement

A 90%/10 year real property abatement is proposed for added value to the real property in accordance with the Act and the City's Public/Private Partnership Guidelines and Criteria

Project is consistent with PPP guidelines for minimum investment and job creation in Southern Dallas

Estimated one-year value of abatement is \$92,101; ten-year value is \$921,000.

(see Appendix B for PPP information)

South Dallas Fair Park Trust Fund Grant

\$200,000 grant for land acquisition

To be used to complete land acquisition for the
project site

SDFPTF board approved March 26, 2014

Other Items Requiring Council Approval

Terms of existing loan agreement for forgivable loan need to be modified to add “Medical” as project type, clarify the CO date at March 31, 2015 and clarify the jobs purpose.

Deed Restriction Transfer

- Four properties (three land bank program, one land transfer program) need deed restriction transfers or modifications (will go to Housing Committee)
- Scheduled to go to Council May 14, 2014

Hatcher Station Village: Community Impacts

Healthcare

- Primary Care services (pediatrics, adults, and geriatrics)
To serve over 20,000 patients in 49,000 patient visits annually
- Women and Infant Specialty Health (WISH)
To serve over 7,000 patients in 17,000 patient visits annually
- Behavioral health, nutrition, radiology, and financial counseling

Jobs

- Over 110 FTE jobs
 - 19 FTE providers
 - 91 FTE nonproviders (nurses, medical assistants, nutritionists, etc.)

Catalytic TOD

- Located at Hatcher Station
- Identified as catalyst site in Hatcher Station Plan (Part of HUD TOD grant)
- First phase of larger development that will feature at least 18,000 SF of community-focused commercial space



Recommended Next Steps

Economic Development Committee recommendation for Council action on April 23 (three agenda items/five resolutions)

- Approval of \$15 M NMTC allocation
- Approval of \$200,000 South Dallas Fair Park Trust Fund grant
- Approval of new PPP grant not to exceed \$2,000,000
- Approval of tax abatement (10 year, 90%)
- Approval of loan modifications to existing loan agreements (for forgivable loan)

Project closing projected late Spring 2014

PPP program information

APPENDIX A

PPP Information

Eligibility Requirements

Each geographic area of the City has a minimum requirement in order to be considered for incentives:

- **Southern Dallas:** Projects must create/retain 25 jobs or provide \$1 million of investment;
- **Northern Dallas and Central Business District:** Projects must create/retain 150 jobs or provide \$10 million of investment; and
- **Non-Conforming Projects:** Projects will be considered on a case-by-case basis.

Tax Abatement

Temporary abatement of either real estate or personal property taxes. Recipient firms must meet primary considerations of capital improvements and job creation/retention.

Business Development Chapter 380 Grant Program

Companies considering a relocation/expansion or new commercial development may be eligible for a grant in lieu of tax abatement or to defray project costs such as: land purchase, building costs, public infrastructure costs, development fees, right of way abandonment fees, loan guarantees, training costs, relocation costs, etc. Grants will be considered on a case-by-case basis and are subject to funding limitations and investment/job eligibility requirements. Companies will be required to meet eligibility requirements of the Public/Private Partnership Program.

FRI Project:

Investment:

\$12.1 M (non-city or city-related)

Jobs:

110 (19 provider, 91 non-provider)

Avg. salary: \$69,000, Avg. salary (non-provider only): \$51,000



NMTC program information

APPENDIX B

Review of the NMTC program

Permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in eligible projects

In 2009, Dallas created the Dallas Development Fund (DDF) as a qualified non-profit to apply for a U.S. Treasury NMTC allocation

The same year, the DDF was awarded a \$55 million allocation
Was awarded a second \$30 million allocation in 2012

Investments must be used in low-income communities

The credit provided to the investor equals \$.39 on the dollar of qualified equity investment to the project and is claimed over a 7-year credit allowance period

NMTCs encourage investment by providing up to 25% of total project costs

DDF has allocated \$61 million for five previously approved projects

Types of Eligible Projects

Allocation award depends on applicant's strategy to use the tax credits to support eligible development projects

DDF's application highlighted multiple types of projects for priority funding under the NMTC program:

- Transit-oriented development
- Job training facilities
- Mixed use (retail and housing)

Several types of projects are not eligible:

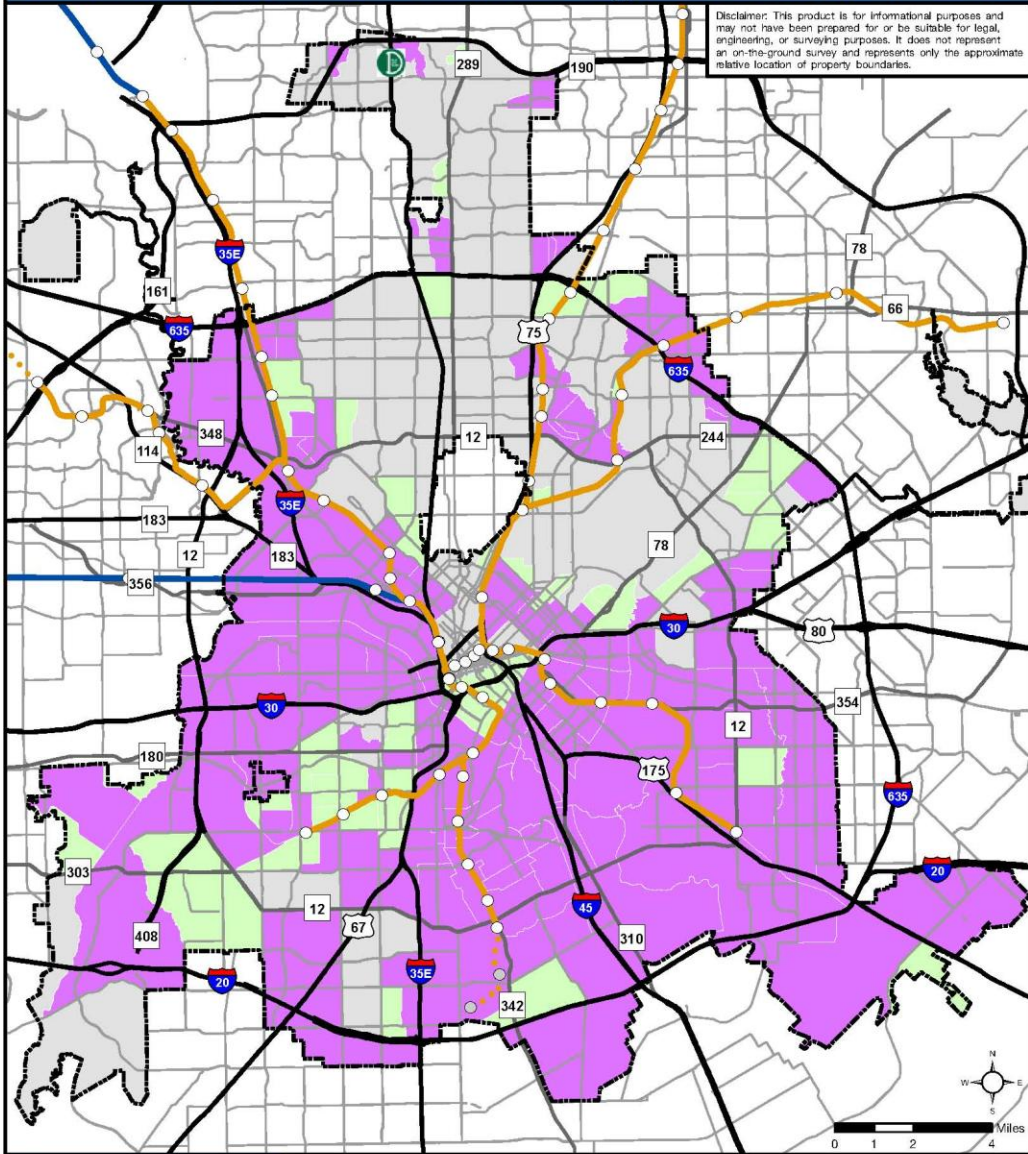
- Those that derive more than 80% of gross rental income from rental dwelling units
- Golf courses, race tracks, gambling facilities, country clubs, massage parlors, hot tub facilities, suntan facilities, liquor stores

All projects must be in NMTC-eligible areas

- Eligible areas determined by poverty rate, unemployment and median family income
- Distress criteria: 1) a poverty rate of at least 30 percent; 2) a median family income at or below 60 percent of the applicable area median family income; or 3) an unemployment rate at least 1.5 times the national average.

New Markets Tax Credits: Eligible Census Tracts

Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.



**DALLAS
ECONOMIC
DEVELOPMENT**

Research & Information Division
214.670.1685
dallas-ecodev.org

Created: 1/26/2009; Last Updated: 1/4/2013 - NMTC,TCO

Legend

NMTC Eligibility

- Eligible, Distressed
- Eligible

- Freeway or Tollway
- Highway
- Arterial
- City of Dallas

- Rail Station
- Future Station
- DART Light Rail
- Commuter Rail
- Future DART Light Rail

Source: Eligibility - CDFI Fund, 2012; All Other Data - City of Dallas, 2013

Benefits of the NMTC program

An **additional financial tool** to achieve Dallas' development goals, particularly those in southern Dallas neighborhoods

- Focuses on (federally defined) Low-Income Communities and Low-Income Populations

Funds can be used for **debt, equity or “hybrid” financing**

- Projects include commercial, industrial, institutional, not-for-profit
- For-sale housing (challenging due to 7-year time frame)
- Mixed-use projects, with rental housing less than 80% of income
- Operating businesses

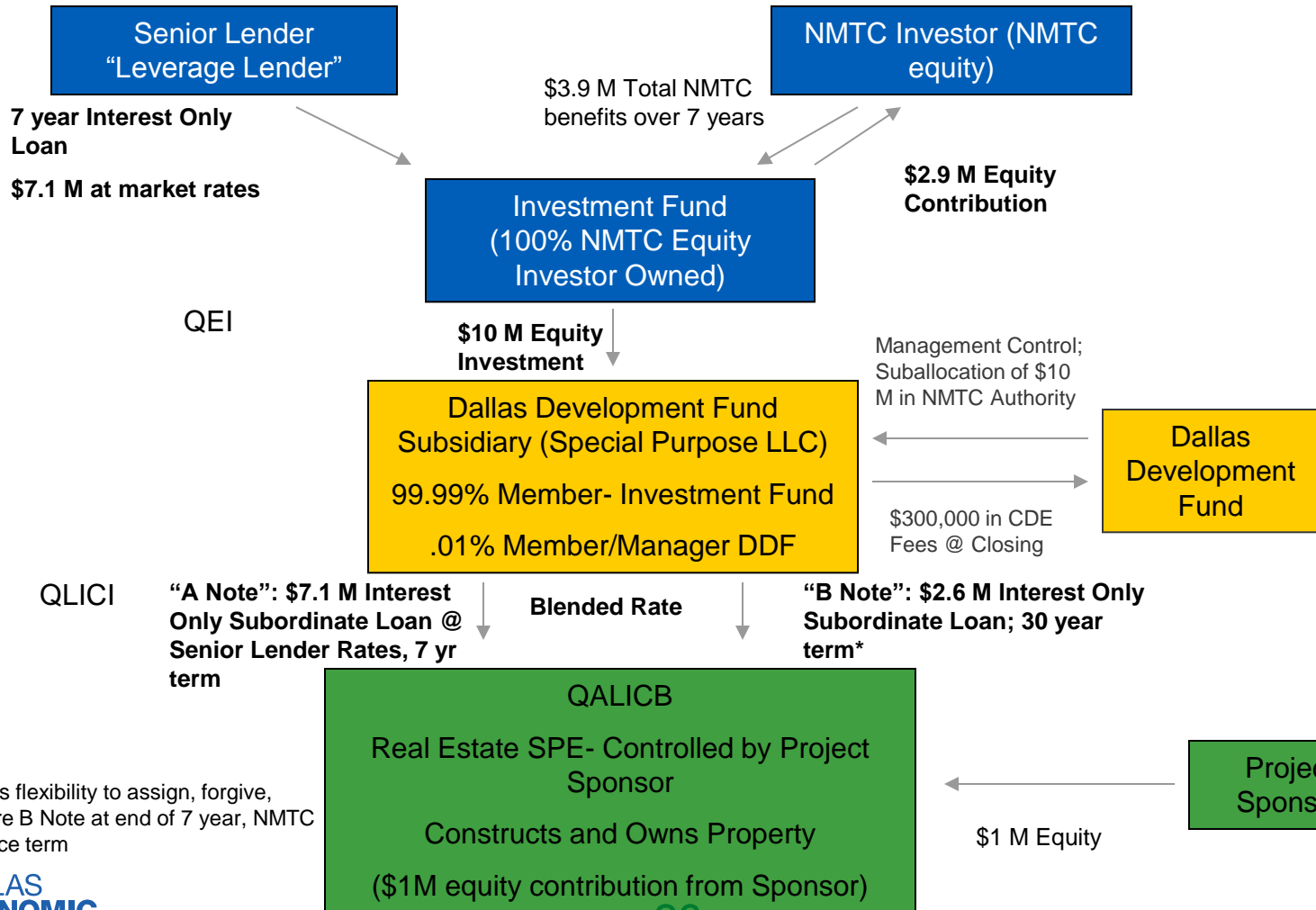
An important **supplemental layer** that complements conventional debt and equity financing as well as existing city subsidy programs.

Hatcher Station Village: DDF Investment Criteria

Location	<i>Southern Dallas</i>		<i>Distressed Community</i>	
	Yes, South Dallas/Fair Park neighborhood		Highly distressed tract with a 36% poverty rate, a median income of 32% of regional median, and 21% unemployment rate	
Proposed Uses	<i>Job Training</i>	<i>TOD</i>	<i>Mixed-use, community oriented</i>	
	No	Yes, located at DART's Hatcher Station	First phase of broader community-oriented redevelopment	
Need for NMTC	Yes – the project has a financing gap of approximately \$4 million due to senior lender's parameters, project location a distressed area of South Dallas and Sponsor's limited balance sheet			
Likely community impact	<i>Job creation for LIC</i>	<i>Increased wages LIC</i>	<i>LIC owned business?</i>	<i>M/WBE owned business?</i>
	Yes, over 110 jobs will locate at site	Yes	No	FRI's board is majority/minority (minority-controlled per CDFI Fund definition)
	<i>Community services business?</i>	<i>Facilitates wealth creation for LICs?</i>	<i>Provides goods or services to LICs?</i>	<i>Environmentally sustainable?</i>
	Yes	No	Yes	LEED equivalent, Transit oriented

Illustrative NMTC Use

Hypothetical \$11 M project using \$10 M in NMTC Allocation



* DDF has flexibility to assign, forgive, restructure B Note at end of 7 year, NMTC compliance term

Executive Session

Pursuant to §551.071 of TOMA

**-D.R. Horton – Texas, Ltd. Vs. The City of Dallas, Texas, Cause
No. DC-14-00682**

Memorandum



DATE April 4, 2014

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

SUBJECT **Two Podners Retail Eateries, LLC; April 23, 2014 Council Agenda**

On April 23, 2014, City Council will be asked to consider authorizing a Special Economic Development Loan in the amount of \$100,000 from the South Dallas Fair Park Trust Fund to Two Podners Retail Eateries, LLC for additional financing to develop a 11,000 square foot commercial building located at 1441 Robert B. Cullum in Dallas to expand Two Podner's Barbeque and Seafood Restaurant and add 6,500 square feet of retail space.

The loan will be secured by a 2nd Lien on the subject development. Repayment will be @ 3% interest over 60 months @ \$1,796.42 per month. Trust Fund monies will not be disbursed until 80% of the project is complete and funded.

Two Podners Retail Eateries, LLC is a development company created by Fred Conwright and James Runnels, owners of Two Podner's Barbeque and Seafood restaurant to develop a building for an expanded restaurant and other retail eateries. Two Podner's has operated in a 2,500 square foot facility at their current location in the South Dallas/Fair Park area for over 30 years.

The new development when fully tenanted is expected to create 40 – 50 FTE jobs. The total project cost is \$1,835,000. The developers, Fred Conwright and James Gunnels, will bring \$460K of equity to the project. The project will demolish the current facility and build a 4,500 square foot restaurant as the anchor tenant and add 6,500 square feet of additional space. The developers are in discussions with Del Taco, Krispy Cream, Subway and a Chinese takeout to fill the tenant space.

The development of the Property will further the City's goals for redevelopment in the Southern Dallas. The loan is contingent upon \$460K of equity from the Developer and approval of one million in conventional financing (Spirit Bank of Texas has issued a \$1,000,000 Commitment). A Chapter 380 Forgivable Loan in the amount of \$275,000 for "gap" financing for signage and equipment was approved by the Dallas City Council on February 12, 2014.

FISCAL INFORMATION

\$100,000 - South Dallas/Fair Park Trust Funds

OWNER

Two Podners Eateries, LLC

Fred Conwright, Partner
James Runnels, Partner

MAP

Attached.

RECOMMENDATION

Staff recommends approval of the subject item.

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



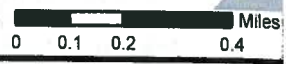
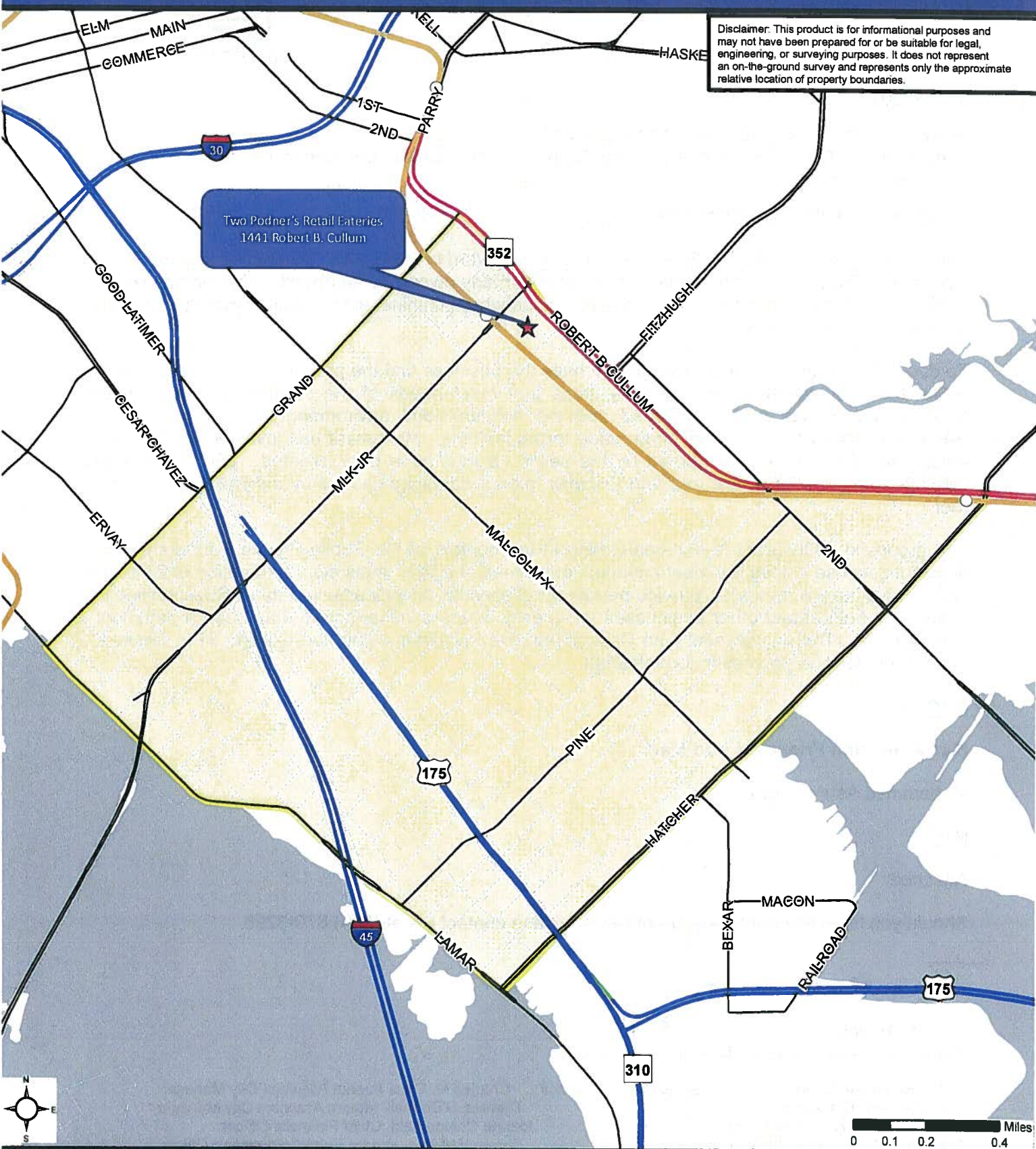
Ryan S. Evans
Interim First Assistant City Manager

- C: The Honorable Mayor and Members of the City Council
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Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Two Podner's Retail Eateries, LLC

Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

Two Podner's Retail Eateries
1441 Robert B. Cullum



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DEVELOPMENT
Research & Information Division
14.670.1685
allas-ecodev.org
Created 10/17/2012 12:10:16 Version: Cdd's ICG

Legend
 Program Boundary
 Rail Station
 DART Light Rail
 Source: City of Dallas, 2012

Freeway
 Highway
 Arterial
 Local Road
 Flood Plain

Memorandum



DATE April 4, 2014

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

SUBJECT **Marfy, Inc. dba Friendly Food Mart**

Friendly Food Mart, located at 2200 Cedar Crest Boulevard in Dallas, was purchased in April, 2013 by Mohammed Ashraf. The convenience store was formerly owned by an operator who had allowed the 7,500 facility to become an eyesore and a location where criminal activity was prevalent. There has been no reported crimes in 2014.

To date, \$547K has been expended to purchase the business and the property as well as to establish a fast food counter along with grocery items that meet needs of the surrounding neighborhood. Criminal activity has been eliminated and the neighborhood environment has visibly improved. Renovations of over \$50K have been made to the building. Mr. Ashraf has invested \$375K in cash equity and a \$172K note is carried by the seller. 5 jobs have been created. \$30K of additional funding is required for a new roof and to repair interior damages caused by the leaks in the existing roof.

The proposed \$30K grant is non-conforming in the context of the Public Private Partnership (PPP) program because it does not meet minimum guidelines of a \$1M investment or creation of 25 full time jobs. The store will, however, provide needed food services directly adjacent to a USDA certified food desert and help attract other businesses to an area where criminal activity has been a detriment to development. There is presently no Council approved program within the existing PPP structure to accommodate food services in food deserts.

OWNER

Marfy, Inc. dba Friendly Food Mart

Mohammed Ashraf, Owner

MAP

Attached

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

Ryan S. Evans
Interim First Assistant City Manager

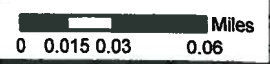
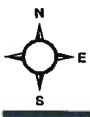
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Elsa Cantu, Assistant to the CMO – Mayor and Council

Friendly Food Mart

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Friendly Food Mart
2200 Cedar Crest Blvd.
Dallas, TX 75203



Legend

- Freeway
- Highway
- Arterial
- Local Road

Data Source - COD OED

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Research & Information Division
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dallas-ecodev.org
Created 03.27.14, Last Updated 03.27.14 - Friendly Food Mart.mxd

Memorandum



CITY OF DALLAS

DATE April 4, 2014

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

SUBJECT **Authorize approval of the re-establishment of the South Dallas/Fair Park Area Business Façade/Revitalization Program; April 23, 2014 Council Agenda**

On April 23, 2014, City Council will be asked to consider re-establishing the South Dallas/Fair Park Area Business (SDFPAB) Façade/Revitalization Program, which provides façade improvements for buildings with operating businesses along Martin Luther King Jr. Boulevard from Robert B. Cullum to SM Wright in order to improve curb appeal and promote Economic Development

BACKGROUND

The SDFPAB Façade/Revitalization Program was authorized by Resolution No. 12-0985, March 28, 2012, and received \$92,522 of CDBG funding to provide façade improvement grants up to \$20,000 to businesses within the South Dallas/Fair Park area under CDBG guidelines. The program has committed 100% of funding. Four (4) facades have been completed and a final façade's nearing completion, with tangible positive results.

MLK Boulevard enhancements are an important component of the Grow South Initiative. Building on the success of the first phase, re-establishment of the program will continue to address deteriorating property conditions and provide façade enhancements to buildings with operating businesses in order to spur further growth by increasing retail sales through improved aesthetic appeal.

SDFPAB Façade/Revitalization Program Goals

- Award façade improvement grants up to \$20,000 to building and/or eligible business owners to enhance the aesthetic appeal and promote economic viability of businesses along Martin Luther King Jr. BLVD. from Robert B. Cullum to SM Wright. Grant funding will be authorized through Administrative Action as authorized by Director, Office of Economic Development.
- The program will promote a positive/proactive business climate which encourages business retention/business expansion and will attract desirable new businesses.
- Building Owners applying for a façade improvement grant must maintain a 5 year lease with business operators located at property receiving façade improvements.

- Business Operators applying for a façade improvement grant must have a 5 year lease agreement and written approval of improvements with building owner.
- The Office of Economic Development (OED) will manage the SDFPAB Façade/Revitalization Program on behalf of the City of Dallas.

Staff recommends the City Council authorize the Office of Economic Development to administer the South Dallas/Fair Park Area Business Façade/Revitalization Program.

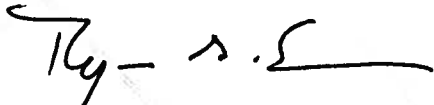
FISCAL INFORMATION

No Cost Consideration to the City

MAP

Attached.

Please contact me if you have any questions at 214-670-3296.

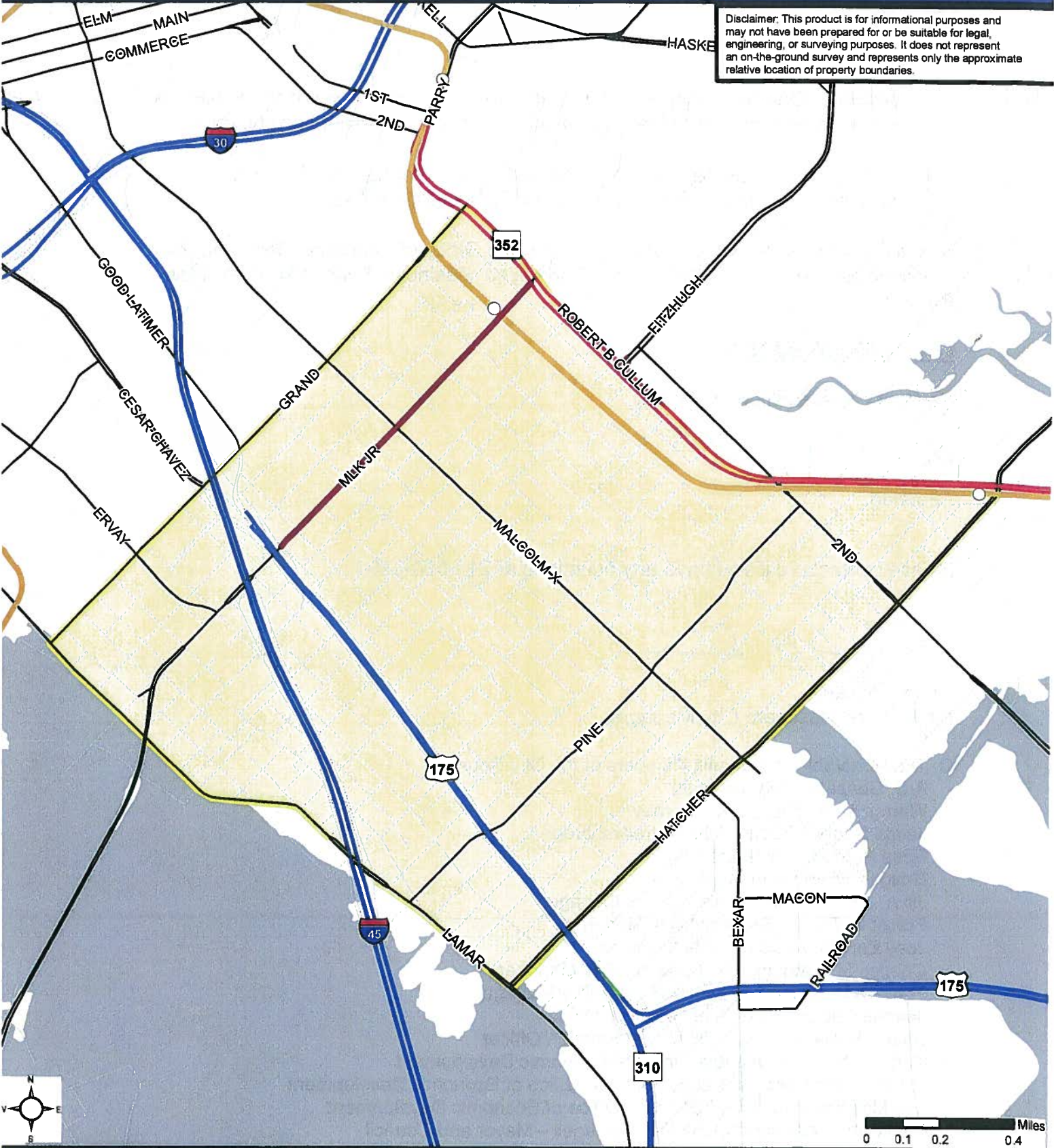


Ryan S. Evans
Interim First Assistant City Manager

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Shawn Williams, Interim Public Information Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Lee McKinney, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager – Mayor and Council

South Dallas/Fair Park Area Business Facade/Revitalization Program

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Created: 10/17/2012 Updated: 04/04/14 File # 04.04.Venue.Cobb

Legend

- Program Boundary
- Rail Station
- DART Light Rail
- Freeway
- Highway
- Arterial
- Flood Plain
- Local Road
- MLK Blvd Focus

Source: City of Dallas, 2014

Memorandum



DATE April 4, 2014

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

SUBJECT **Jefferson Tower Amendment – Council Agenda – April 23rd 2014**

On December 12, 2012, pursuant to Resolution No. 12-3014, the City Council authorized an economic development grant in the amount of \$1,500,000 to support the redevelopment of Jefferson Tower by Jefferson Monument, LLC, a single asset entity controlled by Jim Lake Companies, LLC. Due to additional unanticipated structural and demolition costs totaling \$1,058,000, further support is requested in order to avoid significant delays in portions of the project. Staff recommends amending the grant agreement to increase the amount of the economic development grant by \$345,000, from \$1,500,000 to \$1,845,000.

The developer's original plan was to recapitalize Jefferson Tower and actively manage the leasing and costs. The developer invested \$4,300,000 to acquire the property and budgeted \$3,960,000 (hard and soft costs) for retail renovation and finish out, facade renovation and the conversion/activation of 2nd floor over retail into 15 work/live lofts (700 square foot to 1,125 square foot) units. The addition of two 3rd floor roof top viewing decks, finish out of remaining office vacancies, paving of an additional parking lot, an architectural lighting package and a Jefferson Streetscape project would complete the development.

During the design phase of the project, unforeseen structural and demolition hurdles exceeded all planned contingency funds. With the required changes came increased costs of architectural and engineering expenses, resulting in an increase in planned hard costs by approximately \$1,900,000.

The developer, in discussions with the contractor, was able to reduce the estimated overage from \$1,900,000 to \$1,058,000 by making some substitutions and modifying specifications. In addition, the developer chose to delay some items, such as a sound system, a camera security system and re-surfacing/upgrading the existing Sunset Street parking lots, to allow construction to begin and stay within loan parameters.

The developer has begun extensive renovation and construction and is committed to bringing life to the street along Jefferson Boulevard. Without the proposed additional funding, project completion will be delayed and the benefits to the City reduced.

Background Continued

The updated scope of the Jefferson Tower project remains the same or has improved as a result of the proposed additional funds. For example:

- Still activating 15,869 sq. ft. of retail space;
- Originally planned 15 work/live lofts, final plans include 17 work/live units;
- Façade improvements, including awnings – larger than originally planned.

Jefferson Monument, LLC requests that the City Council authorize an amendment to the previously approved economic Development Grant from \$1,500,000 to \$1,845,000 to offset a portion of the project costs. In order for Jefferson Monument, LLC to receive the grant, it must invest a minimum of \$6,000,000 for the acquisition, redevelopment and other project related costs.

This project has a ten-year net fiscal impact to the City of -\$1,139,072 and a twenty-year net fiscal impact of \$109,597.

Project Details

Project Site: 301, 351, 375 Jefferson Blvd. & 304, 314, 316, 320, 324, 328 Sunset Ave.

Facilities: 109,667 SF gross / 81,843 leasable SF

Real Property Investment: Minimum of \$6 million

City Incentives

Economic Development Grant: Economic Development Grant \$345,000 (addition of \$345,000 to the previously authorized grant of \$1,500,000)

Proposed Estimated Schedule of the Project

Begin Construction January 2013

Substantial Completion March 2015

Fiscal Information

Public Private - \$345,000

Owner

Jefferson Monument, LLC
Jim Lake, Managing Partner

Staff

Jefferson Tower Amendment
April 4, 2014
Page 3 of 3

J. Hammond Perot, Assistant Director
Christopher O'Brien, Senior Coordinator

Recommendation

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3296.

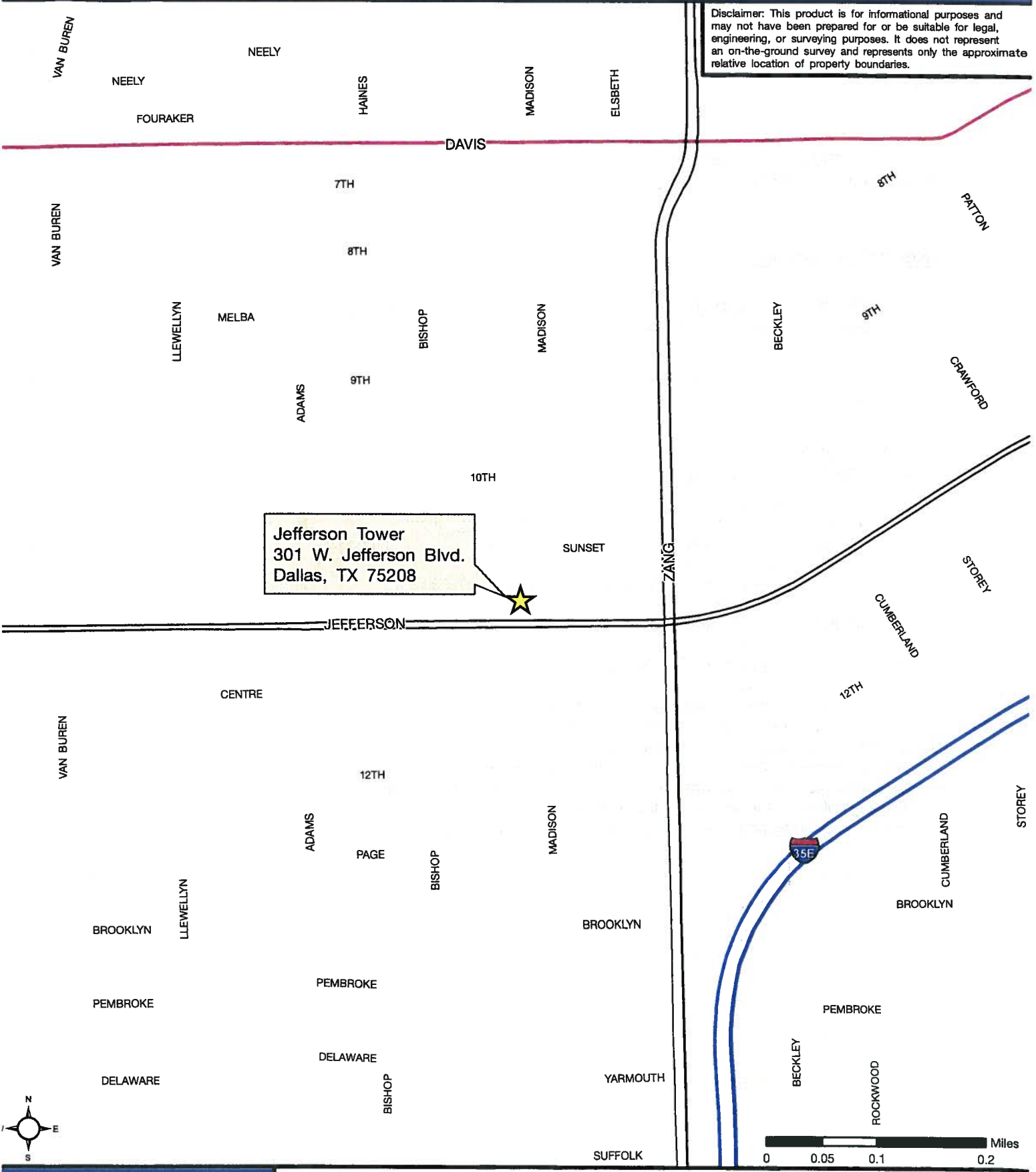
A handwritten signature in blue ink, appearing to read "Ry - S. Evans", with a long horizontal line extending to the right.

Ryan S. Evans
Interim First Assistant City Manager

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Jefferson Tower

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Jefferson Tower
301 W. Jefferson Blvd.
Dallas, TX 75208

Legend

- Freeway
- Highway
- Arterial
- Local Road

DALLAS ECONOMIC DEVELOPMENT
Research & Information Division
214.670.1685
dallas-ecodev.org

Source: City of Dallas, 2012

Memorandum



CITY OF DALLAS

DATE **April 4, 2014**

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

SUBJECT **Trinity Forest Golf Course Update**

The Company of the Trinity Forest Golfers, Inc. (CTFG) responsible for the development, management and operation of the Trinity Forest Golf Course, a championship golf course located off of Great Trinity Forest Way, has been in communication with the City regarding the next steps for the development. We are pleased to inform you that CTFG has informed us that the documentation demonstrating that \$20 million has been infused into the project (in the form of a letter of credit issued to the City of Dallas) and will be in place by the end of business on April 7, 2014. The documents will be held in escrow at a title company and will be released upon the City Council's approval of the April 9, 2014 agenda items.

As part of the development, management and operation agreement with the City, the City will pursue certain infrastructure improvements not to exceed \$12 million. These improvements include the remediation of closed landfills associated with the Simpkins Tract of land, the improvement of certain infrastructure to Elam Road including an 8-foot hike and bike trail, improved lighting and access along Great Trinity Forest Way Blvd, improved irrigation serving the Trinity Audubon Center and other associated public infrastructure improvements.

On the April 9, 2014 City Council Agenda, you will be asked to recommend the approval of contracts associated with the City's obligation. These contracts were included on the Addendum, and are listed below:

- Authorize a construction contract with L. D. Kemp Excavating, Inc., lowest responsible bidder of six, for closed landfill improvements associated with the Simpkins Remediation located at 5950 Elam Road, 6300 Great Trinity Forest Way Boulevard, and 809 Pemberton Hill Road - Not to exceed \$2,530,277
- Authorize Supplemental Agreement No. 1 to the engineering services contract with Terracon Consultants, Inc. for additional detailed environmental investigation, assessment, remedial designs, and coordination with Texas Commission on Environmental Quality (TCEQ) associated with Simpkins Remediation located at 5950 Elam Road and 6300 Great Trinity Forest Way Boulevard - Not to exceed \$273,720, from \$814,464 to \$1,088,184
- Authorize a professional services contract for engineering design services with Pacheco Koch Consulting Engineers, Inc. for improvements associated with the Elam Road and Simpkins Remediation - Not to exceed \$842,290

The project is on track to begin late this month with the construction of the championship golf course scheduled for completion in late 2015. The Company of the Trinity Forest Golfers anticipates completing the facilities associated with the course (i.e. Clubhouse, The First Tee Facility, other practice facilities, maintenance building and other structures and improvements) by late 2016. Over the course of the next 8-12 months, City staff will bring forward additional agenda items to address the remaining City obligations and anticipates future request from the CTFG to complete zoning requirement related to the overall development.

We will provide information to Council as milestones are met on this unique opportunity to reuse existing land and attract new visitors to the southern sector. Please contact me if you have questions.



Jill A. Jordan, P.E.
Assistant City Manager

C: The Honorable Mayor and Members of the City Council

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