

Memorandum



DATE January 3, 2014

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

SUBJECT **1210 South Lamar – Cherokee Lamar Associates LLC – Council Agenda
January 22, 2014**

Background

For the past several months, City staff has been in discussions with Cherokee Lamar Associates LLC (Cherokee Lamar), an affiliate of Matthews Holdings Southwest, Inc. regarding the potential development of a multi-family project consisting of approximately 280 residential units (245,000 square feet), ground floor retail (5,000 square feet) as well as a new 400+ stall parking garage located at 1210 South Lamar. Cherokee Lamar anticipates investing a total of \$28,739,000 on hard construction costs with the project. The company plans to begin work in the second quarter of 2014 and completing the project in two years.

In order to develop this project, Cherokee Lamar requests Council consideration of a 90 percent real property tax abatement for ten-years on the added tax value resulting from the improvements. The tax abatement will allow the project to move forward as it will ensure that the minimum return threshold for third party equity is achieved.

The project address is within the Cedars Tax Increment Finance (TIF) District. A tax abatement is sought for the project as opposed to support from the Cedars TIF District because the Cedars TIF District is set to expire in 2022. Given that substantial completion of the project will occur in approximately two years, the potential financial assistance from the Cedars TIF District was insufficient to achieve required returns. The proposed tax abatement will not negatively impact the anticipated reimbursement schedule for other projects within the Cedars TIF District. Pursuant to Chapter 311 of the Texas Tax Code, the abatement requires the approval of the Cedars TIF Board of Directors and City Council. The Cedars TIF Board recommended approval of the proposed tax abatement in December 2013. Further, as with any TIF district project, the project's design was evaluated by the City Design Studio and the Peer Review process.

Background Continued

In consideration of the incentives proposed, Cherokee Lamar will be required to: (1.) invest a minimum of \$27,000,000 in real property improvements and other related project costs such as design, engineering, architects, legal, financing fees, etc.; (2.) construct the development in a manner that is substantially compliant with the City Design Studio's Peer Review recommendations as determined by the City Design Studio staff; and, 3.) substantially complete the project by December 31, 2016. Staff recommends the proposed incentives.

Owner

Cherokee Lamar Associates LLC.
Kristian Teleki, Senior Vice President

Staff

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

Recommendation

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

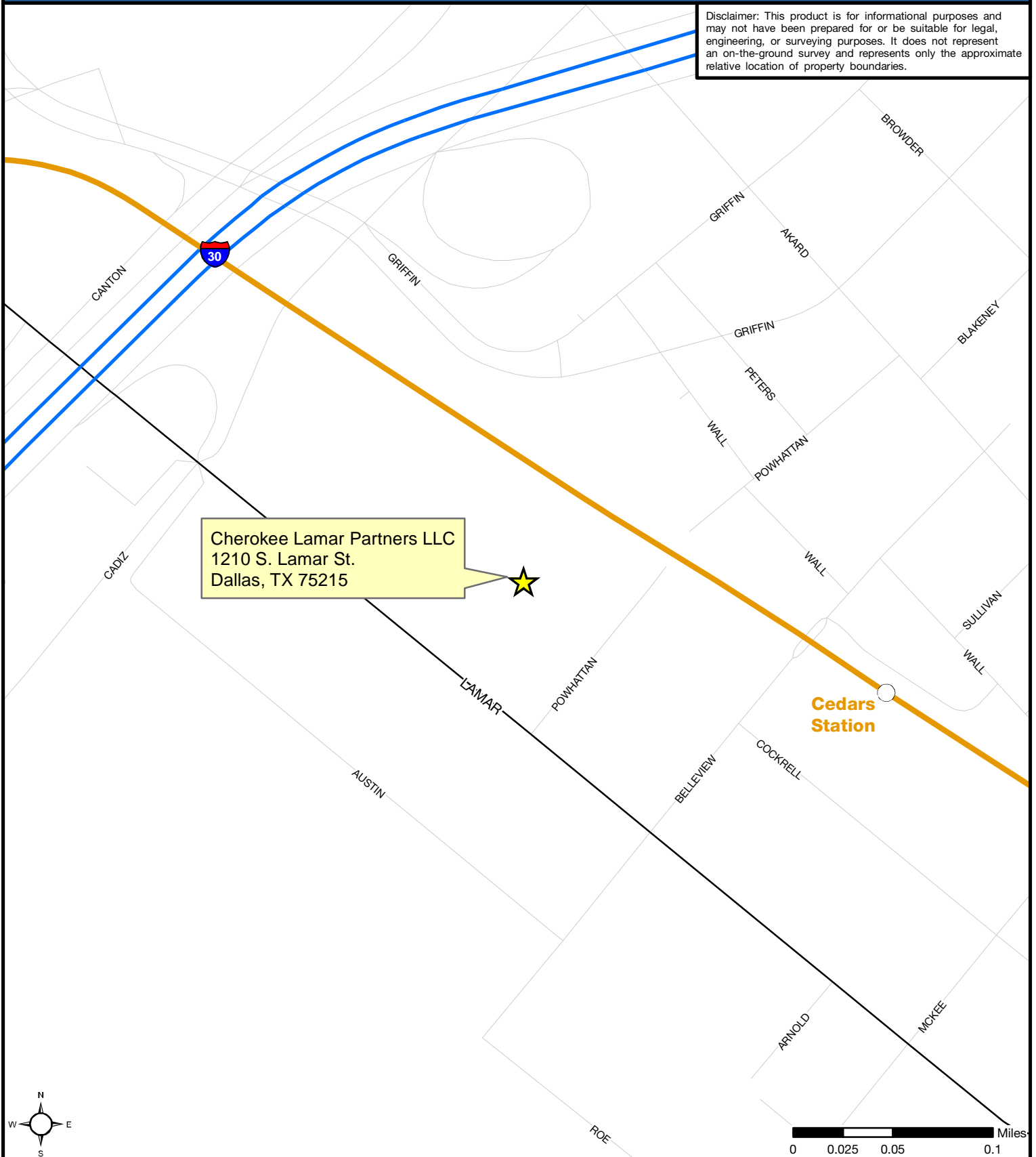


Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, Interim 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
Frank Libro, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

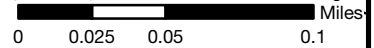
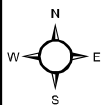
Cherokee Lamar Partners LLC

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.



Cherokee Lamar Partners LLC
1210 S. Lamar St.
Dallas, TX 75215

Cedars
Station



Legend

- Rail Station
- DART Light Rail

- Freeway
- Arterial
- Local Road

Memorandum



DATE January 3, 2014

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

SUBJECT **First Pinnacle Park – First Industrial Texas L.P. - Council Agenda January 22, 2014**

Background

For the past several months, City staff has been in discussions with First Industrial Realty Trust, Inc. (First Industrial) regarding a potential two-building distribution development to be located on land north of the intersection of Cockrell Hill Road and West Davis Street within Pinnacle Park south of IH-30. The proposed facilities would total approximately 598,138 s.f. and be owned by an affiliated entity, First Industrial Texas L.P. In order to develop this project, First Industrial requests council consideration of a 75 percent real property tax abatement for 8-years on added tax value resulting from the improvements to help offset costs associated with the property's topography.

The developer's plans call for Building A to be an approximately 376,424 s.f. cross-dock warehouse, and Building B to be an approximately 221,714 s.f. front load building. First Industrial anticipates investing approximately \$20 million on construction and related project costs for both facilities combined. The buildings are planned to be developed concurrently with construction commencing in March 2014 and completion desired in December 2014.

The City has worked with First Industrial for over a decade in an effort to facilitate this development. In September of the year 2000, the City Council approved a real property tax abatement of 90 percent for 10-years to assist the project. Even with the approved incentives, market conditions did not justify developing the property due to costs associated with leveling the site for development. Since the original project did not proceed, First Industrial did not receive the previously approved incentive. With the currently proposed tax abatement, the developer believes anticipated occupancy costs for tenants justify moving forward with the project.

In consideration of the proposed tax abatements, First Industrial will be required to: (1.) invest a minimum of \$18,000,000 in real property improvements and other related project costs such as design, engineering, architects, etc., and, (2.) substantially complete both building shells by June 30, 2015. Staff estimates that each building may eventually contain equipment and inventory of approximately \$25 million to \$35 million and house 50 to 150 jobs.

Background Continued

The forgone revenue associated with the proposed abatement is \$957,480. The 10-year net fiscal impact of this project is estimated at \$471,311 and staff recommends favorable consideration of the proposed incentives.

Since its inception in 1994, First Industrial has developed over 38 million square feet of industrial buildings at a cost of over \$1.7 billion. The company currently has 1.8 million s.f. of industrial buildings under construction in the U.S. at an estimated project cost of approximately \$129 million (excluding the proposed buildings in this item). Within the D/FW metropolitan area, the company owns fifty-seven buildings totaling 5,094,961 s.f. and has six buildings within the Dallas totaling 687,237 s.f.

Owner

First Industrial Texas L.P.
Royal Pratt, Area Director

Staff

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

Recommendation

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



Ryan S. Evans
Interim First Assistant City Manager

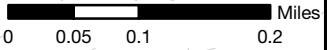
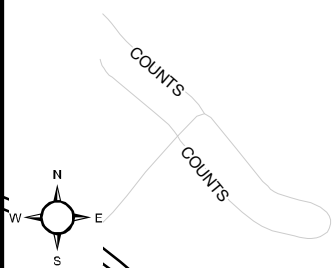
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First Pinnacle Logistics Center

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First Pinnacle Logistics Center
N. Cockrell Hill Rd.
Dallas, TX 75211



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

Legend

- City of Dallas
- Highway
- Arterial
- Local Road