

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** December 9, 2015  
**COUNCIL DISTRICT(S):** 6  
**DEPARTMENT:** Office of Economic Development  
**CMO:** Ryan S. Evans, 671-9837  
**MAPSCO:** 11A-P

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**SUBJECT**

Authorize a Chapter 380 economic development grant agreement with OneSource Virtual, Inc., in an amount not to exceed \$800,000 for the relocation and expansion of its U.S. headquarters to a new office facility at 9001 Cypress Waters Boulevard, in Dallas, pursuant to the Public/Private Partnership Program - Not to exceed \$800,000 - Financing: Public/Private Partnership Funds

**BACKGROUND**

For the past several months, city staff has been in discussions with representatives of OneSource Virtual, Inc., as they have been evaluating sites in Arizona and in the North Texas area for the relocation of its new U.S. headquarters.

The proposed economic development grant will stimulate OneSource Virtual, Inc., to relocate and expand its U.S. headquarters to a new approximately \$44.9 million office facility (approximately 217,169 square feet) speculatively developed by Billingsley Company within the Cypress Waters tax increment financing (TIF) district in Dallas. OneSource Virtual, Inc. will lease the facility for ten (10) years with two (2) additional 5-year renewal options and also anticipates investing approximately \$5 million in new business personal property with the project.

The new office facility is anticipated to be ready for occupancy by the end of 2016. By early 2017, OneSource Virtual, Inc. will have at least 900 full-time equivalents (FTEs) at the facility. By early 2019, OneSource Virtual, Inc., will have at least 1,300 FTEs at the facility. In recognition of the property's remote location and long-term capacity to increase the tax base, the City has previously committed Cypress Waters TIF funds to Billingsley Company in the amount of \$6,522,398 plus an additional grant not to exceed five percent (5%) of the actual expenditures made for the infrastructure serving Phase II (approximately 145 acres) of the Cypress Waters development, including this facility and other office facilities.

## **BACKGROUND** (Continued)

The terms of the proposed Chapter 380 economic development conditional grant agreement are as follows:

- OneSource Virtual, Inc., will be eligible for the first installment (\$300,000) of the proposed grant upon verification on or before March 31, 2017 of: (1) substantial completion on at least \$35 million in real property improvements associated with design, engineering, and construction (including hard and soft costs) of the facility, and (2) at least 900 FTEs at the facility.
- OneSource Virtual, Inc., will be eligible for the second installment (\$250,000) of the proposed grant upon verification that at least 900 FTEs have been maintained at the facility through March 31, 2018.
- OneSource Virtual, Inc., will be eligible for the third installment (\$250,000) of the proposed grant upon verification on or before March 31, 2019 that at least 1,300 FTEs are at the facility.
- If OneSource Virtual, Inc., attains at least 1,300 FTEs at the facility but fails to maintain at least 1,300 FTEs for a period of five (5) years beginning from the date of the third installment, then OneSource Virtual, Inc. will be required to reimburse the City in the amount of \$250,000.
- If OneSource Virtual, Inc., relocates its U.S. headquarters outside of the City of Dallas prior to March 31, 2024, then OneSource Virtual, Inc. will reimburse the City in the amount of \$500,000.

The proposed project surpasses minimum Public/Private Partnership Program guidelines and results in an estimated 10-year net fiscal impact of approximately \$16.5 million. The estimated 20-year net fiscal impact exceeds \$58 million.

Currently headquartered in Irving, Texas, OneSource Virtual, Inc., employs approximately 600 employees globally. OneSource Virtual, Inc., also has operations in Arizona and Northern Ireland.

OneSource Virtual, Inc., provides human resources consulting and human resources information system services. OneSource Virtual, Inc. offers end-to-end Workday Human Capital Management (HCM) platform solutions, including Workday implementations, U.S. and Canadian payroll services and benefits administration, Workday application management services, and Workday training for companies of all sizes.

**ESTIMATED SCHEDULE OF PROJECT**

Began construction of building                      July 2015  
Complete construction of building                      August 2016

**PRIOR ACTION / REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

Information about this item was provided to the Economic Development Committee on November 16, 2015.

**FISCAL INFORMATION**

\$800,000 - Public/Private Partnership Funds

**OWNER**

**OneSource Virtual, Inc.**

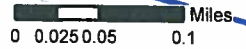
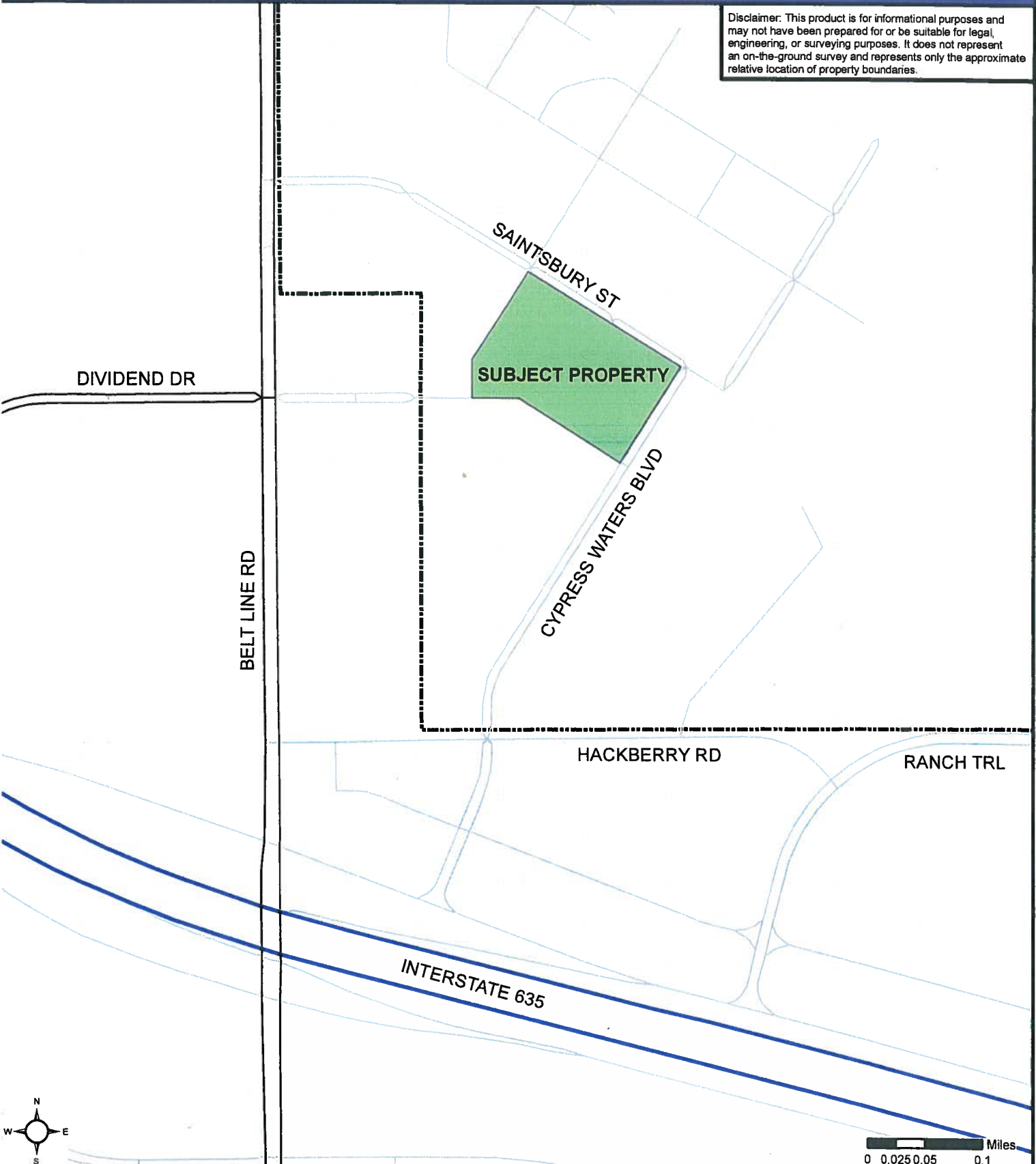
Mark Turner, Chief Administrative Officer

**MAP**

Attached.

# Location Map

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

## Legend

- Highway
- Arterial
- City of Dallas
- Local Road

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** December 9, 2015  
**COUNCIL DISTRICT(S):** 8  
**DEPARTMENT:** Office of Economic Development  
**CMO:** Ryan S. Evans, 671-9837  
**MAPSCO:** 73 G L

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**SUBJECT**

Authorize a real property tax abatement agreement with US Real Estate Limited Partnership, granting a ten-year abatement of 90 percent of the taxes on added value to the real property for the purpose of assisting in the development of a new industrial/warehouse facility located south of IH-20, on the northwestern corner of Old Hickory Trail and its intersection with Autobahn Drive within the Southfield Park 35 Industrial park in Dallas, Texas within a Texas Enterprise Zone in accordance with the City's Public/Private Partnership Program - Revenue: First year revenue estimated at \$14,346; ten-year revenue estimated at \$143,460 (Estimated revenue forgone for the ten-year real property abatement estimated at \$1,291,140)

**BACKGROUND**

In October 2015, US Real Estate Limited Partnership ("US Real Estate") and Seefried Industrial Properties ("Seefried") approached city staff regarding development of an industrial/warehouse facility of approximately 660,000 square feet to secure a proposed consolidation of Southwest Moulding Co. ("SWM") operations that was actively seeking industrial space in the DFW market. The proposed facility is the second industrial/warehouse facility within the Dallas portion of the Southfield Park 35 Industrial Business Park in Southern Dallas. SWM considered a number of real estate options outside of the City of Dallas, but chose this location based on proposals made by the developer and city staff.

US Real Estate has secured a contract to lease approximately 360,000 square feet of the completed facility to SWM, subject to favorable City Council consideration of the requested development incentives. SWM plans to utilize the facility for distribution and light production of commercial and residential construction wood products. The company anticipates employing approximately 99 individuals at the facility.

**BACKGROUND** (Continued)

An estimated \$18 million will be spent on hard and soft costs to develop the approximately 660,000 square foot facility. US Real Estate, Seefried and SWM request City Council consideration of the proposed 10-year 90 percent tax abatement. The requested tax abatement is intended to assist securing SWM as the first tenant at the new facility.

US Real Estate is the current property owner, with Seefried serving as the developer for this new project on US Real Estate's behalf. To receive the proposed tax abatement, US Real Estate is required to substantially complete the facility on or before December 31, 2016 and verify that a minimum of \$15 million is expended on real property improvements and related soft costs. Additionally, the owner will only be eligible for tax abatement if it secures SWM as a new tenant for 360,000 square feet of the building upon completion of the facility and that a minimum of 80 jobs are located on site.

Net fiscal impact from the project after incentives is estimated at \$1,015,827 over 10 years and \$4,511,681 over 20 years. This proposed project conforms with the City's Public/Private Partnership Program guidelines and criteria as it has a private investment exceeding \$1 million. Staff recommends the proposed incentives be approved.

USAA Real Estate Company, the parent company of US Real Estate Limited Partnership, was founded in 1982 as the real estate investment arm of USAA. With approximately \$12 billion in assets under management, the company provides co-investment asset management services to U.S. pension funds, as well as to foreign and domestic institutional investors. USAA Real Estate Company also provides capital to partners for development. The portfolio consists of office, medical office, industrial, multi-family, retail and hotel properties as well as investments in real estate operating companies.

Seefried Properties, founded in 1984, leases and manages approximately 23 million square feet for its institutional and European clients. The firm specializes in the development, leasing and management of industrial real estate in core markets across the U.S.

Southwest Moulding Co., established in Dallas in 1952, has become a market leader and optimum source for moulding and specialty millwork products for residential and commercial clients over the past 60 years. SMW offers a large selection of Solid, Fingerjoint, Primed Fingerjoint, Medium Density Fiberboard and Hardwood commodity and architectural grade mouldings products in their core markets of Texas and Oklahoma, as well as throughout the Southwest.

**ESTIMATED SCHEDULE OF THE PROJECT**

Begin Construction	December 2015
Complete Construction	December 2016

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

Information about this item was provided to the Economic Development Committee on November 16, 2015.

**FISCAL INFORMATION**

No cost consideration to the City

**OWNER**

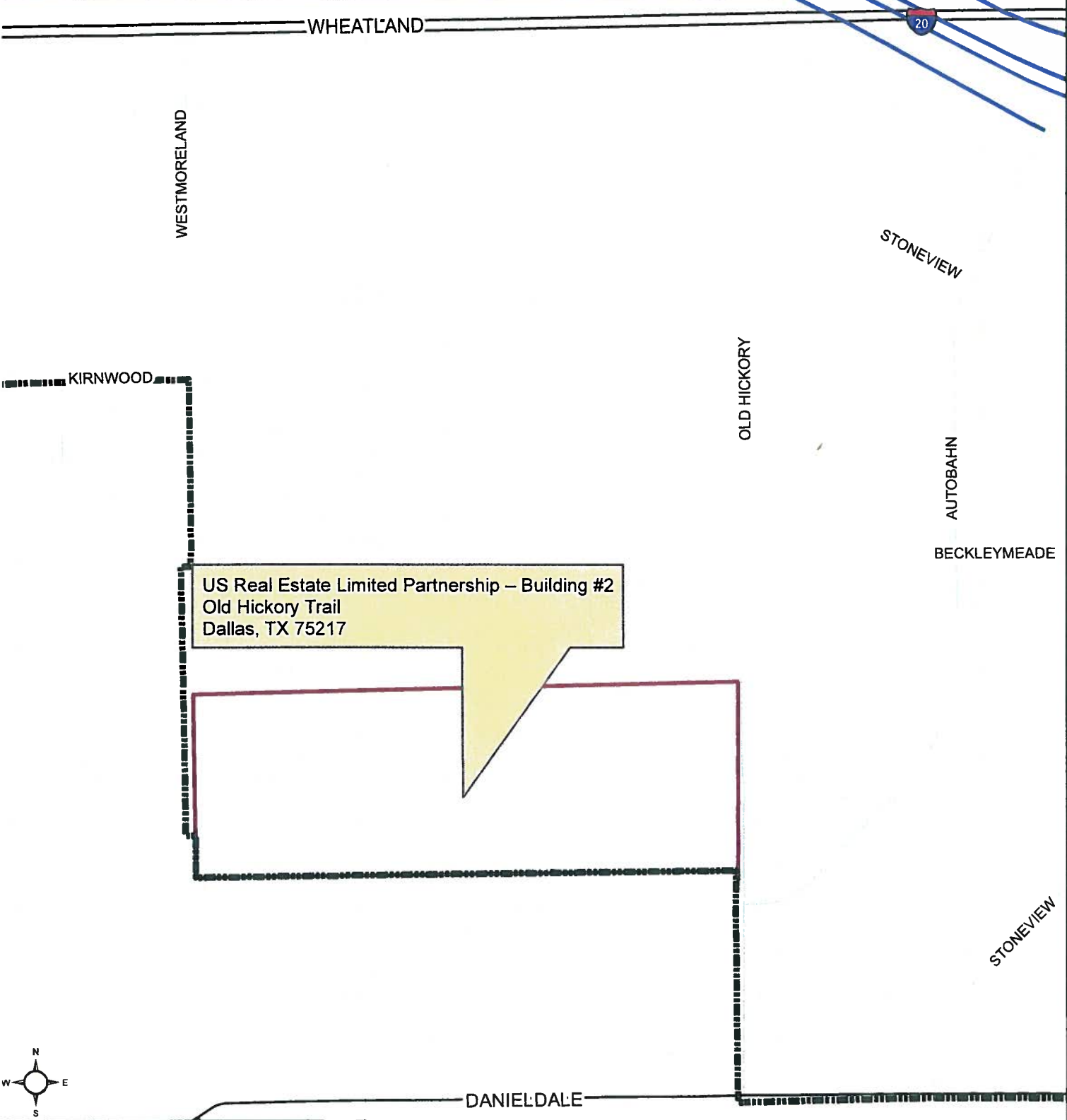
**US Real Estate Limited Partnership**

Leonard J. O'Donnell, President and CEO

**MAP**

Attached.

# US Real Estate Limited Partnership – Building #2



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

### Legend

Site

Freeway

Arterial

Local Road  
 City of Dallas



**AGENDA ITEMS # 51,52,53**

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** December 9, 2015  
**COUNCIL DISTRICT(S):** 8  
**DEPARTMENT:** Office of Economic Development  
**CMO:** Ryan S. Evans, 671-9837  
**MAPSCO:** 76 L M

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**SUBJECT**

**DPF TX I Bonnie View, L.L.C.**

- \* Authorize rescission of Resolution Nos. 14-1052 and 14-1053, previously approved on June 25, 2014, which authorized a ten-year tax abatement agreement in the amount of 90 percent of the taxes on added value to the real property and a Chapter 380 economic development grant agreement in an amount not to exceed \$1,760,000 respectively, with DLH Master Land Holding, LLC associated with a proposed new commercial distribution development located east of Bonnie View Road, south of Telephone Road and north of Wintergreen Road in southern Dallas within the International Inland Port of Dallas - Financing: No cost consideration to the City
- \* Authorize a real property tax abatement agreement with DPF TX I Bonnie View, L.L.C., for the purpose of granting a ten-year abatement of 90 percent of the taxes on added value to the real property for development of a proposed new commercial distribution facility located east of Bonnie View Road, south of Telephone Road and north of Wintergreen Road in southern Dallas within the International Inland Port of Dallas in accordance with the City's Public/Private Partnership Program - Revenue: First year revenue estimated at \$15,143; ten-year revenue estimated at \$151,430 (Estimated revenue forgone for the ten-year real property abatement estimated at \$1,362,870)
- \* Authorize a Chapter 380 economic development grant agreement with DPF TX I Bonnie View, L.L.C., for necessary assistance with public infrastructure and other land development costs for a proposed new commercial distribution development located east of Bonnie View Road, south of Telephone Road and north of Wintergreen Road in southern Dallas within the International Inland Port of Dallas in accordance with the City's Public/Private partnership Program - Not to exceed \$1,300,000 - Financing: 2012 Bond Funds

## **BACKGROUND**

In June 2014, DLH Master Land Holding, LLC (“DLH”) and Hines Holdings, Inc. (“Hines”) secured approval of a ten-year real property tax abatement and Chapter 380 economic development grant agreement regarding development of a new one million square foot speculative commercial distribution facility to be located on land east of Bonnie View Road, south of Telephone Road and north of Wintergreen Road in southern Dallas within the International Inland Port of Dallas. Subsequent to City Council consideration, Hines withdrew from the project and the authorized agreements were not executed. Since that time, DLH has endeavored to develop the property with a financial partner or otherwise identify an alternative buyer to develop the site.

Recently, DLH has approached the City regarding a new opportunity with Dermody Acquisition Co, LLC which is interested in constructing a speculative industrial/warehouse facility of approximately 600,000 square feet on the approximately 46.8 acres site described. DLH Master Land Holding, LLC, the current property owner, has a contract to sell the property to Dermody Acquisition Co, LLC (“Dermody”), who will assign its contract to the proposed developer DPF TX I Bonnie View, L.L.C., subsequent to favorable City Council consideration of the requested development incentives. DPF TX I Bonnie View, L.L.C. is a single purpose entity created by Dermody with its financial partners for the purpose of this project.

Dermody anticipates spending approximately \$19,000,000 on hard and soft costs to construct the proposed 600,000 square foot speculative industrial/warehouse facility. DLH and Dermody request council consideration of (1) a 10-year 90 percent real property tax abatement on added value resulting from the proposed new facility and (2) a \$1,300,000 economic development grant for associated public infrastructure including construction of a new public road. The requested tax abatement is intended to assist securing a tenant at the facility. So, the owner will only be eligible for tax abatement if it secures a tenant for at least 51 percent of the building. In order to receive both the property tax abatement and economic development grant, DPF TX I Bonnie View, L.L.C. must purchase the development site by January 10, 2016, becoming the owner prior to execution of the agreement. Additional material terms of the proposed agreement include the requirement that \$19,000,000 is invested for the facility on hard and soft costs associated with land, infrastructure and building improvements with a substantial completion date of May 31, 2017.

Net fiscal impact from the project after incentives is estimated at \$281,644 over 10 years and \$2,497,803 over 20 years. This proposed project conforms with the City’s Public/Private Partnership Program guidelines and criteria as it has a private investment exceeding \$1 million. Staff recommends the proposed incentives be approved.

**ESTIMATED SCHEDULE OF THE PROJECT**

Begin Construction      June 2016  
Complete Construction    May 2017

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

Information about this item was provided to the Economic Development Committee on November 2, 2015.

**FISCAL INFORMATION**

\$1,300,000 - 2012 Bond Funds

**OWNER**

**DPF TX I Bonnie View, L.L.C.**

C. Douglas Lanning  
Chief Financial Officer

**DEVELOPER**

**DPF TX I Bonnie View, L.L.C.**

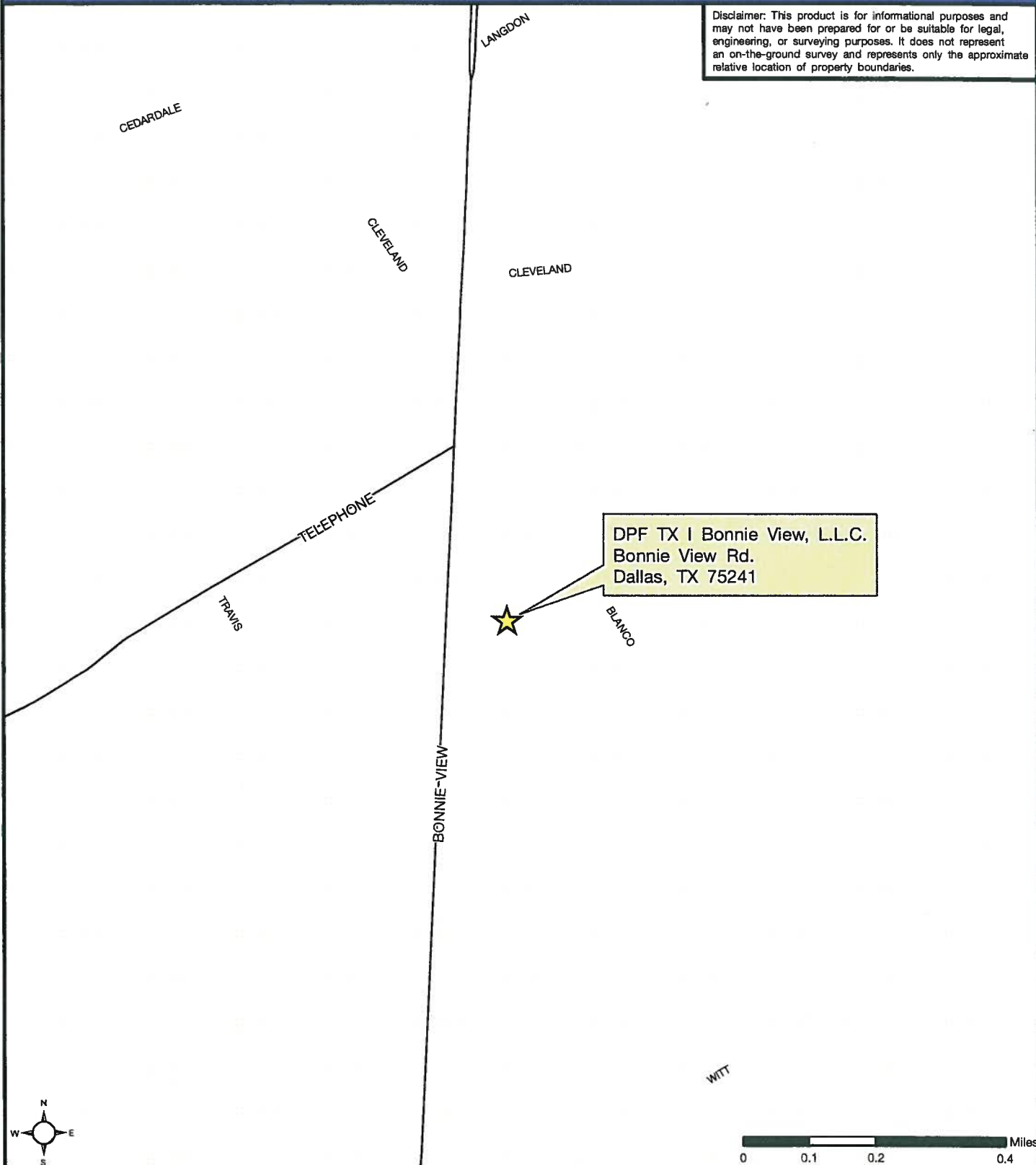
C. Douglas Lanning  
Chief Financial Officer

**MAP**

Attached.

# DPF TX I Bonnie View, L.L.C.

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**DALLAS ECONOMIC DEVELOPMENT**  
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**Legend**  
— Arterial  
— Local Road

Source: City of Dallas, 2015

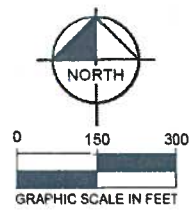
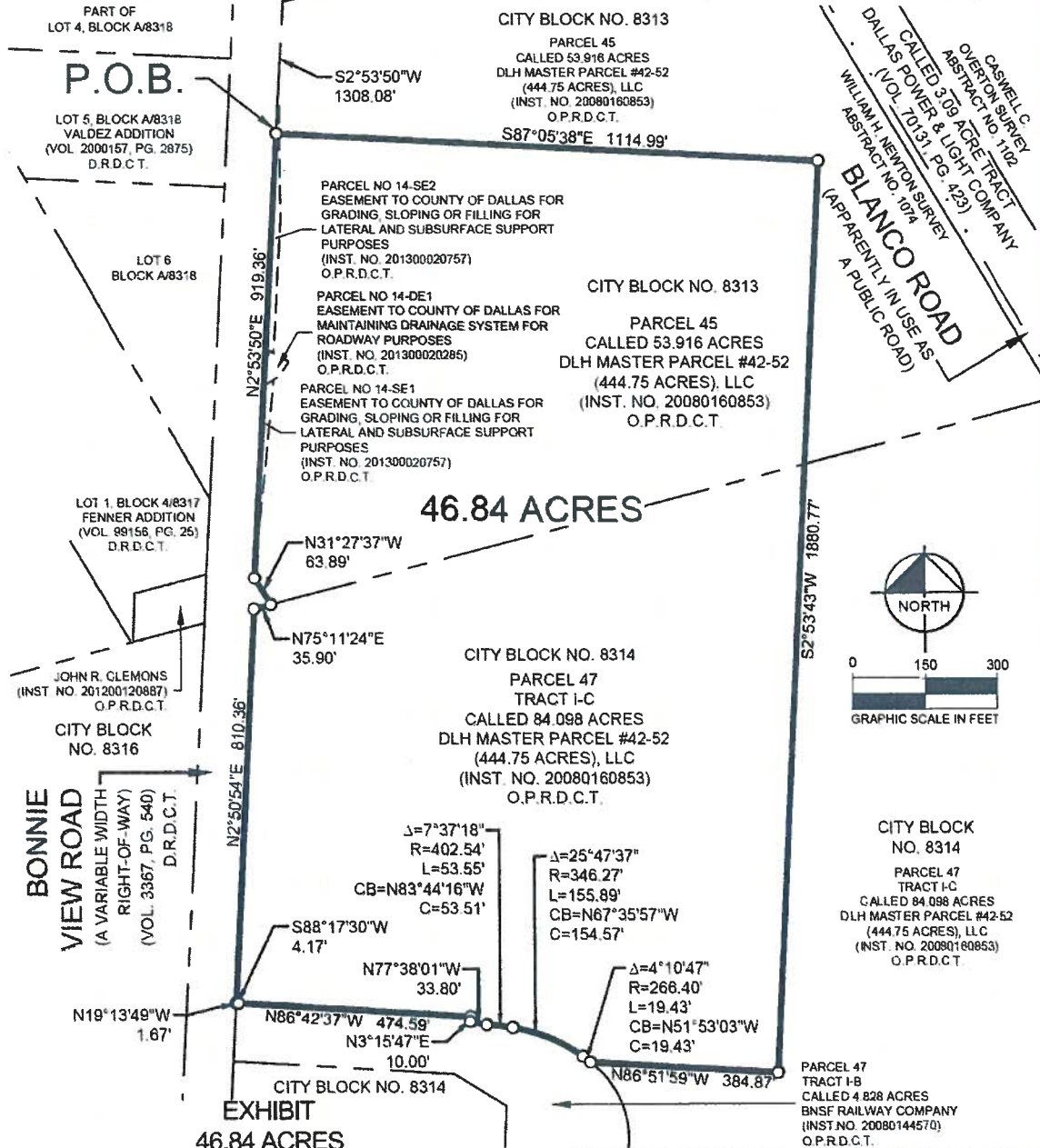
# DPF TX I Bonnie View, L.L.C.

**LEGEND**

P.O.B. = POINT OF BEGINNING  
 O.P.R.D.C.T. = OFFICIAL PUBLIC RECORDS, DALLAS COUNTY, TEXAS  
 D.R.D.C.T. = DEED RECORDS DALLAS COUNTY, TEXAS

**NOTE**

This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.



**EXHIBIT**  
**46.84 ACRES**  
 CITY BLOCKS 8314 & 8313  
 WILLIAM H. NEWTON SURVEY,  
 ABSTRACT NO. 1074  
 CITY OF DALLAS, DALLAS COUNTY, TEXAS

## Kimley»Horn

12750 Merit Drive, Suite 1000 Dallas, Texas 75251 FIRM # 101155-00 Tel. No. (972) 770-1300 Fax No. (972) 239-3820

Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
1" = 300'	DWP	JAD/DAB	OCT. 2015	064473700	2 OF 2

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** December 9, 2015  
**COUNCIL DISTRICT(S):** Outside City Limits  
**DEPARTMENT:** Intergovernmental Services  
**CMO:** A. C. Gonzalez, 670-3297  
**MAPSCO:** N/A

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### **SUBJECT**

Authorize the execution by the City of Dallas of the proposed tax abatement agreement between American Airlines and Tarrant County for construction of AA's new corporate headquarters and related uses on DFW Airport property – Financing: No cost consideration to the City

### **BACKGROUND**

On November 18<sup>th</sup> the Dallas City Council approved execution of a long-term lease between Dallas Fort Worth International Airport Board (DFW Board) and American Airlines (American) to facilitate construction of American's new corporate headquarters.

In connection with American Airline's decision to place its corporate headquarters on DFW Airport property, Tarrant County, one of the relevant taxing jurisdictions, intends to grant certain tax incentives to American Airlines.

The Cities of Dallas and Fort Worth are the owner cities of DFW Airport and required to execute the proposed tax abatement agreement, pursuant to which Tarrant County will provide certain tax incentives to American.

Under the amended and restated lease, to be entered into by and between American Airlines and the Dallas Fort Worth International Airport Board, American will be obligated to pay all taxes on the premises, whether on the leasehold estate or the fee simple estate.

The agreement shall make clear that neither the Owner Cities nor the DFW Airport Board shall assume any liability under the agreement with respect to the tax incentives or otherwise.

### **PRIOR ACTION/REVIEW (Council, Board, Commissions)**

Information about this item will be provided to the Economic Development Committee on December 7, 2015.

**FISCAL INFORMATION**

No cost consideration to the City.

# Memorandum



DATE December 4, 2015

TO Members of the Economic Development Committee:  
Rickey D. Callahan (Chair), Casey Thomas, II (Vice Chair), Lee M. Kleinman,  
Adam Medrano, Carolyn King Arnold, B. Adam McGough

SUBJECT **January 13, 2016 Upcoming Agenda Items for Office of Economic Development**

A. Neighborhood Empowerment Zone and Business Personal Property Tax Abatement Authorization

\*Authorize a resolution designating approximately 70.7 acres of land located at 3420 Duncanville Road, 3548 Duncanville Road, and 3433 Morse Drive, Dallas, Texas 75236, City of Dallas Neighborhood Empowerment Zone No. 4 ("NEZ No 4"), pursuant to Chapter 378 of the Local Government Code to promote increased economic development at the site, establishing the boundaries of the Neighborhood Empowerment Zone and providing for an effective date – Financing: No cost consideration to the City.

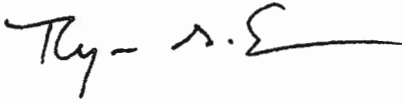
\*Authorize a 75 percent business personal property tax abatement agreement for 8 years with Rolling Frito-Lay Sales, LP and/or its affiliate Frito-Lay, Inc. in consideration of a warehouse consolidation that will generate new taxable investment and job creation to be located at 3548 Duncanville Road, Dallas, Texas 75236 furthering the City of Dallas' economic development goals pursuant to the City's Public/Private Partnership Program-Revenue: First year revenue at \$125,528; eight-year revenue estimated at \$746,889 (Estimated revenue foregone for eight-year real property tax abatement estimated at \$2,240,665)

B. Authorize a nine-month Chapter 380 grant agreement with four one-year renewal options with the most advantageous proposer of three, World Affairs Council of Dallas / Fort Worth, for economic development and protocol services for the period January 1, 2016 through September 30, 2016, in the amount of \$187,500 – Not to exceed \$187,500 – Financing: Public Private Partnership Funds (subject to annual appropriations) (\$137,500);and Current year funds (subject to annual appropriations) (\$50,000)

C. Authorize a New Markets Tax Credit (NMTC) transaction between the Dallas Development Fund (DDF) and its subsidiaries, JPMorgan Chase Bank, N.A., and its subsidiaries, and The Family Place (TFP), and its affiliates (Developer) for the construction of improvements related to the Family Place facility (Project) - Financing: No cost consideration to the City



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



Ryan S. Evans  
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  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Eric D. Campbell, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council