MONDAY, SEPTEMBER 21, 2015
CITY HALL
COUNCIL BRIEFING ROOM, 6ES
1500 MARILLA
DALLAS, TEXAS 75201
9:00 A.M. – 10:30 A.M.

Chair, Rickey D. Callahan
Vice-Chair, Councilmember Casey Thomas, II
Councilmember Lee M. Kleinman
Councilmember Carolyn King Arnold
Councilmember Adam Medrano
Councilmember B. Adam McGough

Call to Order

1. Approval of Minutes

BRIEFINGS

2. Dallas Development Fund/New Market Tax Credit Program Update Karl Zavitkovsky
   Director, Office of Economic Development

3. 717 N. Harwood Redevelopment Project (City Center TIF District) Karl Zavitkovsky
   Director, Office of Economic Development

4. UPCOMING AGENDA ITEMS

   September 22, 2015

   A. An ordinance abandoning a common access and fire lane easement of Ojala Woodside Owner, LP, the abutting owner, containing approximately 5,031 square feet of land, located near the intersection of Worthington and Woodside Streets, Revenue: $5,400, plus the $20 ordinance publication fee.

   B. An ordinance abandoning a sanitary sewer easement to Travis Cole Apartments 2012 LP, the abutting owner, containing approximately 5,428 square feet of land, located near the intersection of Cole and Hester Avenues and providing for the dedication of approximately 6,364 square feet of land for a wastewater easement-Revenue: $5,400, plus the $20 ordinance publication fee.

   C. Authorize acquisition, including the exercise of the right of eminent domain, if such becomes necessary, from First National Bank, of a tract of land containing approximately 16,022 square feet and approximately 14, 167 square feet of land for a temporary working space easement, located in Dallas County for the Southwest 120/96-inch Water Transmission Pipeline Project – Not to exceed $148,177 ($145,177, plus closing costs and title expenses not to exceed $3,000) – Financing: Water Utilities Capital Improvement Funds.

A quorum of the City Council may attend this Council Committee meeting.
D. Authorize acquisition, including the exercise of the right of eminent domain, if such becomes necessary, from Southport Properties, LP, of a tract of land containing approximately 326,340 square feet located near the intersection of Langdon and JJ Lemmon Roads for the Southwest 120/96-inch Water Transmission Pipeline Project- Not to exceed $626,850 ($614,850 plus closing costs and title expenses not to exceed $12,000) –Financing: Water Utilities Capital Improvement Funds

Adjourn

Rickey O. Callahan, Chair
Economic Development Committee

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

1. Contemplated or pending litigation, or matters where legal advice is requested of 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 effect 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 the deliberation in an open meeting would have a detrimental effect 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 the appointment, 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 devices. Section 551.076 of the Texas Open Meetings Act.
1. Approval of August 17, 2015 Minutes of the Economic Development Committee

Presenter(s):

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

Motion made by: Mr. McGough
Item passed unanimously:  X
Item failed unanimously:   

Motion seconded by: Mr. Thomas
Item passed on a divided vote:  
Item failed on a divided vote:  

Follow-up (if necessary):

2. CDA 145-005 Application to Amend Cell Tower Regulations-Temporary Tower and Height Restrictions

Presenter(s): David Cossum, Director, Sustainable Development & Construction

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval *Motion failed with Mr. Medrano, Ms. Arnold, and Mr. McGough voting No, Mr. Kleinman was absent from the meeting

Motion made by: Mr. Thomas
Item passed unanimously:   
Item failed unanimously:   

Motion seconded by: Mr. Callahan
Item passed on a divided vote:  
Item failed on a divided vote:  X

Follow-up (if necessary):
3. Proposed Amendments to Cell Tower Regulations – Notification Requirements and Form District Standards

Presenter(s): David Cossum, Director, Sustainable Development & Construction

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

Motion made by: Mr. McGough  Motion seconded by: Mr. Thomas
Item passed unanimously: X  Item passed on a divided vote: _____
Item failed unanimously: _____  Item failed on a divided vote: _____

Follow-up (if necessary):

Upcoming Agenda Items

September 9, 2015

A. An ordinance abandoning a portion of a utility easement to Intercity Investments, Inc., the abutting owner, containing approximately 13,467 square feet of land, located near the intersection of Edgemere Road and Bandera Avenue - Revenue: $5,400, plus the $20 ordinance publication fee.

B. Authorize partial release of deed restrictions on three tracts of land containing approximately 23 acres to be conveyed by the University of North Texas System to Dallas Area Rapid Transit, located near Camp Wisdom and Houston School Roads for construction and operation of a rail line - Financing: No cost consideration to the City.

C. Authorize settlement in lieu of proceeding further with condemnation of a subsurface easement under approximately 4,944 square feet of land from 1507 Dragon Street DDD, LLC, located on Ross Avenue at its intersection with Hall Street for the Mill Creek/Peaks Branch/State Thomas Drainage Relief Tunnel Project – Not to exceed $30,500 ($28,000 plus closing costs and title expenses not to exceed $2,500); an increase of $6,118 from the amount Council originally authorized for this acquisition - Financing: General Obligation Commercial Paper Funds.

D. Authorize an amendment to Resolution No. 15-0857, previously approved on May 13, 2015, to modify the elevations of the subsurface easement and to authorize acquisition, including the exercise of the right of eminent domain, if such becomes necessary, from M.I. Gaston Partners, Ltd. and MSC-I, Ltd., of a subsurface easement located under approximately 10,702 square feet of land, located on Gaston Avenue near its intersection with Peak Street for the Mill Creek/Peaks Branch/State Thomas Drainage Relief Tunnel Project - Financing: This action has no cost consideration to the City.

E. Authorize acquisition, including the exercise of the right of eminent domain, if such becomes necessary, from PATRONMARCHE, LLC, of a subsurface easement under approximately 519 square feet of land located on Flora Street near its intersection with Interstate Highway 345 for the Mill Creek/Peaks Branch/State Thomas Drainage Relief Tunnel Project – Not to exceed $3,517 ($1,817 plus closing costs and title expenses not to exceed $1,700) - Financing: General Obligation Commercial Paper Funds.
F. Authorize acquisition, including the exercise of the right of eminent domain, if such becomes necessary, from Post Apartment Homes, L.P., of a subsurface easement under approximately 3,811 square feet of land located on Woodall Rodgers Freeway at its intersection with Maple-Routh Connection for the Mill Creek/Peaks Branch/State Thomas Drainage Relief Tunnel Project – Not to exceed $72,598 ($68,598 plus closing costs and title expenses not to exceed $4,000) - Financing: 2006 Bond Funds.

G. Authorize acquisition, including the exercise of the right of eminent domain, if such becomes necessary, from San Jacinto Urban Lofts, L.P., of three subsurface easements under a total of approximately 2,304 square feet of land located on San Jacinto Street near its intersection with Caddo Street for the Mill Creek/Peaks Branch/State Thomas Drainage Relief Tunnel Project - Not to exceed $10,525 ($8,525 plus closing costs and title expenses not to exceed $2,000) - Financing: General Obligation Commercial Paper Funds.

H. Authorize acquisition, including the exercise of the right of eminent domain, if such becomes necessary, from SHF I CON, LLC, of a subsurface easement under approximately 62,688 square feet of land located on Hall Street at its intersection with Ross Avenue for the Mill Creek/Peaks Branch/State Thomas Drainage Relief Tunnel Project – Not to exceed $257,752 ($250,752 plus closing costs and title expenses not to exceed $7,000) - Financing: 2006 Bond Funds.

September 22, 2015

A. Authorize an amendment to the contract with the World Affairs Council of Dallas / Fort Worth for economic development and protocol services to: (1) extend the existing grant agreement from October 1, 2015 through December 31, 2015; and (2) increase funding by $62,500 for the additional services for 3 months - Not to exceed $62,500 - Financing: Public/Private Partnership Funds (subject to appropriations).

B. Authorize Supplemental Agreement No.1 to the contract with Southern Dallas Development Corporation (SDDC) to extend the term of the fourth and final renewal option from October 1, 2015 to March 30, 2016 to continue administration and loan servicing of the Community Development Block Grant (CDBG) funded Business Revolving Loan Program - Financing: No cost consideration to the City.

C. Authorize a first renewal option for eight Business Assistance Centers (BACs) for a twelve-month service contract, with one additional twelve-month renewal option, subject to funding availability with the eight Business Assistance Center (BAC) contractors to provide technical assistance, incubator space and other support services to low-to-moderate income persons owning or starting microenterprises listed herein for each contract as follows: (1) Greater Dallas Hispanic Chamber of Commerce located at 4622 Maple Avenue, Suite 207 (BAC#1) in an amount not to exceed $80,000; (2) The Dallas Black Chamber of Commerce located at 2838 Martin Luther King Boulevard (BAC #2) , in an amount not to exceed $80,000; (3) CEN-TEX Certified Development Corporation dba Business & Community Lenders (BCL) of Texas to be located at the J. Erik Jonsson Central Library at 1515 Young Street, Sammons Small Business Center (BAC, #3) in an amount not to exceed $80,000; (4) CENT-TEX Certified Development Corporation doing business as Business & Community Lenders (BCL) of Texas located at 4907 Spring Avenue(BAC#4) in an amount not to exceed $80,000; (5) Business Assistance Center, Inc. located at 1201 West Camp Wisdom Road, Suite 224 (BAC#5) in an amount not to exceed $80,000; (6) Organization of Hispanic Contractors Association dba Regional Hispanic Contractors Association to be located at 3918 N Hampton Rd (BAC#6), in an amount not to exceed $80,000; (7) Organization of Hispanic Contractors Association dba Regional Hispanic Contractors Association located at 2210 West Illinois Avenue(BAC#7) in an amount not to exceed $80,000; (8) CENT-TEX Certified Development Corporation doing business as Business & Community Lenders (BCL) of Texas located at 1322 Record Crossing(BAC#8) in an amount not exceed $80,000; Not to exceed $640,000 - Financing: 2015-16 Community Development Block Grant Funds.
D. Authorize a one-year service contract to a no-cost Federal income tax preparation program with a focus on Earned Income Tax Credit (EITC) filings and financial education for low to moderate income filers citywide – Foundation Communities, sole respondent – Not to exceed $200,000 – Financing: Current Funds (subject to appropriations).

E. Authorize (1) acceptance of the 2014 100 Resilient Cities Grant from the Rockefeller Foundation to provide funding for economic resilience and preparedness for the rapid growth of natural and man-made disasters and the employment of a Chief Resilience Officer for the period October 1, 2015 through September 30, 2017; and (2) execution of the grant agreement - Not to exceed $464,000.00 - Financing: The Rockefeller Foundation.

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

**Motion made by:** Mr. McGough

**Motion seconded by:** Thomas

Item passed unanimously: ______

Item passed on a divided vote: ______

Item failed unanimously: ______

Item failed on a divided vote: ______

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

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**Meeting Adjourned:** 10:14 AM

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**Approved By:** __________________________________________
DATE  September 18, 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  Dallas Development Fund/New Market Tax Credit Program Update

On Monday, September 21, 2015, the Economic Development Committee will be briefed on
the Dallas Development Fund/New Market Tax Credit Program Update. Briefing material is
attached.

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

Dallas – Together, we do it better
Dallas Development Fund/New Markets Tax Credit Program Update

September 21, 2015
Economic Development Committee
Briefing Purpose

Summarize key elements of the New Markets Tax Credit (NMTC) program

Provide update on Federal tax credit allocation process and Dallas Development Fund’s (DDF) recent allocation award

Review highlights of previous and future projects, including Small Business Loan Fund

Request renewal of terms for Class I DDF board members
New Markets Tax Credit (NMTC) Overview

NMTC attract private investment for business and real estate developments in Low Income Neighborhoods.

NMTC is a federal tax credit program created in 2000 and renewed through 2014 round (reauthorization currently pending):

- U.S. Treasury administers
- Allocations made directly to local Community Development Entity (CDE)
- Tax credit is 39% of original investment over 7 years (5% first three years, 6% last four)

NMTC program offers additional financial tool to achieve Dallas’ development goals, particularly in southern Dallas (see Appendix A).
Funds can be used for debt or equity financing in combination with Public Private Partnership and TIF subsidies

Targets commercial, industrial, not-for-profit, operating businesses and mixed use development

Community development entity (CDE) must be formed to apply for program

City created Dallas Development Fund (DDF) in 2009 as a non-profit CDE to apply, accept and allocate any NMTC allocation
Capital the project was already able to obtain (Commercial debt, philanthropy, sponsorship equity and other sources equals leverage sources)

"Matching funds" subsidy (NMTC Equity)

(About a 4:1 ratio of Leverage Sources to NMTC Equity)

KEY: All funding must flow at the same time through NMTC structure

Increased financing available for project (15-20% more than otherwise available)
Dallas Development Fund

Board consists of seven members (see Appendix B)
Four appointed by the City Manager (Class I) and confirmed by Council

Current class I members now need to be reappointed

Current bylaws require all board members to be at least 18 years old and residents of the City of Dallas. Additionally, at least 20% (minimum of 2) members must be Low Income Community (LIC) accountable per federal regulations

DDF currently has 5 LIC accountable members

DDF gets a portion of the proceeds from a project; funds are used to support DDF and NMTC-like activities (small loan fund)
2014 NMTC Award

Dallas’ current award is $45 M (previous allocations were $55M in 2009 and $30 M in 2012)

In 2014, a total of $3.5 billion in tax credit allocation was awarded nationwide

263 CDEs applied for an allocation; 76 were awarded funds (28%)

Total request of funds was $19.9 billion
  – 17% of total request was awarded

DDF is only CDE in Texas to receive allocation

Only 5 municipal CDEs received allocation (a decrease from 13 in 2013 round)

DDF tied for largest allocation amount among municipally-controlled CDEs
DDF Previous Projects

DDF has funded seven projects with its previous allocations

<table>
<thead>
<tr>
<th>Project</th>
<th>Net NMTC Cash Benefit</th>
<th>Type</th>
<th>Total Project Cost</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First Allocation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NYLO</td>
<td>$3.7 M</td>
<td>Hotel</td>
<td>$19.1 M</td>
<td>7/11</td>
</tr>
<tr>
<td>Kroger</td>
<td>$2.8 M</td>
<td>Grocery store</td>
<td>$12 M</td>
<td>7/11</td>
</tr>
<tr>
<td>Lancaster Urban Village</td>
<td>$2.0 M</td>
<td>Mixed-use housing</td>
<td>$27.8 M</td>
<td>9/12</td>
</tr>
<tr>
<td>CitySquare Opportunity Center</td>
<td>$2.6 M</td>
<td>Community facilities</td>
<td>$13.8 M</td>
<td>6/13</td>
</tr>
<tr>
<td><strong>Second Allocation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vogel Alcove</td>
<td>$1.2 M</td>
<td>Community facilities</td>
<td>$5.9 M</td>
<td>12/12</td>
</tr>
<tr>
<td>Hatcher Station Clinic</td>
<td>$3.4 M</td>
<td>Medical facility</td>
<td>$19.8 M</td>
<td>7/14</td>
</tr>
<tr>
<td>Serta/Dormae</td>
<td>$1.9 M</td>
<td>Manufacturing facility</td>
<td>$15.5 M</td>
<td>7/15</td>
</tr>
</tbody>
</table>
With a portion of DDF’s proceeds, DDF’s board expressed an interested in creating and supporting a Small Business Loan Fund.

In April 2015, DDF Board selected BCL of Texas to manage small business fund.

$300,000 total fund size; expected full deployment within 6 months.

Borrower profile:
- For-profit businesses anticipated to create new jobs within 12 months
- Lack access to traditional market-rate debt
- Located in Southern Dallas
- Located in NMTC-eligible area

Anticipated uses of funds:
- Working capital (purchases of raw materials, inventory, rent, utilities, and other expenses identified for business operations)
- Machinery and equipment (excluding rolling stock)
- Real estate improvements (including leasehold improvements and soft costs)
- Acquisition of real estate for owner-occupied business in conjunction with substantial building rehab and/or equipment investment
Key Loan Parameters
- $25,000 to $100,000 loans
- Fixed interest rate between 5% and 9%
- Maturity 2 to 7 years
- Personal and business guarantees
- 1:1 collateral or greater
- 10% minimum equity requirement
- Borrower must be in qualified Census Tract in Southern Sector

Loan Approval
- For each proposed loan, BCL will submit all underwriting information and a credit memo to DDF staff
- For loans meeting preapproved parameters, approval automatically delegated to BCL
- For loans not meeting preapproved parameters, approval is required by 2 designated representatives from DDF’s Board or Staff
DDF Southern Dallas Seed Fund: BCL Services

**BCL Services**
- Origination and Underwriting
- Technical Assistance for prospective borrowers
- Loan Closing
- Portfolio Management and Servicing

**BCL Fees**
Paid by DDF:
- Technical Assistance Fee: up to $25,000 for TA services to borrowers
- Monthly Servicing Fee: $500 / month commencing when fund 100% deployed

Paid by Borrower:
- Loan Closing Fee: 1% loan principal paid at loan closing
- Loan Expense Recovery: $300 per loan paid at loan closing
- Application Fee: $150 per loan paid at submission of loan application
Economic Development Committee recommendation for Council action on October 14 of approval of renewal of terms for the current Class I members (see Appendix B)
NMTC Eligible Areas

APPENDIX A
APPENDIX B

DDF Board Members
DDF Board Members

Class I Members
Gilbert Gerst, President
Brentt Shropshire, Vice President
Zenetta Drew, Treasurer
Edward Okpa

Class II Members
Bill Hall
Dora Ramirez
Benjamin Salazar
DATE: September 18, 2015

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

SUBJECT: 717 N. Harwood Redevelopment Project (City Center TIF District)

On Monday, September 21, 2015, the Economic Development Committee will be briefed on the
proposed 717 N. Harwood Redevelopment Project in the City Center TIF District.

Briefing material is attached.

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. Kinion, City Auditor
   Rosa A. Rios, City Secretary
   Daniel F. Solis, Administrative Judge
   Eric D. Campbell, Assistant City Manager

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   Mark McDaniel, Assistant City Manager
   Joey Zapata, Assistant City Manager
   Jeanne Chipperfield, Chief Financial Officer
   Sana Syed, Public Information Officer
   Elsa Carter, Assistant to the City Manager – Mayor & Council
717 N. Harwood Redevelopment Project
City Center TIF District
(City Center Sub-District)

Economic Development Committee
September 21, 2015
Purpose

Provide background information on City Center TIF District

Review the 717 N. Harwood redevelopment project

Obtain Economic Development Committee’s approval for consideration of the project by City Council on October 7, 2015
City Center TIF District

Background

- Created to develop an attractive, sustainable urban core and reimburse costs of public improvements and redevelopment of vacant or underutilized buildings downtown

- District was amended December 2012 to:
  - Extend District’s Boundary to the West End area
  - Extend Term of District
  - Increase District’s Budget
  - Decrease City Participation Rate
  - Establish Other Taxing Jurisdiction Participation Rates
City Center TIF District

Amendments

• Boundary Adjustment
  (Creation of two Sub-districts)
  • City Center Sub-district – original district boundary (green dashed line)
  • Lamar Corridor/West End Sub-district – approximately 27 acres; encompasses properties along the Lamar Corridor and properties in the Historic West End area (lavender dashed line)

• Term Extension
  • City Center Sub-district – 12/31/2012 to 12/31/2022 (10 yrs)
  • Lamar Corridor/West End Sub-district – 12/31/2012 to 12/31/2037 (25 year term)
**City Center TIF District Amendments (Continued)**

- **District Budget Amendment**
  - The District’s budget increased from $87.6M to $152.00 M
  - The increased budget:
    - Provides a source of funding to stimulate redevelopment of the Lamar Corridor and Historic West End area
    - Provides a source of funding to accomplish recommendations of the Downtown Dallas 360 Area Plan, that wouldn’t otherwise be funded
    - Provides a source of funding to fill in redevelopment gaps in the downtown core

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<table>
<thead>
<tr>
<th>City Center TIF District Projected Increment Revenues to Retire TIF Fund</th>
<th>TIF Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original City Center TIF Collections**</td>
<td>$75,696,253</td>
</tr>
</tbody>
</table>
| Public Infrastructure Improvements streetscape improvements, pedestrian linkages, lighting, utility 
burial, utility upgrades | $8,500,000 |
| Parking | $5,500,000 |
| Redevelopment/Development Projects environmental remediation, interior & exterior demolition, façade 
improvements/restoration, TIF Grants | $40,972,111 |
| District Wide Improvements | $4,000,000 |
| Affordable Housing | $6,500,000 |
| Ground Floor Activation (in the form of a TIF Grant) | $8,300,000 |
| Plan Implementation/Administration | $2,500,000 |
| **Total Project Costs** | **$151,968,546** |

*Budget shown above in total dollars, as approved in the Amended Project Plan and Reinvestment Zone Financing Plan for the District.*
City Center TIF District
717 N. Harwood Building

- Constructed 1980
- 34-story office building
- Former KPMG Centre
- Adjacent to Arts District
- Approximately 50% vacant when purchased by current owners, prior to KPMG leaving the building
717 N. Harwood
Project Location
717 N. Harwood

Project Description

- 844,326 square foot office building with ground floor retail space
- Project Cost: $80,381,000, including acquisition and tower renovation
- Project Start Date: December 31, 2015
- Project Completion Date: July 31, 2016
- Project improvements aimed to attract young, entrepreneurial tenants
  - In July 2014, two established technology companies announced the relocation of their corporate headquarters to the property, occupying approximately 330,000 square feet, or 39% of the net rentable space in the building, and are expected to add over 1,800 employees to the Dallas workforce
717 N. Harwood

Site Plan
717 N. Harwood

Building Improvements

• Proposed TIF funding for streetscape improvements, renovation of ground floor and second floor
  • Improvements include renovating vacant bank space on the west end of the ground floor into a restaurant space with outdoor seating that spills out onto the sidewalk
  • Existing east end deli space to be updated
  • 2nd floor to be opened up to the public - includes public meeting space and rotating art installations, coordinated with local vendors from the neighboring Arts District
717 N. Harwood

**Streetscape Improvements**

- Landscaping is being redeveloped to enhance visual and pedestrian connections into and across the site, replacing obstructive bench seating and low planting with pedestrian-friendly tree grates
- Berms being removed for outdoor seating and greater flow through the site and a greater flow through the site, improving neighborhood connectivity
- Reducing volume of building columns at ground level to improve visibility

Existing Conditions
On March 20, 2015 the Urban Design Peer Review Panel revised the project’s design and approved recommendations. Project owner incorporated recommendations into project’s design.
717 N. Harwood

Proposed TIF Funding

• Recommended TIF subsidy is an amount up to $1,650,000 for eligible TIF costs to offset the cost of renovating the building’s ground floor commercial space and improving the streetscape.

• Actual TIF amount will be based on actual expenditures for each line item in the TIF reimbursement budget below.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Infrastructure Improvements</td>
<td></td>
</tr>
<tr>
<td>Streetscape Improvements, Landscaping, Lighting, Signage, Design and Engineering, Contingency Costs (5%)</td>
<td>$713,643</td>
</tr>
<tr>
<td>Redevelopment/Development Projects</td>
<td></td>
</tr>
<tr>
<td>Environmental Remediation, Interior &amp; Exterior Demolition, Façade Improvements, Storefront Improvements, Design and Engineering, Contingency Costs (5%)</td>
<td>$936,357</td>
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<tr>
<td>Total TIF Funding Recommended</td>
<td>$1,650,000</td>
</tr>
</tbody>
</table>
# 717 N. Harwood

## Budget and Sources and Uses of Funds

### 717 N. Harwood Street Project Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>$43,000,000</td>
</tr>
<tr>
<td>Curtain Wall</td>
<td>$5,165,000</td>
</tr>
<tr>
<td>Repair of Building Systems</td>
<td>$4,110,000</td>
</tr>
<tr>
<td>Lobby and 2nd Floor Renovations</td>
<td>$4,015,000</td>
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<tr>
<td>Shell of Vacant Space</td>
<td>$6,591,000</td>
</tr>
<tr>
<td>Tenant Improvements and Leasing Commission</td>
<td>$17,500,000</td>
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<tr>
<td><strong>Total Project Costs</strong></td>
<td><strong>$80,381,000</strong></td>
</tr>
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</table>

### Sources

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
<th>%</th>
<th>Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan</td>
<td>$68,000,000</td>
<td>85%</td>
<td>Acquisition &amp; Construction</td>
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<tr>
<td>Private Equity</td>
<td>$12,381,000</td>
<td>15%</td>
<td>Construction</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$80,381,000</strong></td>
<td>100%</td>
<td><strong>Construction</strong></td>
</tr>
</tbody>
</table>
### 717 N. Harwood Street Redevelopment Project

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Office Renovations (required)</td>
<td>400,000 s.f.</td>
</tr>
<tr>
<td>Minimum Retail Space</td>
<td>7,000 s.f.</td>
</tr>
<tr>
<td>Required Private Investment – (acquisition, construction hard and soft costs)</td>
<td>Min. $25,000,000</td>
</tr>
<tr>
<td>Expected Total Project Cost (entire tower, all costs)</td>
<td>$80,381,000</td>
</tr>
<tr>
<td>TIF Funding</td>
<td>$1,650,000</td>
</tr>
<tr>
<td>% TIF funds to total project cost</td>
<td>2.05%</td>
</tr>
<tr>
<td>Return on Cost without TIF</td>
<td>8.3%</td>
</tr>
<tr>
<td>Return on Cost with TIF</td>
<td>8.5%</td>
</tr>
<tr>
<td>Deadline to Obtain Building Permit</td>
<td>December 31, 2015</td>
</tr>
<tr>
<td>Deadline to Obtain Final CO (300,000 sf of renovated space)</td>
<td>July 31, 2016</td>
</tr>
</tbody>
</table>
Strategic Importance of Proposed Project

- Improves building’s ground floor and 2nd floor public space experience to increase neighborhood vitality and safety, adjacent to the Art’s District
- Adds needed streetscape improvements
- Increases leasibility of downtown office space
717 N. Harwood

TIF Board Funding Recommendation

• On August 13, 2015, the City Center TIF District Board of Directors reviewed and approved TIF funding for the 717 N. Harwood project in an amount not to exceed $1,650,000
Recommendations

- Economic Development Committee recommendation for Council approval of a development agreement for TIF funding
- Council consideration on October 14, 2015
APPENDICES
Appendix A: 717 N. Harwood

**Conditions of TIF Funding**

- **Minimum private investment** of $25,000,000 for the Project (acquisition, construction and construction related soft costs).

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

- Redevelopment of the Project shall include:
  - Minimum 40,000 square feet of office space; and
  - Minimum 7,000 square feet of retail/restaurant; and
  - Streetscape improvements

- Obtain a building and/or demolition permit and start construction for the Project by December 31, 2015

- Obtain a Certificate of Occupancy (CO) for a minimum of 300,000 square feet of rentable office space by July 31, 2016

- Occupy a minimum of 50% of the newly converted ground floor retail/restaurant space prior to TIF reimbursement
Appendix A: 717 N. Harwood

Conditions of TIF Funding (Continued)

- Obtain final acceptance of public infrastructure improvements associated with the Project, as evidenced by the issuance of a Green Tag from the Public Works and Transportation Department by July 31, 2016 and submit documentation to the Office of Economic Development (the “OED”)
- Execute an Operating and Maintenance agreement for public infrastructure improvements associated with the Project by July 31, 2016, for a period of 20 years
- Construct Project in substantial conformance with design plans approved by the City Center TIF Board of Directors, the Dallas Design Studio and Dallas City Council
- Submit to the Director of the OED a quarterly status report for ongoing work on the project, as well as public improvements. Status reports will be due once every three months after the Council approval date
- Owner shall make a good faith effort to (i) comply with the Business Inclusion and Development (“BID”) goal of twenty-five percent (25%) Minority/Women-owned Business Enterprise (M/WBE) participation for TIF reimbursable improvements, and (ii) achieve a goal of 25% certified M/WBE participation for total private improvement construction expenditures for the Project, and meet all reporting requirements for each;
- If necessary, the project deadline can be extended up to 6 months, subject to the Office of Economic Development Director’s and City Center TIF District Board of Director’s approval
Appendix B: 717 N. Harwood Building Renovation *Project Proforma*

### 717 N. Harwood Redevelopment Project Proforma
City Center TIF District

<table>
<thead>
<tr>
<th>Use Breakdown</th>
<th>SF</th>
<th>Total Leasable SF (entire project)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>806,866</td>
<td>816,066</td>
</tr>
<tr>
<td>Retail</td>
<td>9,200</td>
<td></td>
</tr>
<tr>
<td>Back of House/Common Area/Other</td>
<td>28,260</td>
<td></td>
</tr>
</tbody>
</table>

| Total Existing Bldg SF (Gross)         | 844,326 |

<table>
<thead>
<tr>
<th><strong>Income</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Revenue</td>
<td>$12,528,342</td>
</tr>
<tr>
<td>Miscellaneous Rental Revenue</td>
<td>$168,855</td>
</tr>
<tr>
<td>Reimbursement Revenue</td>
<td>$1,855,972</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>$14,553,169</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Expenses</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; Administrative</td>
<td>-$731,728,00</td>
</tr>
<tr>
<td>Property Management</td>
<td>-$466,409,00</td>
</tr>
<tr>
<td>Repair &amp; Maintenance</td>
<td>-$1,140,356,00</td>
</tr>
<tr>
<td>Contract Services</td>
<td>-$1,263,894,00</td>
</tr>
<tr>
<td>Utilities</td>
<td>-$1,624,885,00</td>
</tr>
<tr>
<td>Insurance &amp; Property Taxes</td>
<td>-$2,053,098,00</td>
</tr>
<tr>
<td>Misc. Expenses</td>
<td>-$416,105,00</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>-$7,696,475,00</td>
</tr>
</tbody>
</table>

| **Net Cost to Developer**              | $78,731,000 |

<table>
<thead>
<tr>
<th><strong>Return on Cost Analysis</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NOI/Total Project Costs</td>
<td></td>
</tr>
<tr>
<td>Return on Cost (without City $)</td>
<td>8.3%</td>
</tr>
<tr>
<td>Return on Cost (with City $)</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

**Notes:** Stabilized return in 2023; Revenue reflects 9% vacancy rate at 2017.
Appendix C: 717 N. Harwood

Development Team

WC 717 N. Harwood Property, LLC – World Class Capital Group

World Class Capital Group (WCCG) is a national real estate investment firm principally engaged in commercial real estate and land throughout the United States. WCCG’s operating portfolio consists of office buildings, retail centers, apartments, student housing, hotels, marinas, self-storage facilities, and industrial warehouses. World Class Capital Group is headquartered in Austin with an additional office in New York City.

Natin (“Nate”) Paul, President and CEO - Mr. Paul founded World Class Capital Group with aspirations of building WCCG into a leading global private investment firm. Today, the firm owns over 8 million square feet of real estate assets in 16 states and over 25 markets across all asset types.

Greg Williams, Senior Vice President, Development & Construction - Mr. Williams has more than 25 years of construction management and development experience; his experience includes work in commercial, institutional and multi-family construction in both the public and private sectors.
KEY FOCUS AREA: Economic Vibrancy

AGENDA DATE: September 22, 2015

COUNCIL DISTRICT(S): 14

DEPARTMENT: Sustainable Development and Construction

CMO: Ryan S. Evans, 671-9837

MAPSCO: 45B

SUBJECT

An ordinance abandoning a common access and fire lane easement to Ojala Woodside Owner, LP, the abutting owner, containing approximately 5,031 square feet of land, located near the intersection of Worthington and Woodside Streets - Revenue: $5,400, plus the $20 ordinance publication fee

BACKGROUND

This item authorizes the abandonment of a common access and fire lane easement to Ojala Woodside Owner, LP, the abutting owner. The area will be included with the property of the abutting owner for a multifamily development. The cost for this abandonment is the minimum processing fee pursuant to the Dallas City Code, therefore, no appraisal is required.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

Information about this item will be provided to the Economic Development Committee on September 21, 2015.

FISCAL INFORMATION

Revenue: $5,400, plus the $20 ordinance publication fee

OWNER

Ojala Woodside Owner, LP

Ojala Woodside Project GP, LLC

Clay Likover, Manager
MAP

Attached
KEY FOCUS AREA: Economic Vibrancy

AGENDA DATE: September 22, 2015

COUNCIL DISTRICT(S): 14

DEPARTMENT: Sustainable Development and Construction

CMO: Ryan S. Evans, 671-9837

MAPSCO: 35R

SUBJECT

An ordinance abandoning a sanitary sewer easement to Travis Cole Apartments 2012 LP, the abutting owner, containing approximately 5,428 square feet of land, located near the intersection of Cole and Hester Avenues and providing for the dedication of approximately 6,364 square feet of land for a wastewater easement - Revenue: $5,400, plus the $20 ordinance publication fee

BACKGROUND

This item authorizes the abandonment of a sanitary sewer easement to Travis Cole Apartments 2012 LP, the abutting owner. The area will be included with the property of the abutting owner for a multi-family development. The owner will dedicate approximately 6,364 square feet of land needed for a wastewater easement. The cost for this abandonment is the minimum processing fee pursuant to the Dallas City Code, therefore, no appraisal is required.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

Information about this item will be provided to the Economic Development Committee on September 21, 2015.

FISCAL INFORMATION

Revenue: $5,400, plus the $20 ordinance publication fee
OWNER

Travis Cole Apartments 2012 LP

TKG Saltillo Apartments Realty, Inc.

R. Otto Maly, President

MAP

Attached
KEY FOCUS AREA: Economic Vibrancy

AGENDA DATE: September 22, 2015

COUNCIL DISTRICT(S): Outside City Limits

DEPARTMENT: Sustainable Development and Construction
Water Utilities

CMO: Ryan S. Evans 671-9837
Mark McDaniel, 670-3256

MAPSCO: 72P

SUBJECT

Authorize acquisition, including the exercise of the right of eminent domain, if such becomes necessary, from First National Bank, of a tract of land containing approximately 16,022 square feet and approximately 14,167 square feet of land for a temporary working space easement, located in Dallas County for the Southwest 120/96-inch Water Transmission Pipeline Project - Not to exceed $148,177 ($145,177, plus closing costs and title expenses not to exceed $3,000) – Financing: Water Utilities Capital Improvement Funds

BACKGROUND

This item authorizes the acquisition of a tract of land containing approximately 16,022 square feet and approximately 14,167 square feet for a temporary working space easement located in Dallas County for the Southwest 120/96-inch Water Transmission Pipeline Project. This property will be used for the construction of a 96-inch and 120-inch diameter treated water transmission line from the East Side Water Treatment Plant to Southwest Dallas. The consideration is based on an independent appraisal.

This acquisition is part of the Long Range Water Master Plan and the Water Distribution Master Plan. The water transmission main is required to facilitate conveyance of treated water to the South and Southwest portions of Dallas and its customer cities. Installation of approximately 32 miles of 96-inch and 120-inch water transmission pipeline is needed to meet near term critical demands associated with the population growth as determined through master planning efforts. The overall pipeline is sized to meet future water demands.
PRIOR ACTION / REVIEW (COUNCIL, BOARDS, COMMISSIONS)

Resolution No. 13-2079 was authorized by Council on December 11, 2013.

Information about this item will be provided to Economic Development Committee on September 21, 2015.

FISCAL INFORMATION

Water Utilities Capital Improvement Funds - $148,177 ($145,177, plus closing costs and title expenses not to exceed $3,000)

OWNER

First National Bank

Michael McCann, Sr., Property Officer

MAPS

Attached
KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: September 22, 2015
COUNCIL DISTRICT(S): 8
DEPARTMENT: Sustainable Development and Construction
          Water Utilities
CMO: Ryan S. Evans, 671-9837
     Mark McDaniel, 670-3256
MAPSCO: 67W

SUBJECT

Authorize acquisition, including the exercise of the right of eminent domain, if such
becomes necessary, from Southport Properties, LP, of a tract of land containing
approximately 326,340 square feet located near the intersection of Langdon and JJ
Lemmon Roads for the Southwest 120/96-inch Water Transmission Pipeline Project -
Not to exceed $626,850 ($614,850, plus closing costs and title expenses not to exceed
$12,000) - Financing: Water Utilities Capital Construction Funds

BACKGROUND

This item authorizes the acquisition of approximately 326,340 square feet of land
located near the intersection of Langdon and JJ Lemmon Roads for the Southwest
120/96-inch Water Transmission Pipeline Project. This property will be used for the
construction of a 96-inch and 120-inch diameter treated water transmission line from
the East Side Water Treatment Plant to Southwest Dallas. The consideration is based
on an independent appraisal.

This acquisition is part of the Long Range Water Master Plan and the Water
Distribution Master Plan. The water transmission main is required to facilitate
conveyance of treated water to the South and Southwest portions of Dallas and its
transmission pipeline is needed to meet near-term critical demands associated with the
population growth as determined through master planning efforts. The overall pipeline
is sized to meet future water demands.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

Information about this item will be provided to the Economic Development Committee
on September 21, 2015.
FISCAL INFORMATION

Water Utilities Capital Construction Funds - $626,850 ($614,850, plus closing costs and title expenses not to exceed $12,000)

OWNER

Southport Properties, LP

Ralph Miller, President

MAP

Attached