

Memorandum



CITY OF DALLAS

DATE January 8, 2021

TO The Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Item on January 13, 2021: Amendment to Chapter 380 Grant Agreement with Chime Solutions, Inc.**

On January 4, 2021, the Economic Development Committee was briefed on a proposed amendment to the Chapter 380 Grant Agreement with Chime Solutions, Inc.

As such, in advance of the January 13, 2021 City Council meeting, staff wanted to ensure that the Mayor and all Members of City Council have the same information that was provided to the Economic Development Committee.

In May 2019, City Council approved Resolution No. 19-0827, authorizing a Chapter 380 Grant Agreement with Chime in an amount not to exceed \$2 million (payable in two equal installments of \$1 million each) to support Chime's establishment and operation of a new business process outsourcing center ("BPO") within Red Bird Mall located at 3662 W. Camp Wisdom Road.

In December 2019, Grant Installment #1 in the amount of \$1 million was disbursed to Chime upon Chime's successful performance of the following conditions: executing a lease for a minimum 50,000 square feet for the Red Bird BPO with a minimum 7-year term; making a minimum investment of \$2.2 million in business personal property (furniture, fixtures, machinery & equipment) at the Red Bird BPO; obtaining a final certificate of occupancy for a minimum 50,000 square feet for the Red Bird BPO; creating a minimum 500 net new full-time equivalents ("FTEs") based at the Red Bird BPO with a minimum starting wage of \$14.00/hour (and a benefits package including medical, prescription, dental, vision, life insurance, and disability) and with a minimum 35% of the 500 new FTEs being residents of the city of Dallas; hosting a minimum of three job recruitment events targeting city of Dallas residents and also coordinating with Workforce Solutions Greater Dallas to promote the job opportunities to residents of the City of Dallas; providing workforce development training for at least 400 of the new 500 FTEs and documenting that a minimum of \$1 million in costs were incurred for that purpose.

During 2020, Chime continued to grow, reaching 1,000 newly created FTEs. However, with the COVID-19 pandemic, nearly all of the Red Bird-based employees have been working from home.

Now, due to the uncertainties regarding work-from-home conditions and future office space needs, Chime is requesting to amend two of the conditions required to earn Grant Installment #2 (\$1 million) as follows:

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- Delete the requirement that Chime execute a right of first refusal to lease an additional 30,000 square feet within Red Bird Mall with a minimum 5-year term by June 30, 2022 and delete the associated requirement that Chime obtain a final certificate of occupancy for the additional minimum 30,000 square feet within Red Bird mall by June 30, 2022.
- Delete the requirement that Chime make an additional investment of at least \$2.2 million in business personal property (furniture, fixtures, machinery & equipment) at Red Bird Mall by June 30, 2022.

In consideration of the requested changes above, Chime is committing to increase the job creation requirement for Grant Installment #2 by 200 FTEs from an additional minimum 500 new FTEs to an additional minimum 700 new FTEs (for a cumulative minimum total of 1,200 FTEs) by June 30, 2022.

Additionally, Chime is in pursuit of new service contracts with Dallas-area corporations and is requesting the City of Dallas to increase the total amount of the grant agreement by \$500,000 by adding a third grant installment (“Grant Installment #3”) to help offset the cost of training new Red Bird-based employees that Chime hires as a result of executing new service contracts.

Staff has negotiated that Grant Installment #3 in an amount not to exceed \$500,000 shall be paid when the following key conditions are satisfied:

- Chime shall continue to remain in compliance with all conditions of Grant Installment #1 and Grant Installment #2 (as amended).
- Chime shall create an additional minimum 250 new FTEs (for a cumulative minimum total of 1,450 FTEs) by December 31, 2023.
- The additional 250 new FTEs shall have a minimum starting wage of \$14.00/hour and shall include a benefits package. Benefits package shall include medical, prescription, dental, vision, life insurance, and disability.
- A minimum 35% of the additional 250 new FTEs shall be residents of the city of Dallas.
- By December 31, 2023, Chime shall host a minimum of two additional job recruitment events targeting city of Dallas residents. Chime shall also coordinate with Workforce Solutions Greater Dallas to promote the job opportunities to residents of the city of Dallas. Chime shall also use best efforts to hire veterans, re-entry candidates, and other hard-to-place job applicants.

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- By December 31, 2023, Chime shall provide workforce development training for at least 200 of the additional 250 new FTEs and shall document that an additional minimum of \$500,000 in costs have been incurred for that purpose.

Incorporated in 2013, Chime is an outsourced human resources company that operates a business process outsourcing center (commonly called a customer contact center or call center). Chime provides services that support several Fortune 500 corporate clients in a range of industries including financial services, insurance, health care, and telecommunications sectors. Chime is headquartered in Morrow, Georgia, ten miles outside of Atlanta, in Southlake Mall. Prior to Chime's establishment of their business process outsourcing center, Southlake Mall had been a struggling mall very similar to Red Bird mall. Chime is a privately owned and certified minority and woman-owned business.

Chime's services can be considered "back office" functions in three general categories: (1) customer care (e.g. account and billing support; appointment setting; insurance policy support; benefits administration; healthcare exchange support; technical support; help desk; multilingual support), (2) seasonal support (e.g. open enrollment; retail support; new product launches; tax season support; contingency support; crisis management rapid response), and (3) business process outsourcing (e.g. email; webchat; SMS; online verification; quality assurance; data collection; social media; mail fulfillment).

Chime's President and Chief Executive Officer is Mark Wilson. Mr. Wilson is an entrepreneur with more than 25 years of experience in the business information services industry. He has held senior-level sales and operations management positions with Dun & Bradstreet, ABF Freight Systems, and Whirlpool Corporation. In 2001, Mr. Wilson established RYLA Teleservices Inc., a nationally-recognized customer support and contact center that grew from one employee to more than 3,000 and over \$100 million in revenues. Mr. Wilson sold RYLA Teleservices Inc. in 2010. In 2012, Mr. Wilson acquired eVerifile, a contractor screening company, and then established eVerifile CS, a subsidiary focused on BPO services. In 2016, Mr. Wilson merged the company with Chime. Mr. Wilson has been recognized with several awards, including Ernst & Young's Entrepreneur of the Year Award® in 2010; TiE Atlanta's Entrepreneur of the Year in 2010; Hall of Fame at the Coles College of Business at Kennesaw State University in 2014; and Atlanta Business Chronicle's Small Business Person of the Year in 2017.

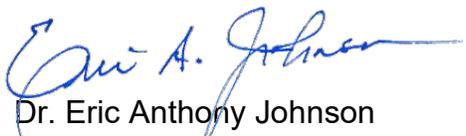
Chime puts significant emphasis on company culture with their "Total Life" Program, an employee-first approach designed to provide the proper tools and resources needed to help employees succeed outside of the workplace. Within the Total Life Program, Chime offers development courses and wellness programs designed to enhance all aspects of employee's lives, including: financial aptitude and credit repair seminars; home ownership/home buying workshops; car buying assistance; physical health; mental health; personalized workouts (on-site); mindfulness lunch and learns; and flexibility with personal appointments, family illness, etc.

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In the context of the City's Market Value Analysis, the project is located in a non-residential tract and is generally surrounded by residential market types E, F, and G. Market types E, F, and G reflect middle to lower-middle residential real estate markets. The project provides stable and accessible middle-skilled employment opportunities to the surrounding residential market areas. The project is also located in a Redevelopment Area as designated in the City's Comprehensive Housing Policy.

Pursuant to the City's Public/Private Partnership Program ("P/PPP") Guidelines and Criteria (effective for the period December 31, 2020 through June 30, 2021), the project is located in a Target Area. With Chime's commitment to create an additional 250 new jobs for Grant Installment #3, the project meets minimum eligibility criteria requirements of the P/PPP Guidelines and Criteria for a Target Area.

Should you have any questions, please contact Kevin Spath, Assistant Director, Office of Economic Development at 214-670-1691.



Dr. Eric Anthony Johnson
Chief of Economic Development & Neighborhood Services

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Mark Swann, City Auditor
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