

Memorandum

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CITY OF DALLAS

DATE June 13, 2014

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 June 16, 2014, 9:00 – 10:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Approval of May 19, 2014 Minutes of the Economic Development Committee
2. Digital Billboard Review
David Cossum, Interim Director
Sustainable Development and Construction
(Estimated time 20 minutes)
3. Public/Private Partnership Program
J. Hammond Perot, Assistant Director
Office of Economic Development
(Estimated time 20 minutes)
4. Cedar Branch Townhomes and Bridge Projects –
Southwestern Medical TIF District
Karl Zavitkovsky, Director
Office of Economic Development
(Estimated time 20 minutes)
5. Upcoming agenda items:
 - Victory Park Two-Way Traffic and Parking Directional Signage Development Agreement (Sports Arena TIF District), Victory Park UST Joint Venture I, L.P.
 - Amendment to the Development Agreement with DFM Developer, Ltd. for the Farmers Market Redevelopment, Phase I Project
 - DLH Master Land Holding, LLC/Hines Holdings, Inc.
 - Hatcher Station Village Modifications Related to: 1) Public/Private Partnership Agreement and 2) Forgivable Loan Agreements

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
Shawn Williams, Interim 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 Mgr.
Theresa O'Donnell, Interim Assistant City Mgr.
Jeanne Chipperfield, CFO, OFS
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED
Elsa Cantu, Asst. to CMO, Mayor, and Council

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

Meeting Record May 19, 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: May 19, 2014

Meeting Start time: 9:02 AM

Committee Members Present:

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

Staff Present:

Theresa O'Donnell, Interim Assistant City Manager
City Managers Office
Karl Zavitkovsky, Director
Office of Economic Development
Karl Stundins, Assistant Director
Office of Economic Development

Other Council Members Present:

Philip Kingston

Other Presenters:

Chris Heinbaugh, VP External Affairs, ATT PArts Center

1. Approval of April 21, 2014 Minutes of the Economic Development Committee

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

Motion made by: Mr. Callahan

Motion seconded by: Mr. Kleinman

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

2. Creation of the New and Expanded Klyde Warren Park Dallas Art District Public Improvement 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. Griggs

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):

3. Cliff View Fort Worth Avenue 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. Griggs

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):

4. Upcoming Agenda Items

- United States Cold Storage Expansion Project
- Santander Consumer USA Inc. Project
- Modification to the Hatcher Station Village Public Private Partnership Agreement

May 19, 2014

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- The Canyon: Colorado Boulevard Extension – Amendment #1
- TCDFW Industrial Development Inc. II Project
- Enterprise Zone Project Designations

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

Motion made by: Mr. Callahan

Motion seconded by: Mr. Kleinman

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

5. Public Private/Partnership Program

Presenter: J. Hammond Perot, Assistant Director, Office of Economic Development

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

Motion made by:

Motion seconded by:

Item passed unanimously: _____

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

Meeting Adjourned: 10:10 AM

Approved By: _____

Memorandum



CITY OF DALLAS

Date: June 13, 2014

To: Honorable Members of the Economic Development Committee: Mayor Pro Tem Tennell Atkins (Chair), Rick Callahan (Vice Chair), Jerry R. Allen, Scott Griggs, Lee Kleinman and Adam Medrano

Subject: Digital Billboard Review

On Monday, June 16, you will be briefed on the City Plan Commission recommendation to extend the current digital billboard provisions to August 31, 2016. The Committee was previously briefed on April 21st on the status of the digital billboard ordinance passed by City Council on June 8, 2011. At that time the committee directed staff to process a code amendment so that an extension of the current sunset date of August 1st 2014 could be considered. A copy of the briefing is attached. Please contact David Cossum at 670-4127 should you have any questions or need additional information.

A handwritten signature in black ink, appearing to read 'Theresa O'Donnell'.

Theresa O'Donnell
Interim Assistant City Manager

cc: Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
Judge Daniel F. Solis, Administrative Judge
Ryan S. Evans, Interim First Assistant City Manager
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
Jeanne Chipperfield, Chief Financial Officer
Shawn Williams, Interim Public Information Officer
David Cossum, Interim Director Sustainable Development and Construction
Rick Galceran, Director, Public Works
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Digital Billboard Review

**City Council Economic
Development Committee
June 16, 2014**



Background

- On June 8, 2011, City Council approved a code amendment to allow certain billboards on freeways to convert to digital technology.
- The code amendment included a provision that the regulations allowing digital conversion would expire on August 1, 2014.
- On April 21, 2014, staff briefed the Economic Development Committee on the sunset provision of the ordinance and current status of the 50 location permits allowed under the ordinance. The Committee instructed staff to proceed with consideration of extending the current provisions.
- On May 13, 2014, the Special Sign District Advisory Committee recommended no change to the sunset provision.
- On May 22, 2014, the City Plan Commission recommended extending the sunset date to August 31, 2016

Background

- Ordinance Provisions:
 - for every 1 square foot of billboard converted to digital technology 3 square feet of static billboard had to be removed elsewhere.
 - capped the number of locations that could include a digital sign at 50 locations (if a two-sided sign existed at a location, both signs may be able to be converted to digital and count as one location)
 - Displays must automatically adjust sign brightness dependent upon ambient light conditions
 - Messages must be displayed for a minimum of 8 seconds and the message change must be accomplished in 2 seconds
 - Change of message must occur simultaneously on the entire sign face
 - No flashing, dimming or brightening of message is permitted except to accommodate the change of message
 - City may require emergency information to be displayed

Background

- Other ordinance provisions related to location included:
 - Digital display signs must be located on an expressway
 - Signs can not be located within 300 feet of a lot in a residential zoning district
 - Signs can not be located within 500 feet of an historic district
 - Signs can not be located within 2000 feet of the Trinity River or within 500 feet of the escarpment zone.
 - Digital display signs must be located a minimum of 1500 feet from another digital display sign oriented to the same traffic direction (2000 feet if the location has back to back digital displays)

Background

- Permit status to date:
 - All 50 location permits have been issued
 - 44 locations have been converted to include digital faces
 - 451 sign structures have been removed with 859 sign faces
 - The majority of sign faces removed were smaller signs on local arterials

Issues

- If the digital provisions sunset and are not renewed, existing digital signs will remain as non-conforming signs.
- Non-conforming signs are signs that were legally erected pursuant to a valid permit and may remain and be maintained at their current location.
- Non-conforming signs may not be repaired if the cost of repair is more than 60 percent of the cost of erecting a new sign of the same type at the same location.

Issues

- Most of the concerns expressed to the department to date have been related to the brightness of LED signs, both premise signs and digital billboards.
- Some concerns have also been received relative to the message change and how that brings attention to a digital display to a greater degree than a static message had previously.

Issues

- Staff has received several letters in opposition to the extension of the current provisions.

Proposal

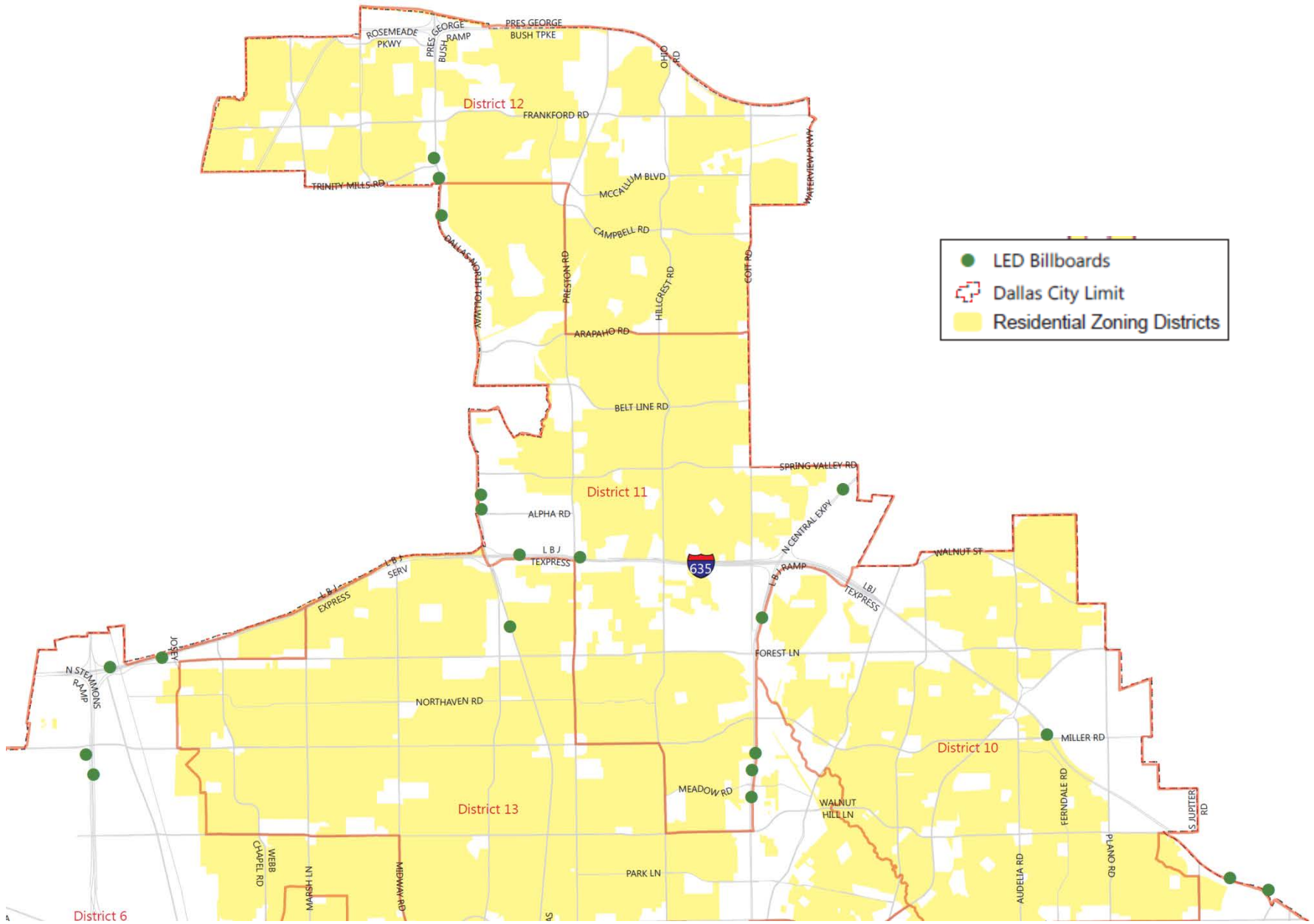
- Proceed with an amendment to the existing ordinance to extend the existing regulations for another 2 years with no increase in the number of locations permitted by the ordinance
- Continue to discuss appropriate digital sign brightness requirements for both premise and non-premise digital sign displays.

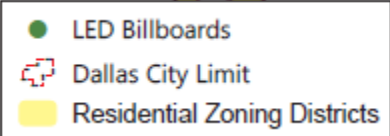
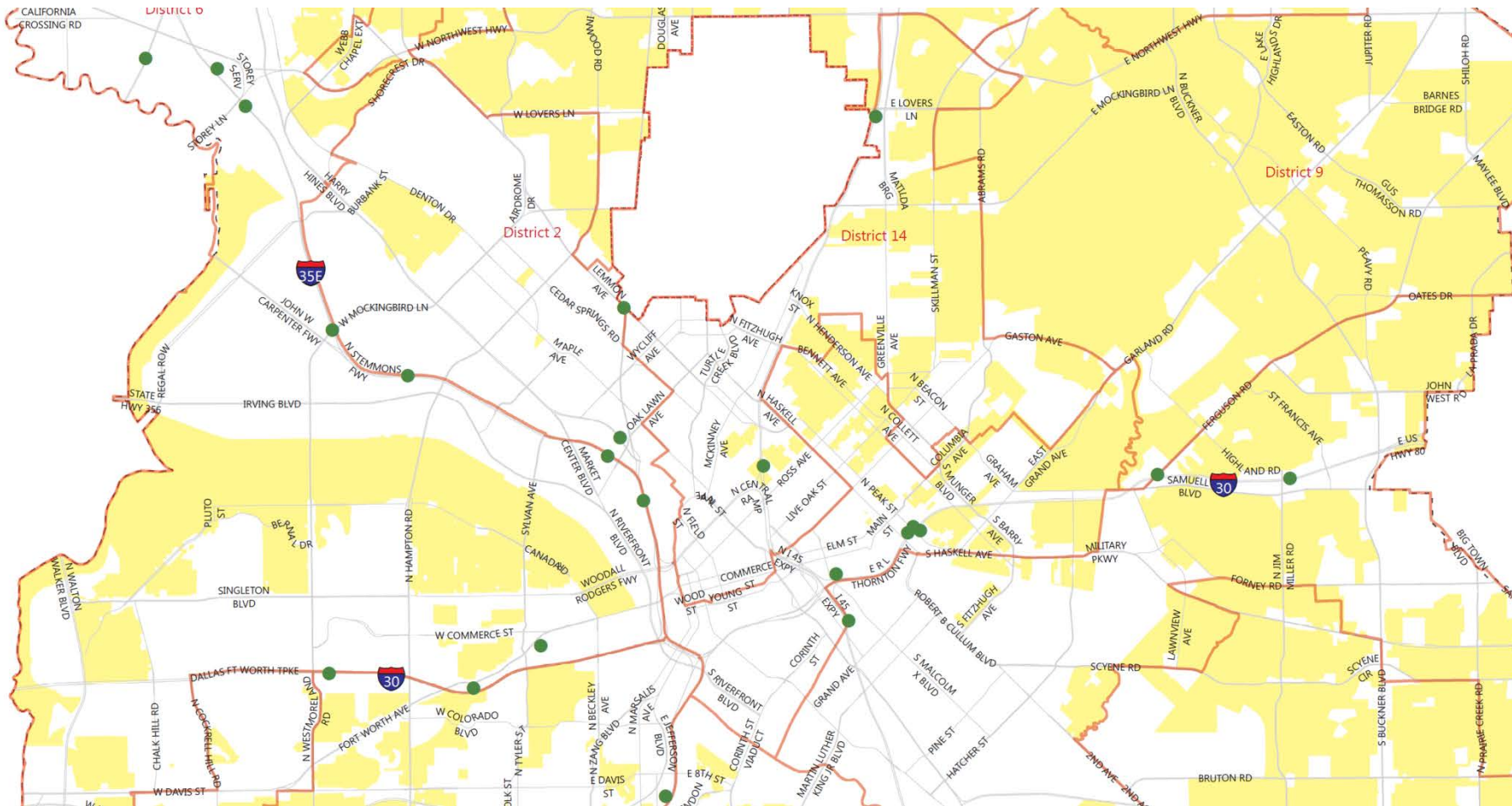
Next Steps

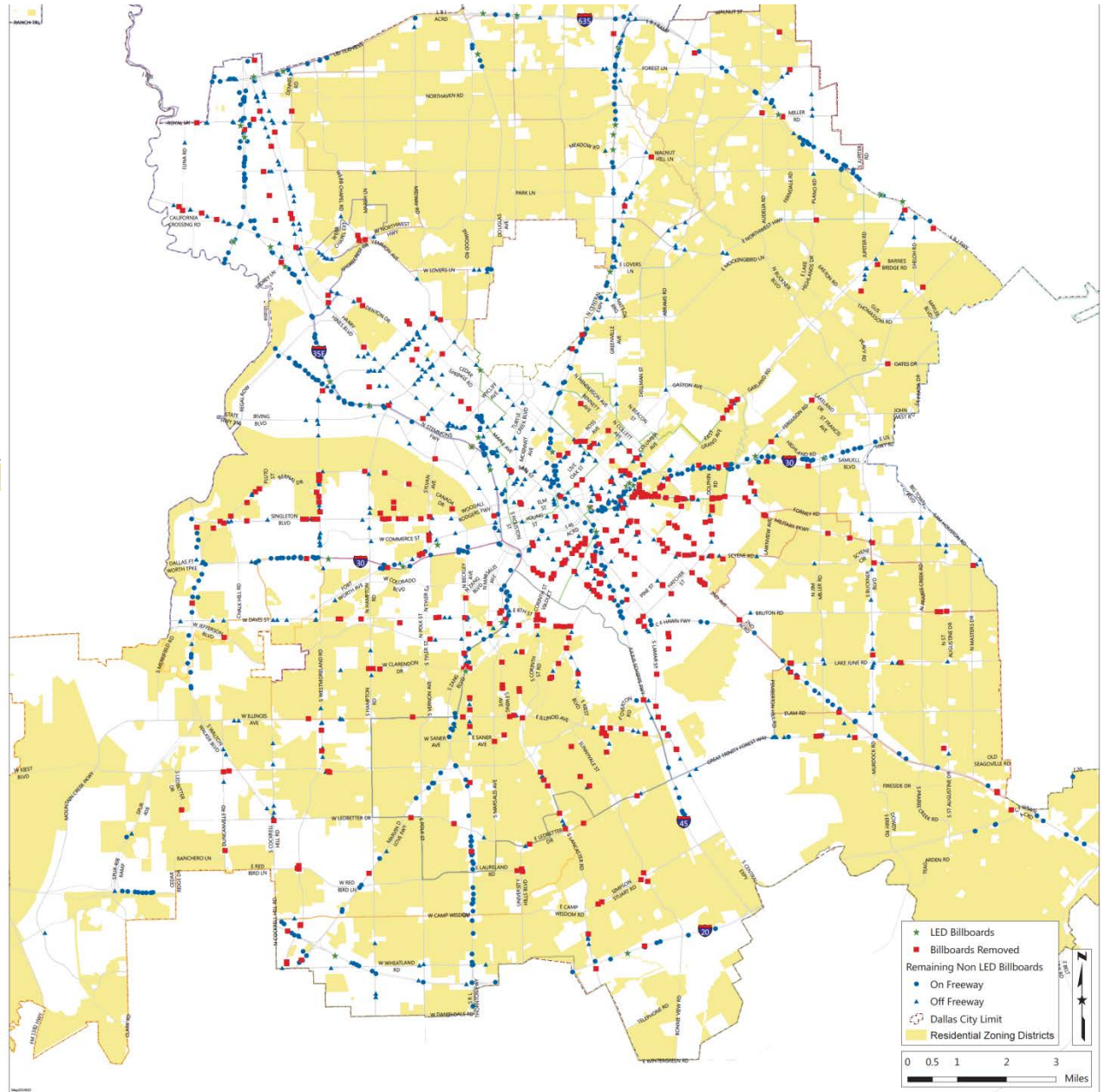
Schedule City Council consideration of the proposal to extend sunset provision on the June 25, 2014 City Council agenda.

Appendix

Digital Billboard Maps







Memorandum



DATE June 13, 2014

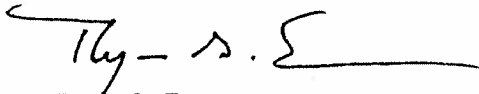
TO Members of the Economic Development Committee: Tennell Atkins (Chair), Rick Callahan, (Vice-Chair), Jerry R. Allen, Scott Griggs, Adam Medrano, Lee Kleinman

SUBJECT **Public/Private Partnership Program**

On Monday, June 16, 2014 the Economic Development Committee will be briefed on the Public/Private Partnership Program.

Briefing material 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, Interim City Manager
Warren M. S. Ernst, City Attorney
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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

Public/Private Partnership Program

June 16, 2014



Purpose

- Provide a brief review of the Program
- Present information requested at the last briefing related to project funding
- Receive Committee recommendation for City Council to adopt the Public/Private Partnership Program “Guidelines & Criteria” on June 25, 2014

Program Review

- The Public/Private Partnership Program is designed to provide City of Dallas economic support to private for-profit commercial projects with an emphasis on targeted geographies for the following purposes:
 - Increase the commercial tax base
 - Create and retain quality job opportunities for Dallas residents
 - Target investment and job growth in Southern Dallas and Enterprise Zones
 - Foster the attraction and expansion of targeted industries and existing firms
 - Maintain a competitive position relative to non-city of Dallas sites
 - Encourage the redevelopment of sites and areas experiencing disinvestment
- The Program Guidelines & Criteria provide a framework for negotiations with businesses/developers on potential projects and is attached as Exhibit A.
- Guidelines and Criteria require adoption every two years by state statute.

Program Review

- **Public/Private Economic Development Tools**
 - Tax Abatement – an agreement to forego future real property or business property tax revenue from new investment
 - Business Development Chapter 380 Grants – 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.
 - Other Program Tools – State law allows for the creation of programs for grants and/or loans pursuant to Chapter 380 of the Local Government Code
- Eligible projects are supported by the program through the Public/Private Partnership Fund (PILOT payments from Water Utilities) and proceeds from GO Bond propositions for Economic Development

Program Review

- The program typically supports the following non-residential project types:
 - Business Recruitment/Attraction
 - Business Expansion and Retention
 - Commercial Real Estate Development
 - Retail/Neighborhood Development
- Examples of these project types supported by the Program are provided below.

Business Recruitment/Attraction Examples

- DealerTrack's software development and transaction processing operation at Galleria North-Tower I (March 2012)
 - 250 jobs and \$2.5 million investment supported by a \$210,000 ED grant
 - Estimated 10-yr net fiscal impact: \$8.9 million
- MoneyGram International HQ relocation to 2828 N. Harwood (Oct. 2010)
 - 140 jobs relocated to existing office space supported by \$125,325 ED grant and 7-yr 75 percent BPP tax abatement estimated at \$131,505 of forgone revenue
 - Estimated 10-yr net fiscal impact: \$4.9 million

Business Expansion/Retention Examples

- The Richards Group expansion/retention at 3504 North Central Expressway (June 2013)
 - 650 jobs and \$50+ million facility supported by 10-yr 90 percent real property tax abatement with an estimated \$1.9 million of forgone revenue
 - Estimated 10-yr net fiscal impact: \$4.3 million
- ReelFx HQ expansion/retention at 301 N. Crowds St. in Deep Ellum (June 2012)
 - 250 jobs retained and 125 new jobs supported by \$1.75 million ED grant (over 4 years) from P/PPF
 - Estimated 10-yr net fiscal impact: \$9.7 million
- Deloitte expansion/retention at 2200 Ross Ave. (Oct. 2009)
 - 1,111 jobs created/retained in CBD supported by \$2 million ED grant (over 4 years) from P/PPF
 - Estimated 10-yr net fiscal impact: \$30.1 million

Commercial Real Estate Example

- Mountain Creek Business Park
 - City supported creation of the business park with \$7 million of 1998 bond funds for infrastructure improvements (predominantly the reconstruction and realignment of Mountain Creek Parkway).
 - City Council approved tax abatements are estimated to forgo \$9 million in property taxes.
 - Resulting business projects include: American Leather, Strategic Partners, Costco, Nestle, Niagara, Cummins, and a proposed 1.6m s.f. Prologis industrial development.
 - Current DCAD appraisal for completed projects exceeds \$346 million with an estimated 800+ jobs.
 - Estimated 10-yr net fiscal impact: \$6.1 million (assuming a debt service cost of \$0.40 per \$1 of bonds issued, the revised net fiscal impact is \$3.3 million).

Retail/Neighborhood Examples

- Glen Oaks Crossings retail center development at I-35 & West Ledbetter.
 - New 182,000 s.f. Walmart Supercenter and 45,000 s.f. of additional proposed retail.
 - City Council authorized a \$2 million ED grant from 2006 bond program in support of the project.
 - Projected 10-yr fiscal impact: \$3.1 million (assuming a debt service cost of \$0.40 per \$1 of bonds issued, the revised net fiscal impact is \$2.3 million).
- Torre Vista Shopping Center at Lake June and Masters.
 - Redevelopment of 160,000 s.f. shopping center with Rio Grande re-tenanting the vacant grocery store anchor
 - City Council authorized a \$1.5 million ED grant in support of the project.
 - Projected 10-yr fiscal impact: (\$190,259) *note: while 10-yr is negative, the estimated 20-yr fiscal impact exceeds \$1.5 million

Recap of Program Modifications

- The suggested reduction of program eligibility in the northern sector has been incorporated into the new policy.
- North Dallas and CBD minimum investment criteria reduced from \$10 million to \$5 million and the minimum job criteria reduced from 150 to 100.

DISCUSSION

Next Steps

- Adoption of Guidelines & Criteria on June 25, 2014.

Exhibit A

Guidelines & Criteria

Exhibit A

City of Dallas Public/Private Partnership Program Summary for Non-Residential Projects

City of Dallas Public/Private Programs

It is the purpose of the following programs to provide assistance only for projects where such assistance is necessary to stimulate private investment. Accordingly, these programs are available when agreements between the City and private parties that are not tax-exempt are approved by City Council prior to private investment occurring. Projects seeking economic incentives must provide written assurance that 'but for' the incentives sought, the proposed project would be substantially altered such that the project would not otherwise occur in the city or the economic returns to the city would be reduced. Projects occurring in Southern Dallas are provided special consideration.

The information contained herein shall not be construed as implying or suggesting that the City of Dallas is offering or is under any obligation to provide tax abatement or other incentives to any applicant, and all applicants shall be considered on a case-by-case basis. Pawnshops, sexually oriented businesses, bars, truck stops, and truck dealerships are excluded from consideration for incentives provided under this program.

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 100 jobs or provide \$5 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. City staff may consider secondary considerations such as Dallas resident employment, efforts to exceed minimum environmental regulations, wage rates, community activities, target industry projects, and M/WBE participation when negotiating this incentive. A firm's tax abatement percentage will be reduced by 25 percent for any single year of the tax abatement term in which secondary considerations included in the agreement are not met unless an alternative method is prescribed by City Council in a project specific resolution. Real property tax abatement is not available in TIF Districts. In limited cases, projects may be considered for a combination of both real and personal property tax abatement when the combined amount does not exceed 90 percent of the City taxes on total new improvement value. All tax abatements must begin by January 1 of the second calendar year following City Council authorization.

Abatement Benefits:

- **Southern Dallas:** Real property tax abatement up to 90 percent for 10 years and/or a business personal property tax abatement of up to 50 percent for five years;

Exhibit A

City of Dallas Public/Private Partnership Program Summary for Non-Residential Projects

- **Northern Dallas:** Real property tax abatement up to 50 percent for 10 years and/or a business personal property tax abatement of up to 50 percent for five years;
- **Central Business District:** Business personal property tax abatement of up to 75 percent for five years and/or for non-TIF District sites real property tax abatement of up to 90 percent for 10 years; and
- **Non-Conforming Projects:** Projects will be considered on a case-by-case basis.

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. Pursuant to this program the City may administer and accept resources from other political subdivision of the state to support this program, and may administer and accept resources from the Federal government to support transit-oriented and mixed-use commercial developments.

Transit-Oriented Development (TOD) Program

Minimum eligibility for consideration of city incentives through the Public/Private Partnership Program will require a cumulative investment of \$300 million for new mixed-use, commercial, retail and/or residential development in proximity of at least two DART light-rail transit stations (with one or both in Southern Dallas). TOD projects are eligible for consideration for the full complement of necessary and appropriate incentives available through this program including, but not limited to, tax increment financing, tax abatement, grants and loans, and infrastructure cost participation. Residential developments seeking incentives will be required to have a 20 percent affordable housing set aside in North Dallas and mixed-income housing in Southern Dallas. Further, projects must meet the City's established Good Faith Effort guidelines for M/WBE participation.

Economic Development GO Bond Program for Southern Dallas

General Obligation Bond funding may be used as described in this paragraph for private commercial, industrial, retail, residential, and mixed-use development in the Southern area of the city that promotes economic development. Funding may be provided as a catalyst to promote private economic development and may be used for planning, designing, extending, constructing and acquiring land for public streets, utilities and other related infrastructure facilities or uses consistent with this purpose. Funding is also available in support of mixed-use or residential development, for the acquisition of improved and unimproved properties and for the cost of demolition of existing structures.

Exhibit A

City of Dallas Public/Private Partnership Program Summary for Non-Residential Projects

Private developments may be eligible for economic development grants and loans pursuant to Chapter 380 of the Texas Local Government Code. Grants and loans will be considered for infrastructure improvements and/or land acquisition consistent with the scope of funding and other uses described above. Grants or loans will be considered on a case-by-case basis subject to funding limitations and development agreements approved by City Council, which agreements will contain appropriate conditions, safeguards and benchmarks to ensure that the public purpose of economic development will be carried out. Residential developments will be required to have a mixed-income set aside. Further, it is anticipated that resources and other forms of development assistance from other applicable City economic development programs may be utilized to support this program.

Local Government Corporation (LGC) Chapter 380 Grant Program

The City of Dallas will consider making grants from its general fund to a LGC, subject to annual appropriation of funds and the approval of the Dallas City Council. These funds will be restricted to the payment of project costs, including the payment of debt service on any bonds issued by the LGC to finance project costs, and the funding of any necessary reserve fund or capitalized interest accounts and the payment of the cost of issuance of bonds.

City of Dallas Regional Center - EB 5

The City of Dallas Regional Center (CDRC) is dedicated to assisting individuals and their families through the EB-5 immigration process via investment into businesses and development projects located within the Dallas city limits. The CDRC offers a variety of investments to foreign investors that meet or exceed requirements and offer investors features unique to the EB-5 community. Minimum foreign investment is \$500,000 in Targeted Employment Areas or \$1M in other areas. All opportunities supported by the CDRC must provide 10 full-time jobs (directly or indirectly) per investor.

New Market Tax Credits

The City of Dallas participates in the New Market Tax Credit Program (NMTC), a federal program operated by the Department of Treasury, that provides opportunities for new development in traditionally underserved areas. The program provides NMTC investors with a 39% federal tax credit payable over seven years. These investments are partnered with additional funds for businesses and real estate development in Low Income Neighborhoods.

Target Industry Projects

Target Industry projects are provided special consideration for economic incentives and are generally defined as follows: Brownfields or recycling, information technology, building materials and furnishings, company headquarters, logistics, telecommunications, transportation manufacturing and assembly, film/television/media, advanced instruments and food processing/distribution. Due to the temporary nature of film/television production, projects in this industry are not required to meet minimum job or investment eligibility established for the Public/Private Partnership Program. Rather, these projects are considered on a case-by-case basis with consideration given to the positive economic returns projects bring to the City. Target Industry projects must be confirmed in advance by the City in order to receive consideration under this designation.

Exhibit A

City of Dallas Public/Private Partnership Program Summary for Non-Residential Projects

Non-Conforming Projects

Non-Conforming projects are considered on a case-by-case basis for high impact projects, unique developments, residential developments with special circumstances, and competitive situations where projects may receive competing offers of incentives. These projects require a simple majority vote of City Council in Southern Dallas and a 3/4 vote of City Council in the CBD and in Northern Dallas. High Impact Project - Projects creating/retaining a minimum of 500 jobs with substantial capital investment. In addition, this status may be granted to major projects by Fortune 500, Manufacturers 400, or Global 500 listed firms. Special circumstance residential projects must ensure that a minimum of 20% of the residential units in the development meet affordable housing or mixed-income housing requirements for the location.

Competitive and Retention Projects

In special cases, companies receiving competing offers of incentives or those currently located in the city of Dallas considering a relocation/expansion are eligible to apply for financial incentives with negotiable terms. Existing firms must expand job base by 25 percent to be eligible for consideration. Incentives may be offered in specific cases to 'match other offers.' Companies may be required to demonstrate competing cities, offers, land/lease costs, taxes at current rates, utility rates, relocation costs, other significant costs and 'gap' to be filled, etc.

Other Sources of Financial Assistance

Tax Increment Districts

Special districts funding public improvements (not services) with increased tax revenues resulting from new private development. Tax rates are the same as elsewhere in the City and no added cost to private parties is incurred.

Public Improvement Districts

Special districts created by petition to privately fund public improvements or special supplemental services over and above those provided by City, when such services are supportive of related City investments in capital improvements.

Foreign Trade Zone

Allows duty-free importing of foreign-made components into the Zone, where they may be assembled, manufactured, processed or packaged. Duties are charged only when products are subsequently distributed into the U.S. market - if they are shipped to international markets, no duty is levied.

State Incentives

The City of Dallas will facilitate applications for assistance from State programs including Enterprise Zone Projects, Texas Enterprise Fund, and the Texas Emerging Technology Fund.

To obtain more detail on these programs, or to inquire regarding other assistance, contact:
Office of Economic Development, Dallas City Hall, Room 5CS, Dallas, Texas 75201, Phone:
(214) 670-1685, Fax: (214) 670-0158.

Memorandum



DATE June 13, 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 **Cedar Branch Townhomes and Bridge Projects – Southwestern Medical TIF District**

On Monday June 16, 2014, the Economic Development Committee will not be briefed on the Cedar Branch Townhomes and Bridge Projects – Southwestern Medical TIF District item. Several aspects of the proposed transaction require additional research.

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
- Judge Daniel F. Solis, Administrative Judge
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Memorandum



DATE June 16, 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 **Victory Park Two-Way Traffic and Parking Directional Signage
Development Agreement (Sports Arena TIF District), Victory Park UST
Joint Venture I, L.P.**

On June 27, 2012, City Council authorized district wide technical studies for the Victory Sub-district within the Sports Arena TIF District. The studies focused on completing parking, traffic, vehicular and pedestrian circulation, place making and retail design studies related to public and private improvements within the sub-district and were completed in May of 2013.

One recommendation of the technical studies focused on improving circulation in and around Victory Park. The current one-way traffic condition on Houston Street and Victory Avenue creates confusion and inconvenience for visitors and prevents connectivity to adjacent neighborhoods.

On January 22, 2014, City Council amended the City's Thoroughfare Plan to convert the one-way couplets (Houston Street and Victory Avenue) to two-way roadways.

- **Houston Street Changes** – Conversion of N. Houston Street (from All Star Way to Continental Street) from four northbound lanes to three travel lanes (1 northbound lane, 1 southbound lane and 1 center turning lane) and a dedicated bicycle track on both sides of the street separated by a raised curb. Remainder of N. Houston Street (north of All Star Way) will be converted to two-way status, with shared bicycle lanes.
- **Victory Avenue Changes** – conversion of all of Victory Avenue from four southbound lanes to two-way street, with shared bicycle lanes.

Currently the City does not have any funding to complete the physical conversion of the streets. Generally this type of infrastructure improvement would be funded from proceeds from General Obligation Bonds issued by the City, only after a bond election. The City does not anticipate a bond election until 2017, at the earliest.

In an effort to maintain the district's momentum and ensure that the much needed roadway conversion takes place in a timely manner, Victory Park UST Joint Venture I, L.P. (UST) has agreed to front the costs of the project and implement the two way conversion of Houston Street and Victory Avenue. Conversion of the two streets will change the character and experience of the

roadways and improve bicycle circulation throughout the sub-district by providing a dedicated bicycle track on both sides of Houston Street connecting to the current terminus of the KATY Trail and extending it throughout the sub-district.

The district wide technical studies also recommended the creation of a comprehensive signage and wayfinding program that clarifies and simplifies information needed by visitors and customers to efficiently navigate the district. The proposed parking directional signage package is a comprehensive plan that communicates the new two way traffic conversion.

The cost for the traffic operation conversion is \$3,718,000 and parking directional signage is \$1,030,500 for a total project cost of \$4,748,500. UST will pay for the costs of improvements upfront and will be reimbursed from the TIF District upon completion and availability of TIF funding. Proposed TIF funding will reimburse the total cost of the project. The traffic conversion and parking signage will facilitate efficient circulation in the district, provide bicycle facilities, create balanced multi-modal streets while increasing travel options and slowing traffic speeds.

Proposed parking signage requires approval of an amendment of the Victory Special Provision Sign District by City Council. This amendment would determine the ultimate size, location and number of signs to be installed within the district. The developer has begun the review process with the City. Given the time required to amend a sign district, reimbursement of traffic conversion improvements is not contingent upon completion of the signage component of the project.

Fiscal Information

\$4,748,500 – Sports Arena TIF District Funds

Estimated Schedule of Project

Begin Construction: July 2015
Project Completion: December 2015

Developer

Victory Park UST Joint Venture I, L.P.

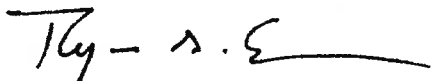
Lance Fair, Vice President

Maps

Attached

Sports Arena TIF District
June 16, 2014
Page 3 of 7

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

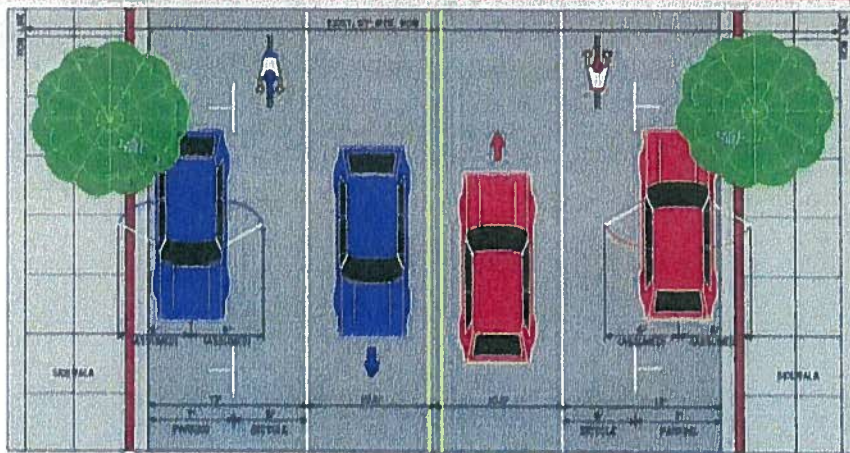


Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council

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Two Way Traffic & Bicycle Plan



Planned bicycle lanes shown above side of parked cars



Comments

- Provides a 10' paved space for bicycles and vehicles stop short of the sidewalk for parking for the neighborhood residents to use.
- Alternative, existing parking on both sides of street. (This form of parking will be removed.)
- Bikes moved in the same direction as the cars in.
- Consistent with the existing bike facility coming out of downtown Dallas on Lamar Street, which is paving/repaving street.
- Can be done in approximately 18 months.
- Provides four times the bicycle parking than 1000 cars and 17 times.
- Does not provide a prohibited bike lane.
- Complies with the City of Dallas published bicycle plan.



DESIGNED BICYCLE LANES IN VICTORY AVENUE
 CONVERSION OF W. HICKSTON STREET AND VICTORY AVENUE
 ONE-WAY TO TWO-WAY TRAFFIC OPERATION
 VICTORY PARK
 (Dallas, Texas)
 Victory Park LLC Joint Venture (L.P.)



Victory Avenue

"Dallas – Together, we do it better"

Parking Signage



TRADEMARK  CUSHMAN & WAKEFIELD

Victory Tomorrow

"Dallas – Together, we do it better"

Memorandum



DATE June 13, 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 **Amendment to the Development Agreement with DFM Developer, Ltd. for the Farmers Market
Redevelopment, Phase I Project**

On June 25, 2014, City Council will consider an amendment to the development agreement with DFM Developer, Ltd. for TIF-eligible improvements supporting the Farmers Market Redevelopment, Phase I project. The purpose is to extend completion of the purchase of public market parking/air rights from July 1, 2014 (prior to start of construction of public garage) to December 31, 2017 (after completion of private construction of garage and purchase by City).

The construction work related to the Farmers Market Redevelopment project is underway as planned. Under an original phasing plan, related to the redevelopment of the Dallas Farmers Market, the parking garage, located at Shed 3 and 4 site, was to be constructed by City of Dallas Public Works and Transportation Department (PWT) after purchasing air-rights from DFM Developer Ltd., using City bond funds. This required purchase of the air rights for the garage prior to constructing public parking, would have resulted in public bidding process and construction oversight from PWT. In an effort to reduce project costs and expedite the construction process, the Developer agreed to construct a mixed-use development on the Shed 3 and 4 site, 240 residential units and 16,000 square feet of retail space including the garage. This process eliminates the potential issues related to having a public and private contractor on site at the same time. As a result, the air rights and public parking facility will be purchased at the completion of the project instead of at the beginning. This amendment adjusts completion date to allow this improved process.

Specifically, the amendment to the development agreement under consideration is part of the Farmers Market Redevelopment Phase I project to extend the air rights sale from July 1, 2014 to December 31, 2017.

The following is a brief outline of the various implementation steps completed to this point related to the Dallas Farmers Market Redevelopment project:

February 27, 2013 – Council amended the Farmers Market TIF District Plan to:

- 1) Increase the physical area to include the Dallas Farmers Market site;
- 2) Extend the term of the Farmers Market TIF District by 15 years (through the end of 2028);
- 3) Increase the Farmers Market TIF District budget to approximately \$34M (in total collections);
- 4) Decrease the City's participation rate in the TIF District from 100% to 90%;
and
- 5) Allow the direct sale of land to implement the plan

March 27, 2013 – Council authorized the long-term lease of Shed 1 and sale of remaining sites to development group led by Brian Bergersen of Spectrum Properties.

May 22, 2013 – Council authorized an ordinance that repealed Chapter 29 and amended Chapters 29A and 42A of the Dallas City Code that:

1. Eliminated requirements, regulations, procedures and other provisions related to the municipal produce market; and
2. Provided requirements and exceptions for the Dallas Farmers Market in city code provisions that govern neighborhood farmers markets and special events

June 12, 2013 – Council approved minor amendments to lease and sale agreements.

June 26, 2013 – Council approved TIF development agreement related to design expenditures related to Dallas Farmers Market redevelopment.

July through October 2013 – Developer initiatives:

1. Assumed day-to-day management of the Dallas Farmers Market
2. Continued discussions with various stakeholders on redevelopment plans – farmers, vendors, Dallas Farmers Market Friends, etc.
3. Finalized redevelopment plans for site
4. Released architects to complete project design
5. Released retail brokers to finalize tenant recruitment efforts
6. Finalized and submitted zoning amendment request

October 24, 2013– CPC approved and recommended zoning amendment request.

October 25, 2013 – Peer Review conducted design review of the project.

November 21, 2013 – Developer funds last component of land sale.

December 11, 2013 – Council approved TIF development agreement related to the Dallas Farmers Market Redevelopment Phase II Project

- (A) Shed 1 Project for renovation and operation as a marketplace for local farmers and farm merchants and vendors to sell produce and other farm-related products;
- (B) Shed 2 Project for renovation for use by restaurants, specialty food vendors, other retail vendors, and a beer garden;
- (C) Mixed-use development/Shed 3 and Shed 4 Project for the development of retail, residential, and parking uses (including public parking for the market);
- (D) 2101 and 2111 Taylor Street Project for the development of residential uses; and
- (E) Futsal Project/remote parking area for redevelopment for outdoor activities, specifically a community garden and futsal fields

June 13, 2014

Farmers Market Redevelopment Phase 1 Project Amendment

Page 2 of 2

March 28, 2014 – Dallas Farmers Market groundbreaking ceremony.

June 25, 2014 - Council will consider authorizing a contract with Gibson & Associates, Inc. for the construction of street paving, storm drainage, landscape, water and wastewater main improvements for the Dallas Farmers Market, Phase II Project.

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



Ryan S. Evans
Interim First Assistant City Manager

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Jeanne Chipperfield, CFO, OFS
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED
Elsa Cantu, Assistant to the CMO

Memorandum



DATE June 16, 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 **DLH Master Land Holding, LLC/Hines Holdings, Inc.**

On June 25, 2014, the City Council will be asked to consider authorization of (1) a ten-year 90 percent abatement of the taxes on added value to the real property and (2) a \$1,760,000 Chapter 380 economic development grant agreement with DLH Master Land Holding, LLC for the purpose of assisting in the development of a 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.

For the past several months, city staff has been in discussions with DLH Master Land Holding, LLC ("DLH") and Hines Holdings, Inc. ("Hines") regarding development of a new one million square foot speculative commercial distribution facility. DLH Master Land Holding, LLC, the current property owner, has a contract to sell the property to Hines Holdings, Inc., the proposed developer, subsequent to favorable City Council consideration of the requested development incentives. The proposed tax abatement and grant agreement will be assignable from DLH to Hines.

Hines anticipates spending in excess of \$35 million on the proposed one million square foot facility. In order to develop this project, DLH and Hines requests council consideration of a \$1,760,000 economic development grant to offset infrastructure and land development costs and a 10-year 90 percent tax abatement on added value resulting from the proposed real property improvements. The tax abatement is requested to assist securing a tenant at the facility.

To receive tax abatement and the proposed grant, the developer is required to substantially complete the facility on or before December 31, 2015. Further, the developer is required to verify that \$35 million is expended on the project. Eligible project costs in this regard include hard and soft costs associated with land, infrastructure and building improvements.

Net fiscal impact from the project after incentives is estimated at \$723,573 over 10 years and \$8,225,486 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

Estimated Begin Construction 4th Quarter, 2014
Estimated Complete Construction 3rd Quarter, 2015

FISCAL INFORMATION

\$1,760,000 - Financing: 2012 Bond Program (General Obligation Commercial Paper Funds)

The ten-year forgone revenue associate with the abatement is \$2,510,550.
The ten-year net estimated fiscal impact of this project is \$723,573.

Fiscal Impact Analysis is attached.

MAP

Attached.

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

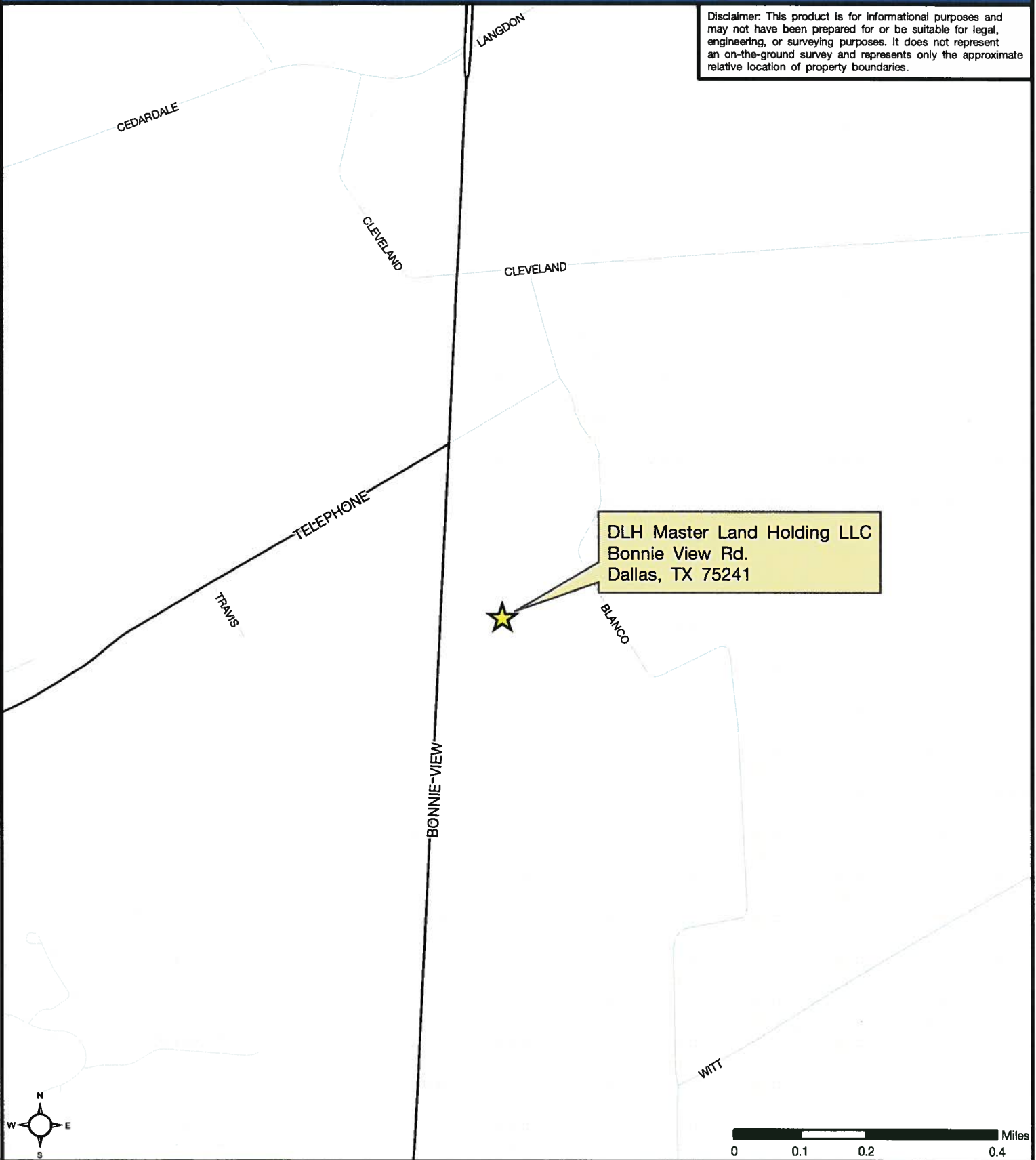


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Elsa Cantu, Assistant to the City Manager – Mayor and Council

DLH Master Land Holding 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.



DLH Master Land Holding LLC
Bonnie View Rd.
Dallas, TX 75241

DALLAS
ECONOMIC
DEVELOPMENT

Research & Information Division
214.670.1685
dallas-ecodev.org

Legend

- Arterial
- Local Road

Source: City of Dallas, 2014

Proposed Project Information Worksheet Economic Development Committee

A. Project Summary

City Council District	8	
Project/Company Name	DLH Master Land Holding, LLC	
Project Location	East of Bonnie View Road, south of Telephone Road and north of Wintergreen Road	
Project Type	Speculative Industrial/Warehouse	
Facilities (Square Feet)	1,000,000	
Construction Schedule	Begin	4th Quarter 2014
	Complete	3rd Quarter 2015
Private Improvement	Real Property	\$25,645,000
	Business Property	\$60,000,000
Jobs	Created	200
	Retained	0
Average Wage Rate	Salary	\$43,550
	Hourly	N/A
City Incentive Summary	Tax Abatement	\$2,510,550
	Infrastructure	N/A
	Other - Grant	\$1,760,000

B. Economic Impact Estimates (Dallas City Economy Only, \$ Million)

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	200	\$187,355,583	200	\$388,641,443
Indirect and Induced Impact*	80	\$149,884,467	80	\$310,913,154
Total Impact	280	\$337,240,050	280	\$699,554,597

C. City of Dallas General Fund Fiscal Impact (\$ Million)

(From direct, indirect and induced economic impacts)

	10-Year	20-Year
Total City GF Revenue Generated	\$8,227,804	\$18,603,540
Total City GF Service Costs	\$3,233,681	\$6,107,504
Net Impact Before Incentives	\$4,994,123	\$12,496,036
City Incentives	\$4,270,550	\$4,270,550
Net City Fiscal Impact	\$723,573	\$8,225,486

* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
DISD	\$ 2,966,104	N/A
Dallas County	\$ 585,547	N/A
DCCCD	\$ 288,493	N/A
Parkland Hospital	\$ 638,526	N/A
DART	\$ -	N/A

Memorandum



DATE June 13, 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 **Hatcher Station Village Modifications Related to: 1) Public/Private Partnership Agreement and 2) Forgivable Loan Agreements**

At the June 25th Council meeting, you will consider authorizing amendments for the previously approved Public Private Partnership funding provided to Frazier Revitalization, Inc. for the Hatcher Station Village project (the new Parkland Clinic) and the forgivable loan agreements for land acquisition of properties for the Parkland Clinic site.

Frazier Revitalization, Inc. (FRI) is a non-profit developer that has been active in the Frazier neighborhood for the past seven years. FRI is currently proposing to construct a new medical clinic adjacent to the Hatcher Station DART stop. The clinic will be occupied by Parkland Hospital System. This clinic is Phase One of a mixed-use development.

The new facility will be approximately 44,000 sq feet and offer over 50 exam rooms. Services offered will include an adult clinic, geriatric & behavioral health clinic, women and infants specialty health (WISH) clinic, and a pediatric clinic. They are anticipating over 55,000 patients annually, with room for additional expansion. The total project cost is approximately \$19.5 million.

On April 23, 2014, City Council approved a New Markets Tax Credit transaction between the Dallas Development (DDF) Fund and its subsidiaries, J.P. Morgan Chase (Chase) and its subsidiaries, and Frazier Revitalization, Inc. (FRI) and its affiliates (Developer) for the medical clinic. The transaction provides up to \$15M in NMTC allocation to the project but requires certain structuring to comply with federal guidelines.

On April 23, 2014, City Council also approved a Chapter 380 grant agreement in an amount to not exceed \$2 million to be funded at financial close and disbursed pari passu through the construction disbursement process. On May 28, 2014, this agreement was amended to allow up to \$1.2 million of the previously approved \$2 million to be made available for bridge funding if all of the following conditions are met: 1) A Senior Loan commitment from Chase Bank; 2) An executed NMTC term sheet between the Dallas Development Fund and JP Morgan Chase; and 3) An executed lease between Parkland and FRI. Any portion of the \$1.2 M in bridge funds expended prior to NMTC closing would be reimbursed by the Developer to the City with funds generated by the NMTC

investment, essentially reestablishing \$2M in PPP funds available to the project at financial close.

The \$2 million in PPP have consistently been identified as funding for gap financing. As the financial structure for the project has been clarified, the intended use of the PPP has changed as well. Under the current proposed structure, the \$2M in PPP funds will be allocated into two components. Up to \$1 million will serve as a grant to FRI or Hatcher at Scyene Title Holding Company and up to \$1 million would be a 0% interest repayable deeply subordinated loan provided to FRI to allow FRI to establish a required reserve to secure the senior loan.

Of the \$1M grant, up to \$430,000 will be payable to FRI at NMTC closing as a developer fee; in turn FRI will use these developer fee proceeds to retire bank debt incurred in the purchase of other property for the later phases of the project. An additional \$170k of PPP funds can be used for developer fee payable to FRI at project completion. The remaining portion of the \$1M grant (approximately \$400,000) will be deposited at closing into the NMTC disbursement account and funded pari-passu with NMTC loan proceeds to cover standard project costs other than developer fee.

The \$1M PPP loan portion would be advanced at NMTC closing as a 0% interest loan to FRI at closing into a grant disbursement account to be used to cover cost overruns. At completion, the remaining funds would be transferred to a Chase reserve account securing the Chase senior loan and FRI's other obligations under the NMTC financing such as project completion and tax credit compliance. Under various subordination and/or intercreditor agreements that may be required, the City would not have any rights to call the loan until maturity and successful refinance of the Chase senior loan; hence the City loan will be deeply subordinated. After the 7-year NMTC compliance period and maturity of the Chase senior loan, any remaining portions of the \$1M loan proceeds, to the extent they have not been used to cover the FRI obligations that they were pledged to secure, would be repayable to the City of Dallas. If portions of the \$1M have been used to support FRI obligations (e.g. completion, compliance, ensuring successful senior loan refinance and repayment of senior loan), these portions would not be due and payable; the repayment requirement only applies to the portions not used.

In addition, modifications to Resolution No. 07-0522, as amended by 14-0689, are required. On February 14, 2007, Council authorized a forgivable loan with FRI for land acquisition provided certain conditions were met prior to March 31, 2015. Amendments to the terms of the two prior loan agreements and related security instruments authorized by Resolutions No. 07-0522 and 10-3080, with Frazier Revitalization, Inc., and Frazier HS, LP are needed for compliance with the NMTC structure. Specifically, the amendments will 1) authorize the City Manager to release all the City's liens securing performance and completion of the project at NMTC closing rather than Certificate of Occupancy; 2) allow FRI and Frazier HS LP to transfer certain tracts to Hatcher at Scyene Title Holding Company for development of the new medical clinic; and 3) authorize the Director of the Office of Economic Development to extend project

Hatcher Station Village PPP Amendment

June 16, 2014

Page 3 of 3

deadlines up to 6 months and to execute such other instruments, approved as to form by the City Attorney, as necessary to accommodate the financing structure for this project.

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

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

Ryan S. Evans
Interim First Assistant City Manager

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