

# Memorandum

RECEIVED

2015 APR -2 PM 4: 26

CITY SECRETARY  
DALLAS, TEXAS



DATE April 3, 2015

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, April 6, 2015, 9:00 – 10:30 a.m.**  
**1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201**

## AGENDA

1. Approval of March 2, 2015 Minutes of the Economic Development Committee
2. Alamo Drafthouse Cinema Project (TOD TIF District) Karl Zavitkovsky, Director  
Office of Economic Development  
**(Estimated time 20 minutes)**
3. Westdale 2800 DE Redevelopment Project (Deep Ellum TIF District) Karl Zavitkovsky, Director  
Office of Economic Development  
**(Estimated time 20 minutes)**
4. Upcoming agenda items
  - Business Assistant Center (BAC) Contracts
  - NMTC Transaction for Serta/Dormae

Tennell Atkins, Chair  
Economic Development Committee

C: The Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Ryan Evans, First Assistant 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  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & 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 **DRAFT**

## Meeting Record

March 2, 2015

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:** March 2, 2015      **Meeting Start time:** 9:05 AM

**Committee Members Present:**

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

**Other Council Members Present:**

**Staff Present:**

Ryan Evans, First Assistant City Manager,  
City Manager Office  
Karl Zavitkovsky, Director, Office of Economic  
Development  
Karl Stundins, Manager, Office of Economic  
Development  
Tamara Leak, Senior Coordinator, Office of  
Economic Development  
Hammond Perot, Assistant Director, Office of  
Economic Development  
Frank Camp, Director, Office of Environmental  
Quality  
Kevin Lefebvre, Senior Environmental  
Coordinator, Office of Environmental Quality  
David Cossum, Director, Sustainable  
Development & Construction

**Other Presenters:**

**1. Approval of February 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. Allen

**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):**

**2. Placemaking Project Victory Sub-district Sports Arena 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. 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):**

**3. Progress Report on the Economic Opportunities of Sustainable Food Systems**

**Presenter(s): Frank Camp, Director, Office of Environmental Quality**

**Action Taken/Committee Recommendation(s):** Motion made to recommend item to full council for approval with suspension of fees for 1 year

**Motion made by:** Mr. Griggs

**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):**

**4. Upcoming Agenda Items**

- Kimberly Clark-Incentive Proposal
- Pioneer Frozen Foods, Inc.-Incentive Proposal
- Comparex USA, Inc.-Incentive Proposal

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

**Motion made by:** Mr. Medrano

**Motion seconded by:** Mr. Griggs

Item passed unanimously:  X

Item passed on a divided vote:  \_\_\_\_\_

Item failed unanimously:  \_\_\_\_\_

Item failed on a divided vote:  \_\_\_\_\_

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

**Meeting Adjourned:  9:54 AM**

**Approved By: \_\_\_\_\_**

# Memorandum



DATE April 3, 2015

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

SUBJECT **Alamo Draffhouse Cinema Project (TOD TIF District)**

On Monday, April 6, 2015, the Economic Development Committee will be briefed on the proposed Alamo Draffhouse Cinema Project – TOD TIF District. Briefing materials are 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  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

# Alamo Drafthouse Cinema Project: TOD TIF District

Economic Development Committee  
April 6, 2015



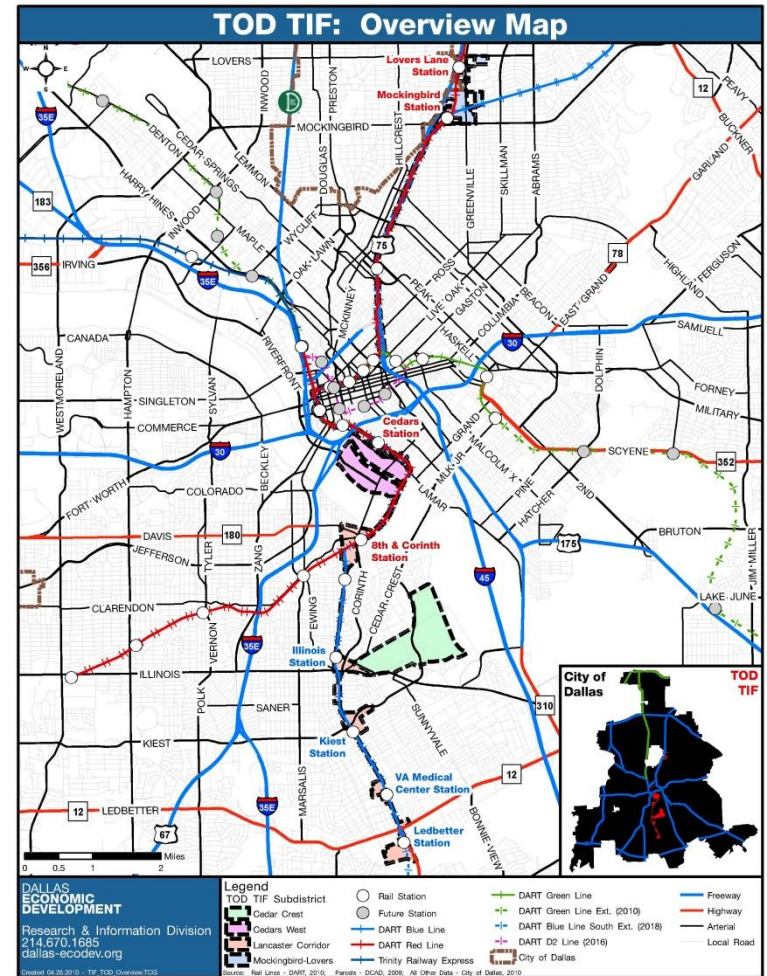
# Purpose

---

- Review Alamo Drafthouse Cinema project proposal for funding in TOD TIF.
- Obtain Economic Development Committee approval for consideration of this item by City Council on April 22, 2015.

# TOD TIF District: *Background*

- The TOD TIF District was created December 10, 2008.
- The District will encourage transit-oriented development (TOD) around DART stations in the central portion of the City, help create a series of unique destinations, and foster the construction facilities beneficial to the DART light rail system.
- The TIF District is comprised of four sub-districts that group specific station areas.





# TOD TIF District: *Background (Cont'd)*

---

- TOD TIF Sub-Districts include:
  - Mockingbird/Lovers Lane
  - Cedars West
  - Lancaster Corridor (*includes the 8th & Corinth, Illinois, Kiest, VA Medical Center, and Ledbetter DART station areas*)
  - Cedar Crest
- Linking station areas facilitates a tax increment sharing arrangement that stimulates Lancaster Corridor development by providing additional project subsidies to the Corridor from a portion of increment transferred from the Mockingbird/Lovers and Cedars West Sub-Districts.

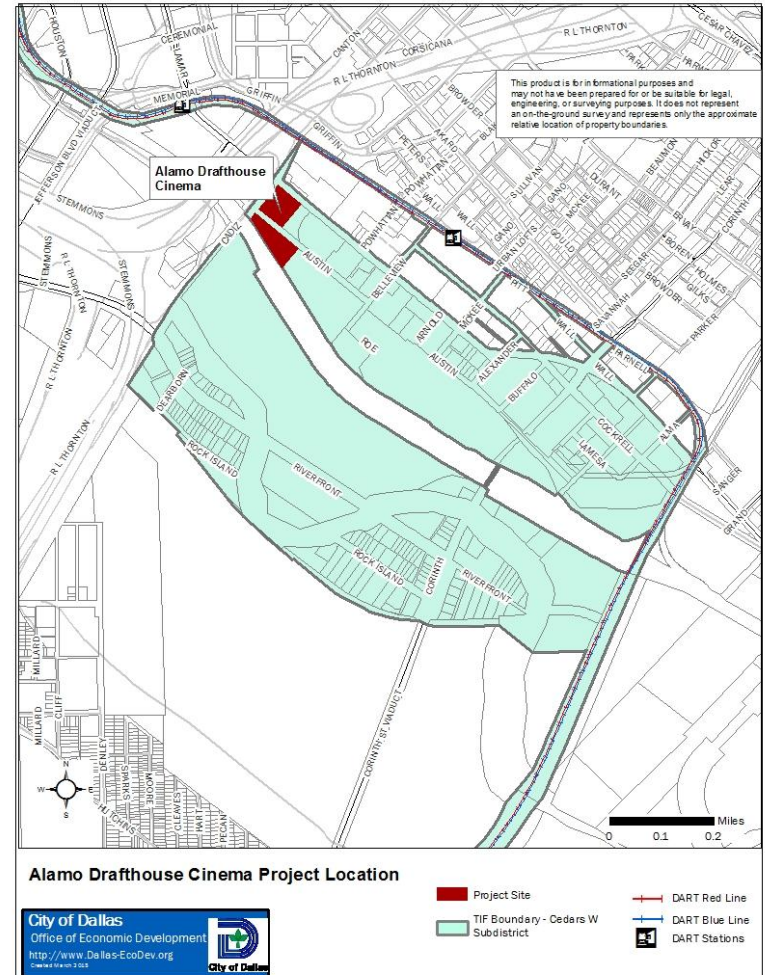
# TOD TIF District: *Background (Cont'd)*

---

- A Final Project Plan and Reinvestment Zone Financing Plan was approved by Council on April 14, 2010.
- The District expires on December 31, 2038 or when approximately \$185.2 million (2009 dollars) or approximately \$369.8 million in total dollars has been collected. TIF funding is used to offset the infrastructure and other development costs in an effort to encourage redevelopment of the area.
- A grant program to support higher density/unique destination projects using a portion of future TIF funds was also created and approved on April 14, 2010.

# Alamo Draffthouse Cinema *Project Location*

- Project is a new development on approximately 4.2 acres on parcels currently addressed at 800 Cadiz Street, 1005 South Lamar Street, and 1000 South Austin Street.
- This would be the first TIF project in the Cedars West Sub-District of the TOD TIF.



# Alamo Drafthouse Cinema

## *Project Description*

---

- The proposed venue would complement the residential and other entertainment venues in the Cedars/South Side areas and is in close proximity to the downtown convention center area.
- Project will include 38,000 square feet of movie theater and restaurant space and 330 surface parking spaces along with pedestrian amenities and streetscape.
- Alamo Drafthouse Cinema, founded in downtown Austin, has been a successful restaurant/theater concept with locations throughout Texas and other states (see Appendix). This would be the first location in the City of Dallas.
- Total project cost estimated at \$17.8 million.

# Alamo Drafthouse Cinema *Site Plan*



**ALAMO DRAFTHOUSE - SIDEWALK STUDY**

Pacheco Koch

# Alamo Drafthouse Cinema

## *Conceptual Elevation*



01 NORTH WEST ELEVATION

# Alamo Drafthouse Cinema

## *Design Studio Recommendations*

- Explore reorganizing programmatic elements of the building to more completely fill the frontage along Lamar Street, while also locating additional active program elements along the street frontage.
- Consider a more urban landscape and hardscape scheme along Cadiz and Lamar Streets exploring parallel parking as a potential alternative to head in parking along Cadiz Street.
- Treat Austin Street more as a true street with parallel parking along both sides coupled with an appropriately urban landscape and hardscape scheme.



# Alamo Drafthouse Cinema

## *Proposed Public Funding*

- Public Funding totaling \$1,855,000 is recommended including:
  - Public/Private Partnership grant - \$450,000
  - TIF subsidy - \$1,405,000.
- TIF funds for project would be used to offset the cost of the following improvements:

TIF Improvement Category	Amount
<b>Cedars (West) Sub-District:</b>	
<i>Infrastructure</i>	\$496,488
<i>Demolition and environmental remediation</i>	\$396,000
<i>Grants</i>	\$512,512
<b>TOTAL TIF REQUEST</b>	<b>\$1,405,000</b>



# Alamo Drafthouse Cinema

## *Funding Sources and Uses*

Funding Source	Amount		Use
Private Equity	\$6,774,690	38%	Acquisition and Construction
Construction Loan	\$10,000,000	56%	Construction
Texas Mezzanine Fund	\$1,000,000	6%	Construction
<b>Total</b>	<b>\$17,774,690</b>		

# Alamo Drafthouse Cinema

<b>Proposed Alamo Drafthouse Cinema Project</b>	
<b>Project Square Footage</b>	38,000
<b>Total Project Costs</b> ( <i>acquisition cost, demolition, hard and soft costs, and public infrastructure</i> )	\$17,774,690
<b>TIF &amp; Public/Private Partnership Funding</b>	\$1,855,000 maximum
<b>% Public Funds to Total Project Costs</b>	10.43%
<b>Return on Cost with Public Subsidy</b>	4.24%
<b>Return on Cost without Public Subsidy</b>	3.79%
<b>Developer Fee</b>	4%
<b>Anticipated Construction Start Date</b>	December 31, 2015
<b>Anticipated Project Completion Date</b>	June 30, 2017

# Alamo Drafthouse Cinema

## *TIF Board Funding Recommendation*

---

- On March 6, 2015, the TOD TIF Board of Directors reviewed and approved TIF funding for the Alamo Drafthouse Cinema project in an amount not to exceed \$1,405,000.

# Recommendations

---

- Economic Development Committee recommendation for Council approval of a development agreement for TIF funding and a Chapter 380 Economic Development Grant.
- Council consideration on April 22, 2015.

# Appendices

---

# Appendix 1: TOD TIF Budget

TOD TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget	Allocated	Balance
<b>Lancaster Corridor Sub-District:</b> public infrastructure improvements; environmental remediation & demolition; parks, open space, trails, gateways; façade restoration; grants for high density projects; and transit related improvements.	\$80,579,888	\$4,215,673	\$76,364,215
<b>Cedar Crest Sub-District:</b> public infrastructure improvements; environmental remediation & demolition; parks, open space, trails, gateways; façade restoration; grants for high density projects; and transit related improvements.	\$44,694,947	\$0	\$44,694,947
<b>Mockingbird/Lovers Sub-District:</b> public infrastructure improvements; environmental remediation & demolition; parks, open space, trails, gateways; façade restoration; grants for high density projects; and transit related improvements.	\$38,715,952	\$400,000	\$38,315,952
<b>Cedars West Sub-District:</b> public infrastructure improvements; environmental remediation & demolition; parks, open space, trails, gateways; façade restoration; grants for high density projects; and transit related improvements.	\$78,032,790	\$1,405,000	\$76,627,790
Affordable Housing	\$29,112,075	\$4,276,600	\$24,835,475
Administration and Implementation**	\$7,904,883	\$271,085	\$7,633,798
<b>Total Project Costs</b>	<b>\$277,291,428</b>	<b>\$10,568,358</b>	<b>\$266,723,070</b>

\*Pending City Council approval of Alamo Drafthouse Cinema project included in the above allocation for the Cedars (West) Sub-District

# Appendix 2: Alamo Drafthouse Cinema *Pro Forma and Budget*

PROJECT DESCRIPTION:		Alamo Drafthouse	
SITE AREA:		4	
NUMBER OF FLOORS/STORIES:		2	
BUILDING AREA (g.s.f.):		38,000	
CONSTRUCTION PERIOD:		18 mo	
ANTICIPATED CONSTR START DATE:		12/2015	
<b>Alamo Drafthouse</b>	<b>SF</b>	<b># of Units</b>	<b>Total SF</b>
SF	38,000		38,000
			<b>\$ per SF</b>
			\$467.76
<b>Income (Annual)</b>		<b>Total Project Cost (incl. public costs) \$17,774,690</b>	
Revenue year 2	\$934,783	<b>CITY ASSISTANCE (current \$) \$1,854,690</b>	
plus misc income	\$0	<b>Total Project Cost (with City \$) \$15,920,000</b>	
plus commercial space	\$0	<b>Return on Cost Analysis</b>	
less vacancy	\$0	<b>NOI/Total Project Costs</b>	
less expenses	(\$260,393)	Return on Cost (no City \$)	3.79%
<b>NOI (w/o TIF)</b>	<b>\$674,390</b>	Return on Cost (with City \$)	4.24%
<b>Project Costs</b>			
Acquisition & demolition	\$4,300,000		
Hard Cost	\$7,923,822		
Soft Cost	\$4,629,690		
Public costs	\$921,178		
<b>Total Project Cost (incl. public)</b>	<b>\$17,774,690</b>		

# Appendix 3: TIF Project Increment Chart

## Alamo Drafthouse Project Only

Tax Year	Property Value Estimate	Property Value Growth	Total Value change	Anticipated Captured Value City	Anticipated Increment Revenue	Anticipated Accumulated Revenue (NPV) 4.00%	Participation Rate City	Tax Increment Revenue City (varies)	Tax Increment Revenue County (55%)	Cumulative Unadjust
2014	\$1,054,580	0.00%	0.00%	\$0	\$0	\$0	85%	\$0	\$0	
2015	\$1,054,580	0.00%	0.00%	\$0	\$0	\$0	85%	\$0	\$0	
2016	\$5,855,686	455.26%	455.26%	\$4,801,106	\$40,112	\$35,659	85%	\$32,525	\$7,586	\$40,112
2017	\$5,943,521	1.50%	463.59%	\$4,888,941	\$40,845	\$70,574	85%	\$33,120	\$7,725	\$80,957
2018	\$6,032,674	1.50%	472.05%	\$4,978,094	\$41,590	\$104,758	85%	\$33,724	\$7,866	\$122,547
2019	\$6,123,164	1.50%	480.63%	\$5,068,584	\$42,346	\$138,225	85%	\$34,337	\$8,009	\$164,893
2020	\$6,215,011	1.50%	489.34%	\$5,160,431	\$43,114	\$170,988	85%	\$34,959	\$8,154	\$208,007
2021	\$6,308,236	1.50%	498.18%	\$5,253,656	\$43,892	\$203,059	85%	\$35,591	\$8,302	\$251,899
2022	\$6,402,860	1.50%	507.15%	\$5,348,280	\$44,683	\$234,453	85%	\$36,232	\$8,451	\$296,582
2023	\$6,498,903	1.50%	516.26%	\$5,444,323	\$45,485	\$265,181	85%	\$36,883	\$8,603	\$342,068
2024	\$6,596,386	1.50%	525.50%	\$5,541,806	\$46,300	\$295,257	85%	\$37,543	\$8,757	\$388,368
2025	\$6,695,332	1.50%	534.88%	\$5,640,752	\$47,127	\$324,692	85%	\$38,213	\$8,913	\$435,494
2026	\$6,795,762	1.50%	544.40%	\$5,741,182	\$47,966	\$353,499	85%	\$38,894	\$9,072	\$483,460
2027	\$6,897,699	1.50%	554.07%	\$5,843,119	\$48,817	\$381,690	85%	\$39,584	\$9,233	\$532,277
2028	\$7,001,164		563.88%	\$5,946,584	\$49,682	\$409,276	85%	\$40,285	\$9,396	\$581,959
2029	\$7,106,181		573.84%	\$6,051,601	\$50,559	\$436,270	85%	\$40,997	\$9,562	\$632,518
2030	\$7,212,774		583.95%	\$6,158,194	\$44,087	\$458,903	70%	\$34,357	\$9,731	\$676,605
2031	\$7,320,966		594.21%	\$6,266,386	\$44,862	\$481,048	70%	\$34,960	\$9,902	\$721,467
2032	\$7,430,780		604.62%	\$6,376,200	\$45,648	\$502,715	70%	\$35,573	\$10,075	\$767,115
2033	\$7,542,242		615.19%	\$6,487,662	\$46,446	\$523,912	70%	\$36,195	\$10,251	\$813,561
2034	\$7,655,376		625.92%	\$6,600,796	\$47,256	\$544,650	70%	\$36,826	\$10,430	\$860,818
2035	\$7,770,206		636.81%	\$6,715,626	\$48,078	\$564,937	70%	\$37,466	\$10,612	\$908,896
2036	\$7,886,759		647.86%	\$6,832,179	\$48,913	\$584,782	70%	\$38,117	\$10,796	\$957,808
2037	\$8,005,061		659.08%	\$6,950,481	\$49,760	\$604,194	70%	\$38,777	\$10,983	\$1,007,568
2038	\$8,125,137		670.46%	\$7,070,557	\$50,619	\$623,182	70%	\$39,447	\$11,173	<b>\$1,058,187</b>

1.50% appreciation

80% retained per TOD TIF Plan

**\$846,550**



# Appendix 4: TOD TIF Overall Increment Chart

PROJECTED TIF INCREMENT SCHEDULE												
Tax Year		Property Value Estimate	Property Value Estimate	Property Value Total	Cumulative Prop Val Growth	Anticipated Captured Value	Part'n Rate City	TIF Contribution City	Part'n Rate County	TIF Contribution Dallas County	Total TIF Contribution	TOTAL TIF 2009 NPV @ 4.00%
		(1.5% Appreciation)	(New Development)									
Base	2008	\$167,500,498		\$167,500,498								
Adj Base	2010	\$34,574,023										
New Base	2010	\$202,074,521										
New Base	2012	\$202,065,011	County	\$209,464,738								
1	2009	\$166,542,564	\$360,080	\$166,902,644	-0.4%	(\$597,854)	70%	\$0	0%	\$0	\$0	\$0
2	2010	\$188,506,897	\$9,131,320	\$197,638,217	18.0%	(\$4,436,304)	70%	\$0	0%	\$0	\$0	\$0
3	2011	\$183,439,131	\$1,632,640	\$185,071,771	10.5%	(\$17,002,750)	70%	\$0	55%	\$0	\$0	\$0
4	2012	\$187,847,848	\$0	\$209,963,495	25.4%	\$7,898,484	85%	\$0	55%	\$0	\$1	\$0
County	2013	\$252,797,446	\$39,464,950	\$292,262,396	39.2%	(\$202,074,521)	85%	\$611,042		\$0	\$0	\$0
County	2013	\$292,197,880		\$292,197,880		\$82,733,142	55%	\$110,618		\$721,661	\$593,153	
6	2014	\$278,289,515	\$56,382,560	\$334,672,075	14.5%	\$132,597,554	85%	\$898,282	55%	\$177,290	\$1,075,572	\$1,443,193
7	2015	\$339,692,156	\$26,625,350	\$366,317,506	9.5%	\$164,242,985	85%	\$1,112,664	55%	\$219,601	\$1,332,266	\$2,455,606
8	2016	\$371,812,269	\$9,284,988	\$381,097,257	4.0%	\$179,022,736	85%	\$1,212,790	55%	\$239,362	\$1,452,152	\$3,516,679
9	2017	\$386,813,716	\$114,238,818	\$501,053,534	31.5%	\$288,979,013	85%	\$2,025,433	55%	\$399,750	\$2,425,184	\$5,220,581
10	2018	\$508,569,337	\$145,559,910	\$654,129,247	30.6%	\$452,054,726	85%	\$3,062,445	55%	\$604,420	\$3,666,865	\$7,697,784
11	2019	\$663,941,185	\$175,936,655	\$839,877,840	28.4%	\$637,803,319	85%	\$4,320,799	55%	\$852,775	\$5,173,574	\$11,058,439
12	2020	\$852,476,008	\$260,861,271	\$1,113,337,279	32.6%	\$911,262,758	85%	\$6,173,350	55%	\$1,218,404	\$7,391,754	\$15,675,307
13	2021	\$1,130,037,338	\$205,060,271	\$1,335,097,609	19.9%	\$1,133,023,088	85%	\$7,675,665	55%	\$1,514,909	\$9,190,574	\$21,194,927
14	2022	\$1,355,124,073	\$358,743,555	\$1,713,867,628	28.4%	\$1,511,793,107	85%	\$10,241,642	55%	\$2,021,343	\$12,262,986	\$28,276,496
15	2023	\$1,739,575,642	\$187,820,735	\$1,927,396,377	12.5%	\$1,725,321,856	85%	\$11,688,193	55%	\$2,306,842	\$13,995,035	\$36,047,442
16	2024	\$1,956,307,323	\$163,148,000	\$2,119,455,323	10.0%	\$1,917,380,802	85%	\$12,989,296	55%	\$2,563,634	\$15,552,931	\$44,351,279
17	2025	\$2,151,247,153	\$59,681,000	\$2,210,928,153	4.3%	\$2,008,853,632	85%	\$13,608,979	55%	\$2,685,938	\$16,294,917	\$52,716,654
18	2026	\$2,244,092,075	\$0	\$2,244,092,075	1.5%	\$2,042,017,554	85%	\$13,833,648	55%	\$2,730,280	\$16,563,928	\$60,893,074
19	2027	\$2,277,753,456	\$0	\$2,277,753,456	1.5%	\$2,075,768,935	85%	\$14,061,687	55%	\$2,775,287	\$16,836,974	\$68,884,616
20	2028	\$2,311,919,758	\$0	\$2,311,919,758	1.5%	\$2,109,845,237	85%	\$14,293,147	55%	\$2,820,969	\$17,114,116	\$76,695,275
21	2029	\$2,346,598,555	\$0	\$2,346,598,555	1.5%	\$2,144,524,034	85%	\$14,528,078	55%	\$2,867,336	\$17,395,414	\$84,328,968
22	2030	\$2,381,797,533	\$0	\$2,381,797,533	1.5%	\$2,179,723,012	70%	\$12,160,675	55%	\$2,914,399	\$15,075,074	\$90,689,976
23	2031	\$2,417,524,496	\$0	\$2,417,524,496	1.5%	\$2,215,449,975	70%	\$12,359,995	0%	\$0	\$12,359,995	\$95,704,752
24	2032	\$2,453,787,363	\$0	\$2,453,787,363	1.5%	\$2,251,712,842	70%	\$12,562,306	0%	\$0	\$12,562,306	\$100,605,577
25	2033	\$2,490,594,174	\$0	\$2,490,594,174	1.5%	\$2,288,519,653	70%	\$12,767,651	0%	\$0	\$12,767,651	\$105,394,938
26	2034	\$2,527,953,086	\$0	\$2,527,953,086	1.5%	\$2,325,878,565	70%	\$12,976,077	0%	\$0	\$12,976,077	\$110,075,269
27	2035	\$2,565,872,383	\$0	\$2,565,872,383	1.5%	\$2,363,797,862	70%	\$13,187,628	0%	\$0	\$13,187,628	\$114,648,957
28	2036	\$2,604,360,468	\$0	\$2,604,360,468	1.5%	\$2,402,285,947	70%	\$13,402,353	0%	\$0	\$13,402,353	\$119,118,340
29	2037	\$2,643,425,876	\$0	\$2,643,425,876	1.5%	\$2,441,351,355	70%	\$13,620,299	0%	\$0	\$13,620,299	
30	2038	\$2,683,077,264	\$0	\$2,683,077,264	1.5%	\$2,481,002,743	70%	\$13,841,514	0%	\$0	\$13,841,514	
31	2039	\$2,723,323,423	\$0	\$2,723,323,423	1.5%	\$2,521,248,902	70%	\$0	0%	\$0	\$0	
32	2040	\$2,764,173,274	\$0	\$2,764,173,274	1.5%	\$2,562,098,753	70%	\$0	0%	\$0	\$0	
33	2041	\$2,805,635,873	\$0	\$2,805,635,873	1.5%	\$2,603,561,352	70%	\$0	0%	\$0	\$0	
34	2042	\$2,847,720,411	\$0	\$2,847,720,411	1.5%	\$2,645,645,890	70%	\$0	0%	\$0	\$0	
35	2043	\$2,890,436,217	\$0	\$2,890,436,217	1.5%	\$2,688,361,696	70%	\$0	0%	\$0	\$0	
Total (2009-2038)			\$1,813,933,103					\$249,215,638		\$29,023,154	\$278,238,802	
2009 NPV @ 4%								\$108,298,288		\$15,123,080	\$127,753,305	

# Appendix 6: Alamo Drafthouse Cinema

## *Conditions of TIF Funding*

---

- Minimum private investment a minimum of \$11 million in private improvements in the Project, including all land and building acquisition, site preparation, and construction hard costs.
- Development of a minimum of a minimum of 35,000 square feet of theater, restaurant, or retail space.
- Obtain a building permit for the construction of the Project by December 31, 2015.
- Provide public access easements (if necessary).

# Appendix 6: Alamo Drafthouse Cinema

## *Conditions of TIF Funding (Cont'd)*

---

- Obtain final acceptance of the TIF eligible street and infrastructure improvements by June 30, 2017.
- Complete construction and pass final building inspection for the building shell of the Project by June 30, 2017.
- Execute an Operating and Maintenance Agreement for all non-standard TIF eligible improvements by June 30, 2017.

# Appendix 6: Alamo Drafthouse Cinema

## *Conditions of TIF Funding (Cont'd)*

---

- Owner shall make a good faith effort to comply with a Business Inclusion and Development (“BID”) goal of 25% minority/women-owned business enterprise (M/WBE) for the TIF reimbursable improvements, and 10% certified M/WBE participation for the private improvement construction and meet all reporting requirements for each.
- Submit to the Office of Economic Development a quarterly status report for ongoing work on the project.
- Construct public and private improvements that conform in design and materials to images and site plans approved by the TOD TIF Board of Directors and the Urban Design Peer Review Panel.

# Appendix 6: Alamo Drafthouse Cinema

## *Conditions of TIF Funding (Cont'd)*

---

- Owner will instruct the tenant(s) to provide commercially best efforts to provide evidence that reasonable efforts were made to promote the hiring of neighborhood residents for any new jobs created.
- If necessary, minor modifications may be approved and/or project deadlines can be extended up to 6 months, subject to the Office of Economic Development Director's and TOD TIF Board approval.

## Appendix 7: CCH Alamo, LP

- CCH Alamo, LP was formed by members of Matthews Southwest:
  - Jack Matthews, President
  - Kristian Teleki, Senior Vice-President
  - Dave Snell, Vice-President
- Representative experience includes the South Side on Lamar, NYLO Dallas South Side Hotel, and Omni Dallas Convention Center Hotel.

# Appendix 8: Alamo Drafthouse Cinema Background & Other Locations

- Alamo Drafthouse Cinema (“Alamo”) began in downtown Austin in 1997 in a warehouse district building and distinguished itself by offering food and drink service.
- The cinema offers special programming such as “feast” events with food themes to match blockbuster releases or food/wine pairings with classic films.
- Alamo has grown to include locations across Texas:
  - Five Austin locations (and a 6<sup>th</sup> planned for the Mueller neighborhood - redevelopment of former airport site)
  - Corpus Christi
  - El Paso
  - Houston
  - Laredo
  - Lubbock
  - New Braunfels
  - Richardson (the only current DFW location with plans for Las Colinas and Little Elm)
  - San Antonio

# Appendix 8: Alamo Drafthouse Cinema Background & Other Locations *(Cont'd)*

- Alamo has also expanded to other states:
  - Ashburn and Winchester, Virginia
  - Baton Rouge, Louisiana
  - Denver, Colorado
  - Kalamazoo, Michigan
  - Kansas City, Missouri
  - Los Angeles and San Francisco, California
  - New York City area
  - Omaha, Nebraska
  - Phoenix, Arizona
- The Richardson, TX location had approx. 300,000 visitors in 2014 and has revitalized an old shopping center and has attracted adjacent tenants including Half Price Books and new restaurants. This theater also had the highest per person spend in the brand and highest gross profit.



# Appendix 8: Alamo Drafthouse Cinema Background & Other Locations *(Cont'd)*

- Locations the size of Richardson cinema location earn between 8-million to 15-million a year in sales depending on demographics and competition.



## OVER THE TOP PROMOTIONS

We have buried our customers alive to experience the same anxiety Ryan Reynolds does in *Buried*; we've brought out Robosaurus for the premiere of *Transformers* and set up a flame throwers station for the premiere of *Rambo*. Above is the football stadium Jet Pack Guy for the premiere of *Iron Man*. At the Alamo, we always try to make the show something special for the fans.

Source: *Alamo Drafthouse Cinemas*.

# Memorandum



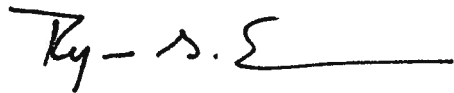
DATE April 3, 2015

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

SUBJECT **Deep Ellum TIF District – Westdale 2800 DE**

On Monday, April 6, 2015, the Economic Development Committee will be briefed on the Westdale 2800 DE project to redevelop properties along Main and Elm Streets in the core area of the Deep Ellum TIF District. Briefing materials are 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  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

# Westdale 2800 DE Redevelopment Project

Deep Ellum TIF District

**Economic Development Committee**  
**April 6, 2014**



**DALLAS  
ECONOMIC  
DEVELOPMENT**



City of Dallas

# Purpose

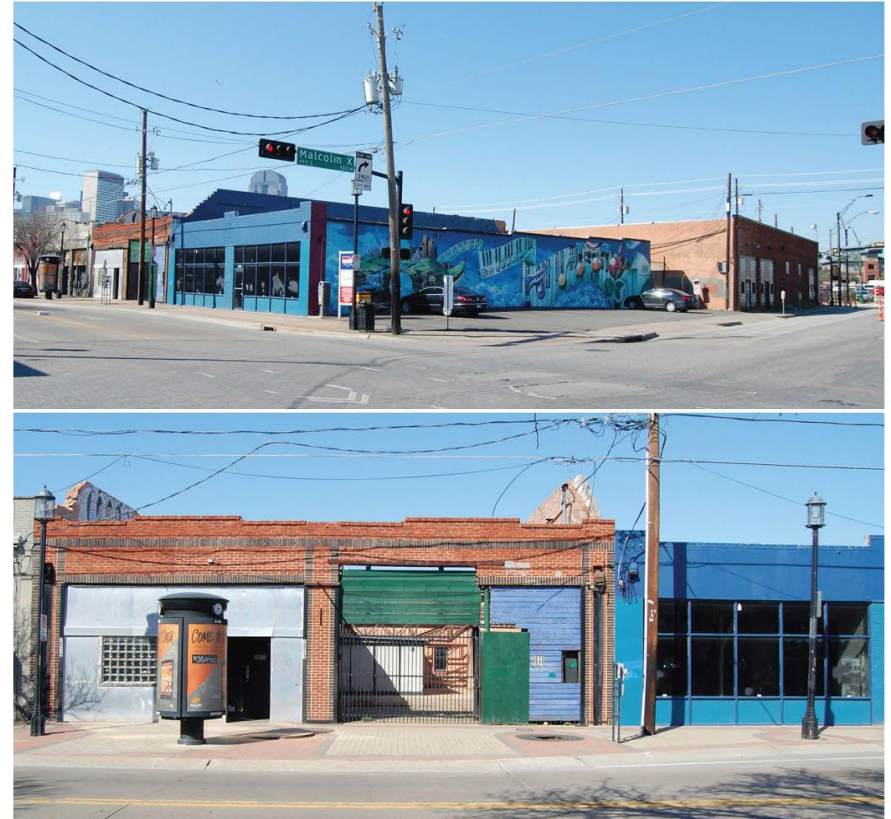
---

- Review redevelopment of Westdale 2800 DE property assemblage along Main and Elm Streets in Deep Ellum TIF
- Discuss proposed \$1.6 Million TIF reimbursement to facilitate façade restoration, environmental remediation, demolition, infrastructure and public improvements
- Recommend Economic Development Committee approval for council consideration on April 22, 2014

# Westdale 2800 DE Background

## Westdale 2800 DE –

- **Owner assembled 6 sites in Deep Ellum core** – Properties located on both the north and south sides of the 2800 block of Main Street and Elm Street, and the corner parking lots at 2825 Main
- **Buildings have varied redevelopment needs**
  - Concrete Masonry block buildings constructed between the 1930s and 1940s, set tone for district and require sensitive renovations
  - Several are currently vacant, and are in need of repair and restoration



Existing site and alleys & courtyards photos

# Westdale 2800 DE Background

## (Cont'd)

- Owner developed comprehensive redevelopment plan for area, subject to City financial help
  - New tenanting plan
  - A public mid-block pedestrian passage between Main St. and Elm St. which includes three connected pedestrian alleyways which radiate from a central courtyard space.
  - In addition, outdoor patio spaces are proposed at the intersection of Malcolm X Blvd. and Main St. as well as at Elm St.
  - Added landscaping and lighting
- **Estimated private investment - \$7.9M (\$1.6M Reimbursement by City)**



Existing site and alleys & courtyards photos

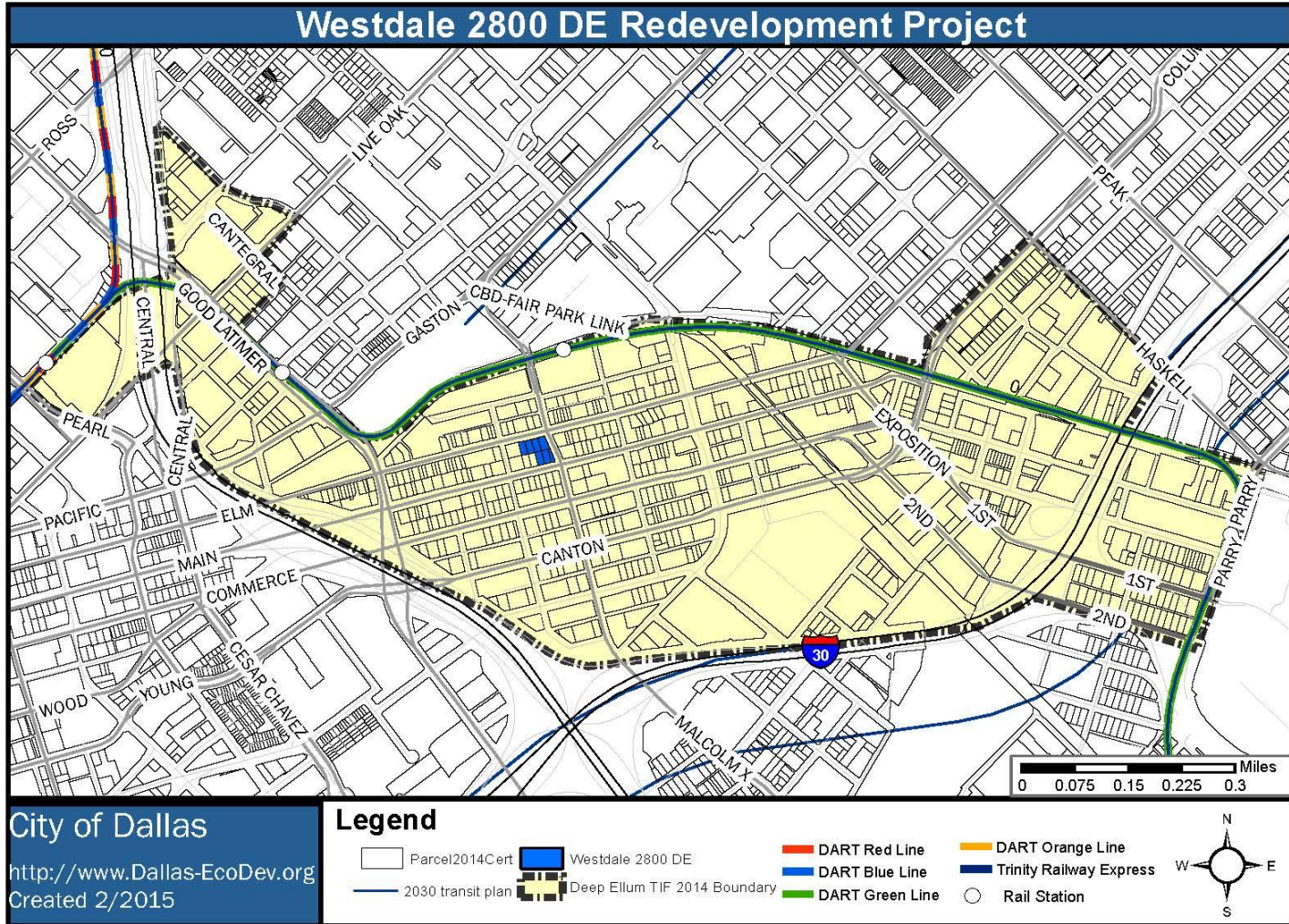
# *Background (Cont'd)*

- **Project Site**

- Once completed, project will feature approximately 30,000 SF of Retail, including roof top restaurant space, and 14,000 of public space
- Existing buildings are currently vacant
- Goal is to revitalize vacant/underutilized buildings in historic core of Deep Ellum, rehabilitate historic brick buildings and encourage walkable destination for entertainment, retail, and restaurants
- Extends the designs and goals of the recently approved development project, Deep Ellum Crossroads, along Main Street



# Project Site





# Map of Westdale 2800 DE Project



# Westdale 2800 DE - After Elevations



# Project Sponsorship

Westdale Real Estate Investment and Management (“Westdale”), is parent company of Westdale Properties America I, LTD, including 20 years of success as a real estate investor and sponsor. Joe Beard, a Texas native, serves as their President and CEO.

Privately held with six regional offices with 1,200 employees and headquarters in Dallas, Texas, Westdale provides flexible and responsive capital resources. Additional core competencies include property management, construction services, asset management, risk management and debt services. Among Westdale’s co-investors, include Met Life, GE Capital, Goldman Sachs, Sterling Equities, CarVal, The Hampshire Companies, Turtle Creek Partners, and Chief Partners. **(See Appendix A)**

# Westdale 2800 DE - *Strategic Importance*

---

- Redevelops key buildings in Deep Ellum TIF District Core
- Revitalizes and transforms an underused area of Deep Ellum
- Creates a public mid-block pedestrian passage between Main Street and Elm Street
- Creates a central courtyard area and outdoor patio space
- Creates usable retail space out of buildings whose initial use is no longer needed in the area
- Expands vision for Deep Ellum started by recently approved Deep Ellum Crossroads project

# Westdale 2800 DE

## *Project Funding Sources and Uses*

### *Project Sources of Funding and Uses*

Sources	Amount	%	Uses
Owner Equity	\$7,969,679.00	100%	Acquisition and Construction
<b>\$7,969,679.00</b>			

# Westdale 2800 DE

## *Proposed TIF Funding*

- Portion of TIF funds will reimburse streetscape, open area site improvements, and façade restoration.

Description	Amount	%
<b>TIF Budget - Westdale 2800 DE Project</b>		
<b>Redevelopment of Vacant Buildings/Public Plazas</b>		
<i>Paving Streetscape, &amp; Lighting</i> (includes paving, landscaping, streetscaping, design, electrical, mechanical, and engineering costs)	\$637,500	40%
<i>Open Spaces &amp; Trails</i> (including site improvements, engineering, design, and landscaping costs)	\$87,500	5%
<i>Façade Restoration/Environmental Remediation &amp; Demolition</i>	\$875,000	55%
<b>Total TIF Funding Proposed</b>	<b>\$1,600,000</b>	<b>100%</b>

# Westdale 2800 DE Project

## *TIF Board Funding Recommendation*

---

- On March 3, 2015, the Deep Ellum TIF District Board of Directors reviewed and approved TIF funding for the Westdale 2800 DE project in an amount not to exceed \$1,600,000

# Westdale 2800 DE

## *Recommendations/Next Steps*

---

- Request Economic Development Committee Approval for consideration by City Council at its April 22, 2015 meeting of a Development Agreement with Westdale Properties America I, LTD, for a TIF Reimbursement not to exceed \$1,600,000



# APPENDICES

# Appendix A: Westdale 2800 DE *Project Team*

- **Westdale Properties America I, LTD** is a Texas Limited firm based in Dallas, Texas. Since 1999, Westdale has been the largest single owner – manager of residential and commercial properties in Deep Ellum and a leading proponent of Deep Ellum’s growth and vitality. Westdale is privately held with flexible and responsive capital resources. Another key to the firm’s continuing growth is their adaptive and creative investment strategy. Westdale’s additional core competencies include property management, construction services, asset management, risk management and debt services. We also provide third party fee management for a host of owner clients that benefit from Westdale’s efficient infrastructure, geographic scope and economies of scale.
- **Joe Beard – President and CEO**, co-founded Westdale in 1991 with a Canadian family co-investment partner. Westdale has consummated over 300 acquisitions while creating a nationwide real estate investment, property management, leasing, and construction firm. With corporate headquarters in Dallas, Westdale and its 1200 employees operate from six regional offices controlling a capital base in excess of \$2.5 billion. His experience includes an active role in all areas of real estate investment and management. Prior to forming Westdale Asset Management, Mr. Beard was responsible for the development and acquisition of over 10,000 apartment units. He was selected as a member of the distinguished business leaders of Dallas. He received the “Forty Under 40” award by the Dallas Business Journal in 1994. A native Texan, born in Waco, Mr. Beard graduated in 1983 from Southern Methodist University.

# Appendix A: Westdale 2800 DE *Project Team*

## *(Cont'd)*

- **Ken Carlson – Chief Financial Officer**, joined Westdale in 1992 and is responsible for all financial activities and timely investment reporting. In addition to leading the fiduciary oversight of the accounting and cash management operations of Westdale, Mr. Carlson has implemented capital financial structuring strategies, both debt and equity, of all company acquisitions, development and redevelopment activities; transactions valued in excess of \$5 billion. Mr. Carlson graduated in 1983 from the University of Saskatchewan in Canada.
- **Jeff Allen – Executive Vice President, Commercial Division**, serves as Managing Principal overseeing the acquisition, underwriting and management of commercial properties. Mr. Allen has compiled over 25 years of commercial real estate experience that include direct development, acquisition, disposition and operational roles at both public and private companies. Mr. Allen earned a BBA from Texas A&M University with a concentration of coursework in real estate and finance. He has been a licensed Texas real estate broker since 1987.
- **Chuck Hixson – Vice President, Commercial Division**, serves as Vice President and manages a commercial portfolio which includes office and retail properties in multiple locations of DFW including the Deep Ellum neighborhood. Presently, Mr. Hixson is a director on the board of the Deep Ellum Foundation and serves on the Deep Ellum TIF Advisory Board. Mr. Hixson earned his BBA in finance from Southern Methodist University in 1970, has worked his 42 year real estate career in Dallas and joined Westdale in 2001.

# Appendix B: Project Requirements/Other Information

<b>Westdale 2800 DE Project Facts</b>	
Minimum Retail Space	28,000 SF
Minimum Common Space	10,000 SF
Parking Spaces	250
Required Private Investment - (site acquisition, construction hard and soft costs)	Min. \$6,500,000
Expected Total Project Cost	\$7,969,679
TIF Funding	\$1,600,000
% TIF funds to total project cost	20%
Return on Cost without TIF	6.39%
Return on Cost with TIF	8.00%
Deadline to Obtain Building Permit	September 30, 2015
Deadline to Obtain Final CO	April 30, 2016

# Appendix C: Highlights of TIF Funding Conditions

- Minimum private investment of \$7,000,000 for the Project, including acquisition, construction and construction related soft costs.
- Investment shall include a minimum of \$625,000 for the following TIF Eligible expenditures associated with the “Project”:
  - Paving, Streetscape, & Lighting – minimum \$250,000
  - Open Spaces & Trails – minimum \$75,000
  - Façade Restoration/Environmental/Remediation/Demolition – minimum \$300,000
- Redevelopment of the Project shall include a minimum of 32,500 square feet:
  - Minimum 25,000 square feet of retail/restaurant space
  - Minimum 7,500 square feet of back of house/common space, including public plaza spaces
- Start construction for the Project by December 31, 2015;
- Certificate of Occupancy (CO) for the Project by June 30, 2016;
- 25% of total net leasable commercial (non-residential) space with a minimum of 50% of ground floor space that front onto a street must be occupied prior to TIF payment;
- Project shall be managed by a management company acceptable to Director;

# Appendix C: Highlights of TIF Funding Conditions *(Cont'd)*

- On February 20, 2015, the design for the project was reviewed by the Urban Design Peer Review Panel (the “UDPRP”), an independent group of design, engineering, and/or planning professionals selected by the Dallas City Manager and required for all Deep Ellum TIF District projects.
- Recommendations by the UDPRP related to the Project include:
  - Overall support for the project’s design
  - Consider additional street trees along Malcolm X Boulevard and at the proposed bulb-out on Main Street
  - Consider additional street trees at regular intervals wherever possible along existing and proposed sidewalks
- Construction shall be in general conformance with site plans approved by the Deep Ellum TIF Board of Directors and Dallas City Council;
- Submit quarterly status reports for ongoing work on the project;
- 25% MWBE participation for TIF reimbursable improvements; 25% Good Faith Effort for private construction;
- Project deadline can be extended 6 months, with Director and Deep Ellum TIF District Board of Directors approval.

# Appendix D: Westdale 2800 DE Project

## Project Proforma

<b>Westdale 2800 Block Main &amp; Elm</b>		
Deep Ellum TIF District		
PROJECT DESCRIPTION:	2800 Block, Main & Elm	
PROJECT TYPE:	Mixed Use	
CONSTRUCTION START DATE:	September 30, 2015	
PROJECT SCHEDULE:	April 30, 2016	
<b>Use Breakdown</b>	<b>SF</b>	<b>Total Leasable SF</b>
Retail/Restaurant/Services	30,595	30,595
Common Areas/Courtyard/Patio	13,740	13,740 *
Total Building Square Footage	44,335	
<b>Project Costs</b>		
Hard Costs	\$4,200,000	
Soft Costs	\$642,100	
Land Costs/Acquisition	\$3,127,579	
<b>Total Project Cost (without City \$)</b>	<b>\$7,969,679</b>	
<b>Income</b>		
		Retail/Restaurant \$551,690
		Reimburs. Rev. \$51,485
		Vacancy (\$42,222)
		<b>Total Revenue \$560,953</b>
<b>Expenses</b>		
		Operating Expense \$51,470
		<b>Total Expenses \$51,470</b>
		<b>NOI* \$509,483</b>
<b>Return on Cost Analysis</b>		
<b>NOI/Total Project Costs</b>		
Return on Cost (without City \$)	6.39%	
Return on Cost (with City \$)	8.00%	

NOI - Total (2017-2027)

**Notes:** Stabilized rates in Year 4 (2020)

\*Leasable SF is for outdoor eateries in public plazas

# Appendix E: Deep Ellum TIF District

## *Budget Status*

Budget values may fluctuate as a result of district property value changes as provided by DCAD, completion of projects within the district, changes in tax rates for taxing jurisdictions, etc. (Includes Values from the approved Deep Ellum TIF District Plan Amendment)

<b>Deep Ellum TIF District Project Plan Budget Projected Increment Revenues to Retire TIF Fund Obligations</b>			
<b>Category</b>	<b>TIF Budget*</b>	<b>Allocated**</b>	<b>Balance</b>
Water, Wastewater, Storm & Off-site Utility Replacement	\$2,397,949	\$138,183	<b>\$2,259,766</b>
Paving Streetscape & Lighting	\$27,881,747	\$2,104,134	<b>\$25,777,613</b>
Open Space & Trails	\$2,710,725	\$1,197,998	<b>\$1,512,727</b>
Façade Restoration /Environmental/Remediation/Demolition	\$10,621,356	\$2,857,288	<b>\$7,764,068</b>
Latino Cultural Center Area Improvements	\$9,609,109	\$0	<b>\$9,609,109</b>
Administration & implementation	\$4,377,162	\$283,715	<b>\$4,093,447</b>
<b>Total Project Costs (excluding interest)</b>	<b>\$57,598,048</b>	<b>\$6,581,318</b>	<b>\$51,016,730</b>
<i>*Budget shown above in current dollar; TIF Project Plan shows the budget in net present value.</i>			
<i>**Project and Administrative costs are allocated as increment collection began in FY 2008</i>			



Questions?



# Memorandum



CITY OF DALLAS

DATE April 3, 2015

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

SUBJECT **Authorize a service contract for the period April 8, 2015 through September 30, 2015, with two additional twelve-month renewal options, each subject to funding availability with the three Business Assistance Centers (BAC) contractors to provide technical assistance to low-to-moderate income persons owning or starting microenterprises – April 8, 2015**

On April 8, 2015, the City Council will be asked to consider a service contract for the period of April 8, 2015 through September 30, 2015, with two additional twelve-month renewal options, each subject to funding availability with the three Business Assistance Centers (BAC) contractors to provide technical assistance to low-to-moderate income persons owning or starting microenterprises listed herein for each contract as follows: (a) CEN-TEX Certified Development Corporation doing business as Business & Community Lenders (BCL) of Texas to be located at the J. Erik Jonsson Central Library, Sammons Small Business Center 1515 Young Street, in an amount not to exceed \$40,000; (b) Organization of Hispanic Contractors DBA Regional Hispanic Contractors Association located to be located at 2800 N Hampton Rd in an amount not to exceed \$40,000; and The Black Chamber of Commerce Business Development Corporation located at 2838 Martin Luther King Jr. Boulevard in an amount not to exceed \$40,000.

## **BACKGROUND**

Since 1993, the City has been using Community Development Block Grant (CDBG) funds in addition to other funding sources to fund the technical assistance and other support services of the Business Assistance Centers (BACs) in the City to promote community and economic development.

The City has recognized the importance of its role in supporting entrepreneurial and small business development to benefit CDBG eligible persons of the City by supporting the BAC program. BACs under this contract located within the City will provide technical assistance, incubator space (if applicable) and other support services to microenterprises. Per HUD regulations "microenterprise" means a business having five or fewer employees, one or more of who owns the business.

Technical Assistance areas of service may include, but not be limited to: business counseling, seminars/training, incubator space (if applicable), business plan and loan packaging assistance, financial and business management, and other eligible services which foster economic development opportunities for low-to-moderate income (LMI) persons operating or starting a microenterprise within the City.

On June 25, 2014 the Council authorized the adoption of the FY 2014-15 Consolidated Plan Budget which included funding of \$640,000 for the BAC Program by Resolution No. 14-1001.

On October 8, 2014, City Council authorized the adoption of a twelve month contract for five Business Assistance Centers by Resolution No. 14-1732.

On December 18 and December 25, 2014, the City made a second Request For Competitive Sealed Proposals (RFCSP) from organizations to establish, manage, and operate microenterprise Business Assistance Centers within the City of Dallas. Contract funding is being recommended for the three (3) highest ranking proposals.

**OWNER(S)**

**Centex - Certified Development Corporation DBA BCL of Texas**  
Rosa Valdez, President (3<sup>rd</sup> location)

**Organization of Hispanic Contractors DBA Regional Hispanic Contractors Association**  
John H. Martinez-D, President (2<sup>nd</sup> location)

**Dallas Black Chamber of Commerce Business Development**  
Wilton Munnings, President

**COUNCIL DISTRICT**

All

**FISCAL INFORMATION**

\$120,000 - 2014-15 Community Development Block Grant Funds

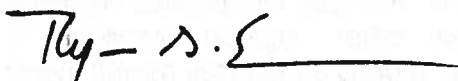
**MAP**

Attached.

**RECOMMENDATION**

Staff recommends the City Council approval of the above referenced item.

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

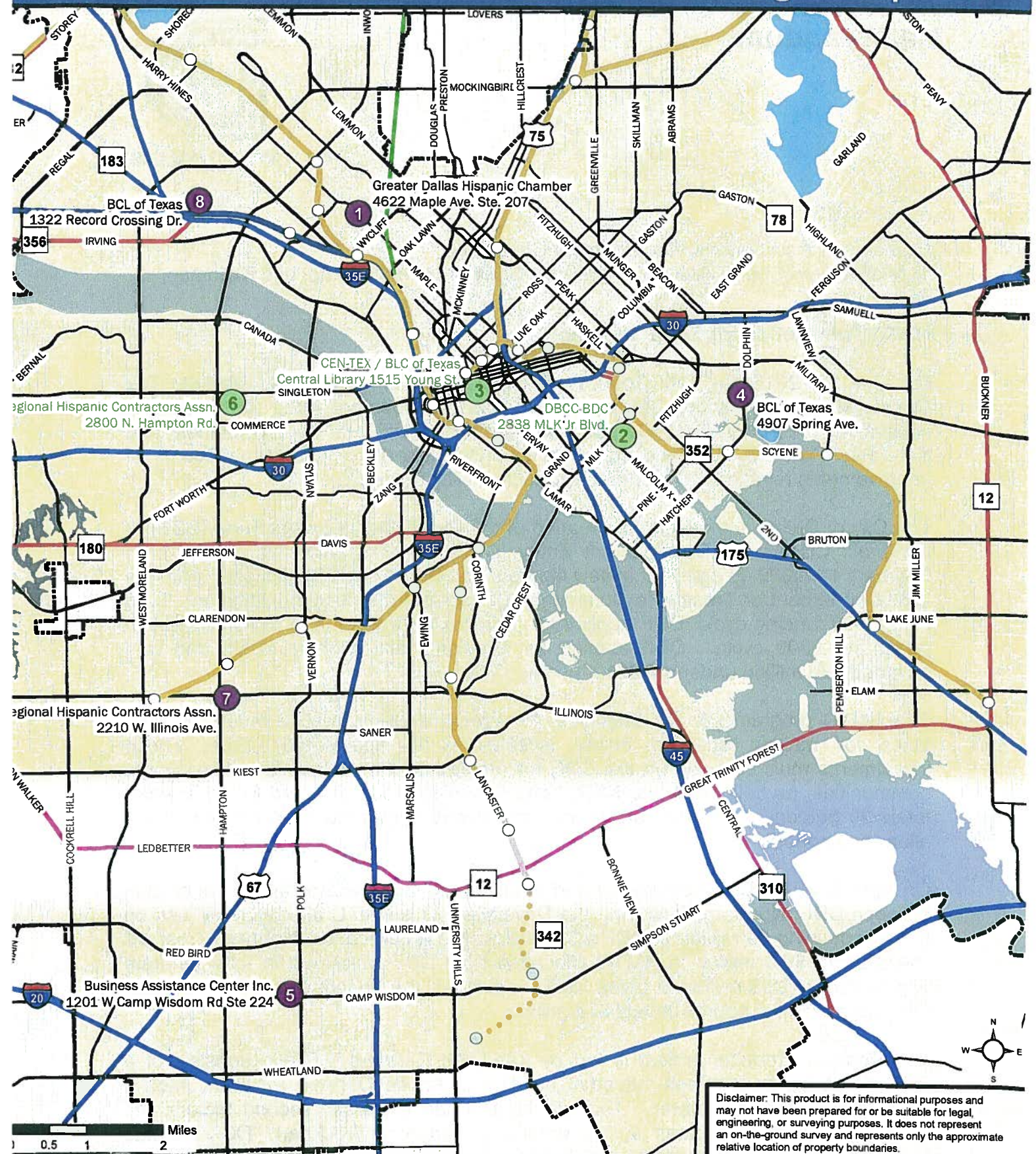
  
Ryan S. Evans  
First Assistant City Manager

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  
Karl Zavitskovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council



# Business Assistance Centers: 2014-15 Existing & Proposed



Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

**DALLAS ECONOMIC DEVELOPMENT**  
 Research & Information Division  
 14.670.1685  
 dallas-ecodev.org

**Legend**

<span style="color: purple;">●</span> Existing BAC	<span style="color: yellow;">—</span> DART Light Rail	<span style="color: green;">—</span> Tollway	<span style="background-color: lightblue; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Flood Plain
<span style="color: green;">●</span> Proposed BAC	<span style="color: blue;">—</span> Commuter Rail	<span style="color: red;">—</span> Highway	<span style="background-color: lightblue; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Lake
<span style="border: 1px solid black; border-radius: 50%; width: 10px; height: 10px; display: inline-block;"></span> Rail Station	<span style="color: yellow; border-bottom: 1px dashed yellow; width: 20px; display: inline-block;"></span> Future DART Light Rail	<span style="color: black;">—</span> Arterial	<span style="border: 2px dashed black; display: inline-block; width: 15px; height: 10px;"></span> City of Dallas
<span style="border: 1px solid black; border-radius: 50%; width: 10px; height: 10px; display: inline-block; background-color: lightblue;"></span> Future Station	<span style="color: blue;">—</span> Freeway	<span style="color: black;">—</span> Local Road	

Source: City of Dallas, 2014



# Memorandum



DATE April 3, 2015

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

SUBJECT **NMTC Transaction for Serta/ Dormae**

On April 22, 2015, the City Council will consider authorizing a New Markets Tax Credit (NMTC) transaction between the Dallas Development Fund (DDF) and its subsidiaries, Northern Trust Corporation (Northern Trust) and its subsidiaries, and Kar-Taub Partners, LP and its affiliates (Developer) for the construction of improvements related to the Dormae Products facility (Project).

The City of Dallas authorized the creation of the Dallas Development Fund (DDF), a non-profit Community Development Entity (CDE), by Resolution No. 09-0461 on February 11, 2009, to apply for a New Markets Tax Credit (NMTC) allocation from the U.S. Department of Treasury's Community Development Financial Institutions Fund in its 2009 funding cycle. DDF applied for and was awarded a \$55 million allocation under the 2009 cycle. DDF applied for additional allocation in 2012, and was awarded \$30 million under the 2012 funding cycle.

The NMTC program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated CDEs. These investments must be used by the CDE for projects and investments in low-income communities, as defined by the NMTC program. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a 7-year credit allowance period.

On April 2, 2015, DDF considered and unanimously approved a NMTC transaction between DDF, Northern Trust, and the Developer. This NMTC allocation will use up to the remaining \$9 million of DDF's \$30 million NMTC allocation; Northern Trust will invest up to \$9.0 million in NMTC allocation from DDF which will in turn generate approximately \$2.8 million in gross NMTC equity for the benefit of the Project. The total project cost is approximately \$14 million.

The Dormae Products project is led by Kar-Taub Partners, LP and consists of a 297,000 sq. ft. build-to-suit industrial building to house Dormae Products, Inc., a Serta mattress manufacturer. This will be Dormae Products' second factory; the company currently operates a 260 employee factory in Lockhart, TX. Dormae Products estimates there will be 125 full-time jobs created in Year 1, growing to 160 full-time jobs by Year 7. All positions are anticipated to include full benefits and the average hourly wage will be approximately \$14 per hour. In addition to mattress

Serta/ Dormae NMTC  
April 3, 2015  
Page 2 of 2

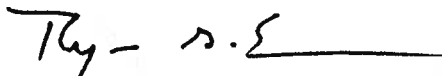
manufacturing, office and warehouse distribution activities will also take place on site. This facility is part of the Southfield Park 35 Industrial Park as developed by Seefried Properties.

The City Council has previously authorized two items in support of this project. Resolution 14-2138 is a real property tax abatement agreement, with US Real Estate Limited Partnership, to provide a ten-year abatement of 90 percent of the taxes on added value to the real property for the purpose of assisting in the development of this new office, production and warehouse distribution facility. Resolution 14-2139, a Chapter 380 economic development grant agreement with Seefried Industrial Properties, provided up to \$63,726 for assistance with land development and permitting costs. Both passed in December 2014.

The project is currently under construction, with completion expected by July 1, 2015.

Without NMTC assistance, the Developer would have a gap in financing that would not allow it to complete the acquisition of the completed Project.

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

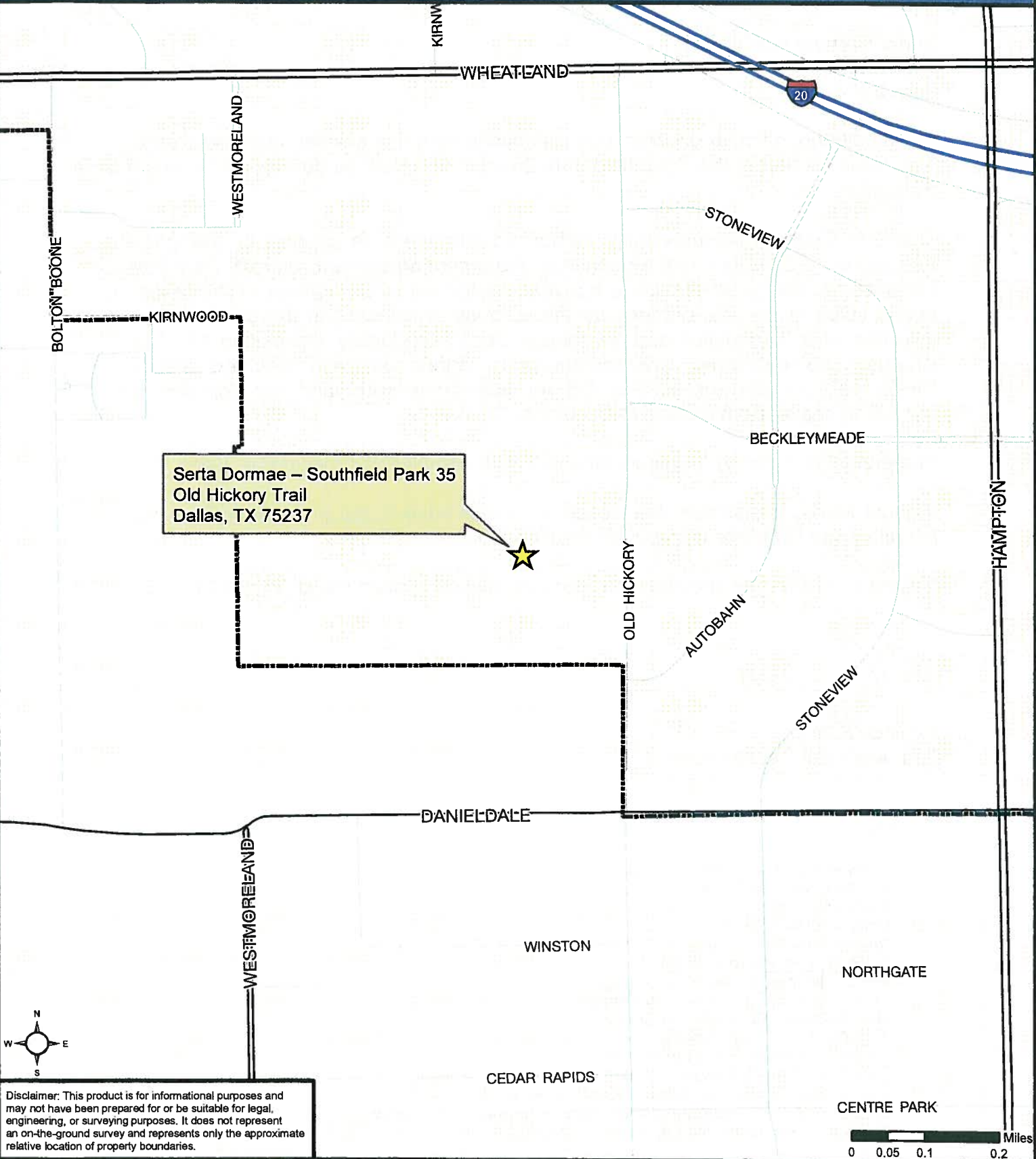


Ryan S. Evans  
First Assistant City Manager

#### Attachment

CC: The Honorable Mayor and 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  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

# Serta Dormae - Southfield Park 35



Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.



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

**Legend**

-  Freeway
-  Arterial
-  Local Road
-  City of Dallas