

**SEPTEMBER 26, 2018 CITY COUNCIL ADDENDUM  
CERTIFICATION**

This certification is given pursuant to Chapter XI, Section 9 of the City Charter for the City Council Addendum dated September 26, 2018. We hereby certify, as to those contracts, agreements, or other obligations on this Agenda authorized by the City Council for which expenditures of money by the City are required, that all of the money required for those contracts, agreements, and other obligations is in the City treasury to the credit of the fund or funds from which the money is to be drawn, as required and permitted by the City Charter, and that the money is not appropriated for any other purpose.



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T.C. Broadnax  
City Manager

9/21/2018  
Date



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Elizabeth Reich  
Chief Financial Officer

9/21/18  
Date

RECEIVED

2018 SEP 21 PM 5:03

CITY SECRETARY  
DALLAS, TEXAS

**REVISED  
ADDENDUM  
CITY COUNCIL MEETING  
WEDNESDAY, SEPTEMBER 26, 2018  
CITY OF DALLAS  
1500 MARILLA STREET  
COUNCIL CHAMBERS, CITY HALL  
DALLAS, TX 75201  
9:00 A.M.**

**REVISED ORDER OF BUSINESS**

Agenda items for which individuals have registered to speak will be considered no earlier than the time indicated below:

9:00 a.m.      **INVOCATION AND PLEDGE OF ALLEGIANCE**

**OPEN MICROPHONE**

**CLOSED SESSION**

**MINUTES**

Item 1

**CONSENT AGENDA**

Items 2 - 55

**CONSENT ADDENDUM**

Addendum Items 1 - 5

**ITEMS FOR INDIVIDUAL CONSIDERATION**

No earlier  
than 9:15 a.m.

Items 56 - 60  
Addendum Items 6 - 12

**PUBLIC HEARINGS AND RELATED ACTIONS**

1:00 p.m.

Items 61 - 78

## **Handgun Prohibition Notice for Meetings of Governmental Entities**

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

*"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistol oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."*

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

*"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."*

ADDITIONS:CONSENT AGENDA**Department of Public Works**

1. 18-939 Authorize a four-year consultant contract for design, construction, and staff augmentation support to complete the 2017 Bond Program projects for City Parks and Fair Park - McKissack - AZ&B JV, LLC, most advantageous proposer of six - Not to exceed \$6,426,901.23 - Financing: Bond Program Administration Fund (subject to annual appropriations)
2. 18-777 Authorize a four-year consultant contract for program management and staff augmentation to complete the 2017 Bond Program horizontal projects for Streets and Transportation, and Flood Control and Storm Drainage - AECOM/AZTECA Joint Venture, most advantageous proposer of six - Not to exceed \$7,514,491.04 - Financing: Bond Program Administration Fund (subject to annual appropriations)
3. 18-937 Authorize a four-year consultant contract for program management to complete the 2017 Bond Program vertical projects for the City's Library Facilities, Cultural and Performing Arts Facilities, Public Safety Facilities and other City Facilities for the vertical projects - Lockwood Andrews & Newnam, Inc., the most advantageous proposer of seven - Not to exceed \$1,039,348.00 - Financing: Bond Program Administration Fund (subject to annual appropriations)

**Office of City Auditor**

4. 18-920 Authorize approval of the Office of the City Auditor's Fiscal Year 2019 Audit Plan as required by paragraph 4(b) of Resolution No. 79-0723, previously approved on February 28, 1979, and as amended by Resolution No. 90-4027, previously approved on December 12, 1990 - Financing: No cost consideration to the City

**Office of Procurement Services**

5. 18-961 Authorize a three-year service contract, with three one-year renewal options, for project underwriting services - The National Council for Community Development, Inc. dba National Development Council, lowest responsible bidder of three - Not to exceed \$1,188,000.00 - Financing: General Fund (subject to annual appropriations)

ITEMS FOR INDIVIDUAL CONSIDERATION**City Secretary's Office**

6. 18-848 A resolution designating absences by Councilmembers Kevin Felder and Sandy Greyson as being for "Official City Business" - Financing: No cost consideration to the City

**Office of Economic Development**

7. 18-838 Authorize a New Markets Tax Credit transaction between the Dallas Development Fund and its subsidiaries, JPMorganChase N.A. and its subsidiaries (Chase), and Buckner International, and its affiliates (Developer) for construction of a Family Hope Center (Project) located at 3314 Lombardy Lane, Dallas, Texas 75220 - Financing: No cost consideration to the City
8. 18-840 Authorize a New Markets Tax Credit (NMTC) transaction between the Dallas Development Fund and its subsidiaries, an affiliate of a NMTC Investor (the "Bank"), and Community Partners of Dallas, and its affiliates (Developer) for the acquisition and renovation of the Community Partners of Dallas facility (Project) located at 7950 Elmbrook Drive, Dallas, Texas 75247 - Financing: No cost consideration to the City
9. 18-841 Authorize a New Markets Tax Credit (NMTC) transaction between the Dallas Development Fund and its subsidiaries, an affiliate of a NMTC Investor (the "Bank"), and Maya Cinemas North America, Inc., and its affiliates (Developer) for the construction of a 14-screen movie theater (Project) located at 655 West Illinois Avenue, Dallas, Texas 75224 - Financing: No cost consideration to the City
10. 18-893 Authorize a business personal property tax abatement agreement with Velocity, A Viracon Company or an affiliate ("Velocity") for a period of five-years in an amount equal to the City's ad valorem taxes assessed on 50 percent of the increased taxable value of Velocity's business personal property associated with the establishment of a new manufacturing operation to be located on approximately 8.427 acres at the southeast corner of Clover Haven Street and Cargo Road in Dallas, Texas in accordance with the City's Public/Private Partnership Program - Estimated Revenue Foregone: \$308,103.00 over a five-year period

Note: Addendum Item Nos. 11 and 12 must be considered collectively.

11. 18-956 Authorize a real property tax abatement agreement with Commerce 30 Building C, Inc. or an affiliate thereof for the purpose of granting a ten-year abatement of 50 percent of the taxes on the added value to the real property in conjunction with the proposed build-to-suit development of Commerce 30 Building C, an e-commerce distribution center within a Texas Enterprise Zone situated on approximately 100 acres of property located at 1301 Chalk Hill Road in Dallas, Texas, in accordance with the City's Public/Private Partnership Program - Estimated Revenue Foregone: \$1,103,876.00 over ten years
12. 18-957 Authorize a business personal property tax abatement agreement with Amazon.com Services, Inc. or an affiliate thereof for the purpose of granting a five-year abatement of 50 percent of the taxes on the added value to the business personal property in conjunction with the proposed build-to-suit development of an e-commerce facility situated on approximately 100 acres of property located at 1301 Chalk Hill Road in Dallas, Texas, in accordance with the City's Public/Private Partnership Program - Estimated Revenue Foregone: \$1,056,349.00 over five years

DELETION:

**Water Utilities Department**

55. 18-708 Authorize a construction contract for the installation of water and wastewater mains at 29 locations (list attached to the Agenda Information Sheet) - RKM Utility Services, Inc., lowest responsible bidder of five - Not to exceed \$13,853,532.50 - Financing: Water Utilities Capital Improvement Funds

**EXECUTIVE SESSION NOTICE**

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

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]

# Addendum Date: September 26, 2018

ITEM #	DISTRICT	TYPE	DEPT	DOLLARS	DESCRIPTION
1.	All	C	PBW	\$6,426,901.23	Authorize a four-year consultant contract for design, construction, and staff augmentation support to complete the 2017 Bond Program projects for City Parks and Fair Park - McKissack - AZ&B JV, LLC, most advantageous proposer of six - Not to exceed \$6,426,901.23 - Financing: Bond Program Administration Fund (subject to annual appropriations)
2.	All	C	PBW	\$7,514,491.04	Authorize a four-year consultant contract for program management and staff augmentation to complete the 2017 Bond Program horizontal projects for Streets and Transportation, and Flood Control and Storm Drainage - AECOM/AZTECA Joint Venture, most advantageous proposer of six - Not to exceed \$7,514,491.04 - Financing: Bond Program Administration Fund (subject to annual appropriations)
3.	All	C	PBW	\$1,039,348.00	Authorize a four-year consultant contract for program management to complete the 2017 Bond Program vertical projects for the City's Library Facilities, Cultural and Performing Arts Facilities, Public Safety Facilities and other City Facilities for the vertical projects - Lockwood Andrews & Newnam, Inc., the most advantageous proposer of seven - Not to exceed \$1,039,348.00 - Financing: Bond Program Administration Fund (subject to annual appropriations)
4.	N/A	C	AUD	NC	Authorize approval of the Office of the City Auditor's Fiscal Year 2019 Audit Plan as required by paragraph 4(b) of Resolution No. 79-0723, previously approved on February 28, 1979, and as amended by Resolution No. 90-4027, previously approved on December 12, 1990 - Financing: No cost consideration to the City
5.	All	C	PBD	\$1,188,000.00	Authorize a three-year service contract, with three one-year renewal options, for project underwriting services - The National Council for Community Development, Inc. dba National Development Council, lowest responsible bidder of three - Not to exceed \$1,188,000.00 - Financing: General Fund (subject to annual appropriations)
6.	N/A	I	SEC	NC	A resolution designating absences by Councilmembers Kevin Felder and Sandy Greyson as being for "Official City Business" - Financing: No cost consideration to the City
7.	6	I	ECO	NC	Authorize a New Markets Tax Credit transaction between the Dallas Development Fund and its subsidiaries, JPMorganChase N.A. and its subsidiaries (Chase), and Buckner International, and its affiliates (Developer) for construction of a Family Hope Center (Project) located at 3314 Lombardy



ITEM #	DISTRICT	TYPE	DEPT	DOLLARS	DESCRIPTION
					Lane, Dallas, Texas 75220 - Financing: No cost consideration to the City
8.	1	I	ECO	NC	Authorize a New Markets Tax Credit (NMTC) transaction between the Dallas Development Fund and its subsidiaries, an affiliate of a NMTC Investor (the "Bank"), and Community Partners of Dallas, and its affiliates (Developer) for the acquisition and renovation of the Community Partners of Dallas facility (Project) located at 7950 Elmbrook Drive, Dallas, Texas 75247 - Financing: No cost consideration to the City
9.	1	I	ECO	NC	Authorize a New Markets Tax Credit (NMTC) transaction between the Dallas Development Fund and its subsidiaries, an affiliate of an NMTC Investor (the "Bank"), and Maya Cinemas North America, Inc., and its affiliates (Developer) for the construction of a 14-screen movie theater (Project) located at 655 West Illinois Avenue, Dallas, Texas 75224 - Financing: No cost consideration to the City
10.	7	I	ECO	REV- \$308,103.00	Authorize a business personal property tax abatement agreement with Velocity, A Viracon Company or an affiliate ("Velocity") for a period of five-years in an amount equal to the City's ad valorem taxes assessed on 50 percent of the increased taxable value of Velocity's business personal property associated with the establishment of a new manufacturing operation to be located on approximately 8.427 acres at the southeast corner of Clover Haven Street and Cargo Road in Dallas, Texas in accordance with the City's Public/Private Partnership Program - Estimated Revenue Foregone: \$308,103.00 over a five-year period
11.	6	I	ECO	REV- \$1,103,876.00	Authorize a real property tax abatement agreement with Commerce 30 Building C, Inc. or an affiliate thereof for the purpose of granting a ten-year abatement of 50 percent of the taxes on the added value to the real property in conjunction with the proposed build-to-suit development of Commerce 30 Building C, an e-commerce distribution center within a Texas Enterprise Zone situated on approximately 100 acres of property located at 1301 Chalk Hill Road in Dallas, Texas, in accordance with the City's Public/Private Partnership Program - Estimated Revenue Foregone: \$1,103,876.00 over ten years
12.	6	I	ECO	REV- \$1,056,349.00	Authorize a business personal property tax abatement agreement with Amazon.com Services, Inc. or an affiliate thereof for the purpose of granting a five-year abatement of 50 percent of the taxes on the added value to the business personal property in conjunction with the proposed build-to-suit development of an e-commerce facility situated on approximately 100 acres of property located at 1301 Chalk Hill Road in Dallas, Texas, in accordance with the City's Public/Private Partnership Program - Estimated Revenue

ITEM #	DISTRICT	TYPE	DEPT	DOLLARS	DESCRIPTION
					Foregone: \$1,056,349.00 over five years

**TOTAL \$16,168,740.27**



Agenda Information Sheet

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**File #:** 18-939

**Item #:** 1.

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**STRATEGIC PRIORITY:** Mobility Solutions, Infrastructure, and Sustainability

**AGENDA DATE:** September 26, 2018

**COUNCIL DISTRICT(S):** All

**DEPARTMENT:** Department of Public Works

**EXECUTIVE:** Majed Al-Ghafry

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**SUBJECT**

Authorize a four-year consultant contract for design, construction, and staff augmentation support to complete the 2017 Bond Program projects for City Parks and Fair Park - McKissack - AZ&B JV, LLC, most advantageous proposer of six - Not to exceed \$6,426,901.23 - Financing: Bond Program Administration Fund (subject to annual appropriations)

**BACKGROUND**

This item is on the addendum because the required project information was submitted after the posted deadlines due to continued negotiations with the consultants and submittal of documents.

On November 7, 2017, Dallas voters approved ten bond propositions for public purposes totaling \$1,050,000,000. Each proposition consists of individual projects to be funded and completed over a five-year period. The City Manager's Office directed staff to implement a new concept plan to provide on-time, under budget, and value engineered projects to complete the Bond within a five-year period. Staff proposes to utilize the services of consultants to serve as Program Managers and augment staff as needed.

Through the City's competitive procurement process, McKissack - AZ&B JV, LLC was selected to serve as the Program Manager and provide staff augmentation for the projects included in Proposition B (Parks and Recreation) and Proposition C (Fair Park) totaling approximately \$300 million. McKissack - AZ&B JV will deploy its resources to the City for up to five years to provide support during the design and construction phases of all the parks and Fair Park construction projects.

As part of the implementation process, McKissack - AZ&B JV, LLC will support City staff in reviewing the identified City Parks and Fair Park design projects that require a second reviewer. This will minimize errors in design that may have been overlooked during the initial review, which will assist in reducing the number of change orders during construction. This process, too will allow the consultant to provide value engineering for the identified City Parks and Fair Park projects. The consultant's

support will assist in ensuring timely execution and completion of all Bond funded projects within a five-year period. This will benefit the City in being more efficient in the design review and construction oversight assistance on an as-needed basis.

In addition, McKissack - AZ&B JV, LLC will serve as experts in implementing the new capital improvement scheduling software, TRIRIGA, by sharing knowledge and experience with this project software. This new software is part of the new bond program implementation plan intended to update and report project information via the City’s bond program website, which aligns with the City’s efforts to provide efficiency, transparency, and accountability on the status of all the approved bond program projects.

**ESTIMATED SCHEDULE OF PROJECT**

Begin Staff augmentation for design	October 2018
Complete staff augmentation for construction	December 2022

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

Information about this item will be provided to the Mobility Solutions, Infrastructure and Sustainability Committee on September 24, 2018.

**FISCAL INFORMATION**

Bond Program Administration Fund - \$6,426,901.23 (subject to annual appropriations)

Funding for this item is budgeted in multiple fiscal years.

<u>Fiscal Year</u>	<u>Amount</u>
FY 2018-19	\$1,928,207.08
FY 2019-20	\$1,753,158.67
FY 2020-21	\$1,715,012.09
FY 2021-22	<u>\$1,030,523.39</u>
 Total Project Cost	 \$6,426,901.23

**M/WBE INFORMATION**

In accordance with the City’s Business Inclusion and Development Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended, the M/WBE participation on this contract is as follows:

<b>Contract Amount</b>	<b>Category</b>	<b>M/WBE Goal</b>	<b>M/WBE %</b>	<b>M/WBE \$</b>
\$6,426,901.23	Professional Services	36.30%	100.00%	\$6,426,901.23
<ul style="list-style-type: none"> <li>• This contract exceeds the M/WBE goal.</li> </ul>				

**PROCUREMENT INFORMATION**

The following six proposals were received from solicitation number BYZ1806 and were opened on February 15, 2018. Interviews were conducted and evaluated in April of 2018 and June of 2018 by multi-departmental, diverse, non-biased city staff. The most advantageous interviewed firm was selected to negotiate contract terms with, based on the results of interviews. The professional services contract is being awarded to the most advantageous proposer.

\*Denotes successful proposer

**Proposers**

\* McKissack - AZ&B JV, LLC

11355 McCree Road

Dallas, TX 75238

AECOM

ATSER

Dallas Program Management Partners, a Joint Venture

PSA Contractors, Inc.

CRCH, a Joint Venture of Con-Real, LP and CBRE Heery, Inc.

**OWNER**

**McKissack - AZ&B JV, LLC**

Kathleen Langan, Vice-President

Alfonso P. Garza, President

September 26, 2018

**WHEREAS**, in November 2017, a Capital Bond Program was approved by voters; and

**WHEREAS**, it is the City's desire to complete the Bond funded projects within a five-year period; and

**WHEREAS**, six proposals were received and opened on February 15, 2018, to select a Program Manager for the 2017 Bond funded City Park and Fair Park projects, as well as to serve as an augmentation of City staff for these projects as follows:

**Proposers**

\*McKissack - AZ&B JV, LLC

AECOM

ATSER

Dallas Program Management Partners, a Joint Venture

PSA Contractors, Inc.

CRCH, a Joint Venture of Con-Real, LP and CBRE Heery, Inc.

**WHEREAS**, it is now desirable to authorize a four-year consultant contract with McKissack - AZ&B JV, LLC for design, construction, and staff augmentation support, in an amount not to exceed \$6,426,901.23 (subject to annual appropriations), this being the most qualified consultant to serve the City and its needed support to complete the 2017 Bond Program projects for City Parks and Fair Park, received as indicated by the tabulation of proposals.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Manager is hereby authorized to sign a consultant contract with McKissack - AZ&B JV, LLC, approved as to form by the City Attorney, for design, construction, and staff augmentation support to complete the 2017 Bond program projects, for City Parks and Fair Park, for a term of four years, in an amount not to exceed \$6,426,901.23 (subject to annual appropriations).

**SECTION 2.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$6,426,901.23 to McKissack - AZ&B JV, LLC (Vendor VS98892), in accordance with the terms and conditions of the contract from:

September 26, 2018

**SECTION 2.** (continued)

FY 2018-19 Bond Program Administration Fund Fund 0294, Department MGT, Unit 3287 Object 3070 Encumbrance/Contract No. CX-PBW-2018-00008014	\$1,928,207.08
FY 2019-20 Bond Program Administration Fund Fund 0294, Department MGT, Unit 3287 Object 3070 Encumbrance/Contract No. CX-PBW-2018-00008014	\$1,753,158.67
FY 2020-21 Bond Program Administration Fund Fund 0294, Department MGT, Unit 3287 Object 3070 Encumbrance/Contract No. CX-PBW-2018-00008014	\$1,715,012.09
FY 2021-22 Bond Program Administration Fund Fund 0294, Department MGT, Unit 3287 Object 3070 Encumbrance/Contract No. CX-PBW-2018-00008014	<u>\$1,030,523.39</u>
Total amount not to exceed	\$6,426,901.23

**SECTION 3.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.



Agenda Information Sheet

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**File #:** 18-777

**Item #:** 2.

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**STRATEGIC PRIORITY:** Mobility Solutions, Infrastructure, and Sustainability

**AGENDA DATE:** September 26, 2018

**COUNCIL DISTRICT(S):** All

**DEPARTMENT:** Department of Public Works

**EXECUTIVE:** Majed Al-Ghafry

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**SUBJECT**

Authorize a four-year consultant contract for program management and staff augmentation to complete the 2017 Bond Program horizontal projects for Streets and Transportation, and Flood Control and Storm Drainage - AECOM/AZTECA Joint Venture, most advantageous proposer of six - Not to exceed \$7,514,491.04 - Financing: Bond Program Administration Fund (subject to annual appropriations)

**BACKGROUND**

This item is on the addendum because the required project information was submitted after the posted deadlines due to continued negotiations with the consultants and submittal of documents.

On November 7, 2017, Dallas voters approved ten bond propositions for public purposes totaling \$1,050,000,000. Each proposition consists of individual projects to be funded and completed over a five-year period. In an effort to provide on-time, under budget, and value engineering to complete the Bond funded projects within a five-year period, the City Manager's Office directed staff to implement a new concept plan to utilize the services of consultants to serve as Program Managers as well as staff augmentation as needed.

Through the City's competitive procurement process, AECOM/AZTECA Joint Venture was selected to serve as the Program Manager and to provide staff augmentation for the projects included in Propositions A (Streets and Transportation) and Proposition D (Flood Control and Storm Drainage) totaling approximately \$582.7 Million. AECOM/AZTECA Joint Venture will deploy its resources to the City for up to five years to provide support during the design and construction phases of all the streets and flood construction projects.

As part of the implementation process, AECOM/AZTECA Joint Venture will support City staff in reviewing the identified street, flood and storm drainage design projects that require a second reviewer to minimize errors in design that may have been overlooked during initial review, which will assist in reducing the number of change orders during construction. This process, too, will allow the



consultant to provide value engineering for the identified street, flood and storm drainage projects. The consultant’s support will assist in ensuring timely execution and completion of all Bond funded projects within a five-year period. This will benefit the City to be more efficient in the design review and construction oversight assistance on an as-needed basis.

In addition, AECOM/AZTECA will serve as experts in implementing and utilizing the new capital improvement scheduling software, TRIRIGA, by sharing knowledge and experience with this project software. This new software is part of the new bond program implementation plan intended to update and report project information via the City’s bond program website that aligns with the City’s efforts to provide efficiency, transparency, and accountability on the status of all the approved bond program projects.

**ESTIMATED SCHEDULE OF PROJECT**

Begin Staff augmentation for design	October 2018
Complete staff augmentation for construction	December 2022

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

Information about this item will be provided to the Mobility Solutions, Infrastructure and Sustainability Committee on September 24, 2018.

**FISCAL INFORMATION**

Bond Program Administration Fund - \$7,514,491.04 (subject to annual appropriations)

Funding for this item is budgeted in multiple fiscal years.

<u>Fiscal Year</u>	<u>Amount</u>
FY 2018-19	\$2,000,000.00
FY 2019-20	\$2,500,000.00
FY 2020-21	\$2,000,000.00
FY 2021-22	<u>\$1,014,491.04</u>
 Total Project Cost	 \$7,514,491.04

**M/WBE INFORMATION**

In accordance with the City’s Business Inclusion and Development Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended, the M/WBE participation on this contract is as follows:

<b>Contract Amount</b>	<b>Category</b>	<b>M/WBE Goal</b>	<b>M/WBE %</b>	<b>M/WBE \$</b>
\$7,514,491.04	Professional Services	36.30%	36.47%	\$2,740,465.00
• This contract exceeds the M/WBE goal.				

**PROCUREMENT INFORMATION**

The following six proposals were received from solicitation number BYZ1806 and were opened on February 15, 2018. Interviews were conducted and evaluated in April of 2018 and June of 2018 by multi-departmental, diverse, non-biased city staff. The most advantageous interviewed firm was selected to negotiate contract terms with, based on the results of interviews. The professional services contract is being awarded to the most advantageous proposer.

\*Denotes successful proposer

**Proposers**

\*AECOM/AZTECA Joint Venture  
13355 Noel Road, Suite 400  
Dallas, TX 75240  
AZ&B  
ATSER  
Dallas Program Management Partners  
Garver  
HDR

**OWNER**

**AECOM/AZTECA Joint Venture**

Luis Delgado, Chief Executive Officer and President  
Luis Spinola, Chief Executive Officer and President

September 26, 2018

**WHEREAS**, in November 2017, a Capital Bond Program was approved by voters; and

**WHEREAS**, it is the City's desire to complete the Bond funded projects within a five-year period; and

**WHEREAS**, six proposals were received and opened on February 15, 2018, to select a Program Manager for the 2017 Bond funded streets and flood construction projects, as well as to serve as an augmentation of City staff for the street and flood construction projects as follows:

**Proposers**

AECOM/ AZTECA Joint Venture  
AZ&B  
ATSER  
Dallas Program Management Partners  
Garver  
HDR

**WHEREAS**, it is now desirable to authorize a four-year consultant contract with AECOM/AZTECA Joint Venture for program management and staff augmentation, in an amount not to exceed \$7,514,491.04 (subject to annual appropriations), this being the most qualified consultant to serve the City and its needed support in completing the 2017 Bond Program horizontal projects for Streets and Transportation, and Flood Control and Storm Drainage, received as indicated by the tabulation of proposals.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Manager is hereby authorized to sign a consultant contract with AECOM/ AZTECA Joint Venture, approved as to form by the City Attorney, for program management and staff augmentation to complete the 2017 Bond Program horizontal projects for Streets and Transportation, and Flood Control and Storm Drainage, for a term of four years, in an amount not to exceed \$7,514,491.04 (subject to annual appropriations).

**SECTION 2.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$7,514,491.04 to AECOM/ AZTECA Joint Venture (Vendor VS98882), in accordance with the terms and conditions of the contract from:

September 26, 2018

**SECTION 2.** (continued)

FY 2018-19  
Bond Program Administration Fund  
Fund 0294, Department MGT, Unit 3287  
Object 3070  
Encumbrance/Contract No. CX- PBW-2018-00008013 \$2,000,000.00

FY 2019-20  
Bond Program Administration Fund  
Fund 0294, Department MGT, Unit 3287  
Object 3070  
Encumbrance/Contract No. CX- PBW-2018-00008013 \$2,500,000.00

FY 2020-21  
Bond Program Administration Fund  
Fund 0294, Department MGT, Unit 3287  
Object 3070  
Encumbrance/Contract No. CX- PBW-2018-00008013 \$2,000,000.00

FY 2021-22  
Bond Program Administration Fund  
Fund 0294, Department MGT, Unit 3287  
Object 3070  
Encumbrance/Contract No. CX- PBW-2018-00008013 \$1,014,491.04

Total amount not to exceed \$7,514,491.04

**SECTION 3.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.



Agenda Information Sheet

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**File #:** 18-937

**Item #:** 3.

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**STRATEGIC PRIORITY:** Mobility Solutions, Infrastructure, and Sustainability

**AGENDA DATE:** September 26, 2018

**COUNCIL DISTRICT(S):** All

**DEPARTMENT:** Department of Public Works

**EXECUTIVE:** Majed Al-Ghafry

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**SUBJECT**

Authorize a four-year consultant contract for program management to complete the 2017 Bond Program vertical projects for the City's Library Facilities, Cultural and Performing Arts Facilities, Public Safety Facilities and other City Facilities for the vertical projects - Lockwood Andrews & Newnam, Inc., the most advantageous proposer of seven - Not to exceed \$1,039,348.00 - Financing: Bond Program Administration Fund (subject to annual appropriations)

**BACKGROUND**

This item is on the addendum because the required project information was submitted after the posted deadlines due to continued negotiations with the consultants and submittal of documents.

On November 7, 2017, Dallas voters approved ten bond propositions for public purposes totaling \$1,050,000,000. Each proposition consists of individual projects to be funded and completed over a five-year period. In an effort to provide on-time, under budget, and best value engineering to complete the Bond funded projects within a five-year period, the City Manager's Office directed staff to implement a new concept plan to utilize the services of consultants to serve as Program Managers as well as staff augmentation as needed.

Through the City's competitive procurement process, Lockwood Andrews & Newnam, Inc. (LAN) was selected to serve as the Program Manager for the vertical projects included in Propositions E (Library Facilities), Proposition F (Cultural and Performing Arts), Proposition G (Public Safety Facilities), and Proposition H (City Facilities), totaling approximately \$80.2 Million. LAN will deploy its resources to the City for up to five years to provide support during the design and construction phases of all the parks and facilities construction projects.

As part of the implementation process, LAN will support City staff in reviewing the identified facility projects that require a second reviewer to minimize errors in design that may have been overlooked during initial review, which will assist in minimizing change orders during construction. This process, too will allow the consultant to provide value engineering for the identified city facilities projects. The

consultant’s support will assist in ensuring timely execution and completion of all Bond funded projects within a five-year period. This benefit will allow the City to be more efficient in the design review and construction oversight assistance on an as-needed basis.

In addition, LAN will serve as experts in implementing and utilizing the new capital improvement scheduling software, TRIRIGA, by sharing their knowledge and experience with this project software. This new software is part of the new bond program implementation plan intended to update and report project information via the City’s bond program website that aligns with the City’s efforts to provide efficiency, transparency, and accountability on the status of all the approved bond program projects.

**ESTIMATED SCHEDULE OF PROJECT**

Begin staff augmentation for design	October 2018
Complete staff augmentation for construction	December 2022

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

Information about this item will be provided to the Mobility Solutions, Infrastructure and Sustainability Committee on September 24, 2018.

**FISCAL INFORMATION**

Bond Program Administration Fund - \$1,039,348.00 (subject to annual appropriations)

Funding for this item is budgeted in multiple fiscal years.

<u>Fiscal Year</u>	<u>Amount</u>
FY 2018-19	\$259,975.00
FY 2019-20	\$259,975.00
FY 2020-21	\$259,975.00
FY 2021-22	<u>\$259,423.00</u>
 Total Project Cost	 \$1,039,348.00

**M/WBE INFORMATION**

In accordance with the City’s Business Inclusion and Development Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended, the M/WBE participation on this contract is as follows:

<b>Contract Amount</b>	<b>Category</b>	<b>M/WBE Goal</b>	<b>M/WBE %</b>	<b>M/WBE \$</b>
\$1,039,348.00	Professional Services	36.30%	59.66%	\$620,125.00
<ul style="list-style-type: none"> <li>• This contract exceeds the M/WBE goal.</li> </ul>				

**PROCUREMENT INFORMATION**

The following seven proposals were received from solicitation number BYZ1806 and were opened on February 15, 2018. Interviews were conducted and evaluated in April of 2018 and June of 2018 by multi-departmental, diverse, non-biased city staff. The most advantageous interviewed firm was selected to negotiate contract terms with, based on the results of interviews. The professional services contract is being awarded to the most advantageous proposer.

\*Denotes successful proposer

**Proposers**

\* Lockwood Andrews & Newnam, Inc.  
8350 North Central Expressway, Suite 1400  
Dallas, X 75206  
AECOM  
ATSER  
Dallas Facilities Managers, a Joint Venture  
Dallas Program Management Partners, a Joint Venture  
McKissack - AZ&B JV, LLC  
CBRE Heery, Inc.

**OWNER**

**Lockwood Andrews & Newnam, Inc.**

Philip L. Meaders, Vice President

September 26, 2018

**WHEREAS**, in November 2017, a Capital Bond Program was approved by voters; and

**WHEREAS**, it is the City's desire to complete the Bond funded vertical projects within a five-year period; and

**WHEREAS**, seven proposals were received and opened on February 15, 2018 to select a Program Manager for the City's 2017 Bond funded vertical projects, as well as serve as an augmentation of City staff for said vertical projects; as follows:

**Proposers**

Lockwood Andrews & Newnam (LAN)  
AECOM  
ATSER  
Dallas Facilities Managers, a Joint Venture  
Dallas Program Management Partners, a Joint Venture  
McKissack and McKissack/ AZ&B  
CBRE Heery, Inc.

**WHEREAS**, it is now desirable to authorize a four-year contract with Lockwood Andrews and Newnam, Inc. for program management to complete the 2017 Bond Program vertical projects for the City's Library Facilities, Cultural and Performing Arts Facilities, Public Safety Facilities and other City Facilities for the vertical projects, in an amount not to exceed \$1,039,348.00 (subject to annual appropriations), this being the most qualified consultant to serve the City and its needed support in completing the Bond program vertical projects received as indicated by the tabulation of proposals, after it has been approved as to form by the City Attorney.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Manager is hereby authorized to sign a four-year consultant contract with Lockwood Andrews and Newnam, Inc. for program management to complete the 2017 Bond Program vertical projects for the City's Library Facilities, Cultural and Performing Arts Facilities, Public Safety Facilities and other City Facilities for the vertical projects, in an amount not to exceed \$1,039,348.00 (subject to annual appropriations), this being the most qualified consultant to serve the City and its needed support in completing the Bond Program vertical projects received as indicated by the tabulation of proposals, after it has been approved as to form by the City Attorney.

**SECTION 2.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$1,039,348.00 to Lockwood Andrews and Newnam, Inc. (Vendor No. 181310), in accordance with the terms and conditions of the contract from:



September 26, 2018

**SECTION 2.** (continued)

FY 2018-19 Bond Program Administration Fund Fund 0294, Department MGT, Unit 3287 Object 3070 Encumbrance/Contract No. CX-PBW-2018-00008012	\$ 259,975.00
FY 2019-20 Bond Program Administration Fund Fund 0294, Department MGT, Unit 3287 Object 3070 Encumbrance/Contract No. CX-PBW-2018-00008012	\$ 259,975.00
FY 2020-21 Bond Program Administration Fund Fund 0294, Department MGT, Unit 3287 Object 3070 Encumbrance/Contract No. CX-PBW-2018-00008012	\$ 259,975.00
FY 2021-22 Bond Program Administration Fund Fund 0294, Department MGT, Unit 3287 Object 3070 Encumbrance/Contract No. CX-PBW-2018-00008012	<u>\$ 259,423.00</u>
Total amount not to exceed	\$1,039,348.00

**SECTION 3.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.



Agenda Information Sheet

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**File #:** 18-920

**Item #: 4.**

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**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** September 26, 2018

**COUNCIL DISTRICT(S):** N/A

**DEPARTMENT:** Office of City Auditor

**EXECUTIVE:** Craig D. Kinton

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**SUBJECT**

Authorize approval of the Office of the City Auditor's Fiscal Year 2019 Audit Plan as required by paragraph 4(b) of Resolution No. 79-0723, previously approved on February 28, 1979, and as amended by Resolution No. 90-4027, previously approved on December 12, 1990 - Financing: No cost consideration to the City

**BACKGROUND**

Since February 1979, the City Council has required the City Auditor to submit an annual Audit Plan to include identification of the scope of each audit to be conducted in terms of the organizations, programs, functions, and activities to be addressed.

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

On September 17, 2018, the Office of the City Auditor briefed the Government Performance and Financial Management Committee on the Fiscal Year 2019 Audit Plan. Motion was made by Councilmember Philip T. Kingston and seconded by Councilmember Scott Griggs. An amendment from Councilmember Kevin Felder was made and accepted. The Committee recommended City Council approval of the Fiscal Year 2019 Audit Plan, as amended by the Committee.

**FISCAL INFORMATION**

No cost consideration to the City.

September 26, 2018

**WHEREAS**, on September 17, 2018, the First Assistant City Auditor, Carol A. Smith on behalf of the City Auditor, briefed the Government Performance and Financial Management Committee, and the Committee recommended approval by the City Council.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Auditor is hereby authorized to carry out the audits as described in the attached Fiscal Year 2019 Audit Plan.

**SECTION 2.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.



**CITY OF DALLAS**

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**OFFICE OF THE CITY AUDITOR**

**AUDIT PLAN  
FISCAL YEAR 2019**

**CRAIG D. KINTON  
CITY AUDITOR**



# AUDIT PLAN FOR FISCAL YEAR 2019

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The City of Dallas (City) Office of the City Auditor performs work for and under the direction of the Dallas City Council. The Fiscal Year 2019 Audit Plan (Audit Plan) is designed to satisfy responsibilities established by the Dallas City Charter, meet the needs of the City Council, and outline the professional services that the Office of the City Auditor plans to initiate and/or complete during Fiscal Year 2019.

The Office of the City Auditor's mission is to promote public trust and advance accountability by providing independent, objective, and useful professional services for the City of Dallas. The Audit Plan demonstrates the variety of services the Office of the City Auditor provides to address its mission and reflects the following Dallas City Council Key Strategic Priorities:

- Public Safety
- Mobility Solutions, Infrastructure, and Sustainability
- Economic and Neighborhood Vitality
- Human and Social Needs
- Quality of Life
- Government Performance & Financial Management

This Audit Plan is a working document in that the City Auditor is authorized, when deemed necessary in his professional judgment, to amend the Audit Plan. The Dallas City Council will be notified in writing concerning additions to, deletions from, or other changes to this Audit Plan. The Audit Plan includes audits, attestation engagements, and other professional services.

## AUDIT AND ATTESTATION SERVICES

The Office of the City Auditor complies with generally accepted government auditing standards when performing audits and attestation engagements. These standards provide a framework for conducting high quality audits and attestation engagements with competence, integrity, objectivity, and independence. The types of audits and attestation engagements performed under these standards include:

- **Performance Audits**

Conducted to provide objective analysis to assist City Management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. Performance audit objectives vary widely and can include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and, prospective analyses.

- **Attestation Engagements**

Conducted to address a broad range of financial or non-financial objectives. An attestation engagement results in an examination, a review, or an agreed-upon procedures report on a subject matter or an assertion about a subject matter that is the responsibility of another party.

- **Financial Audits**

Conducted to provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) are presented fairly and in accordance with recognized criteria. Financial audits provide users with statements concerning the reliability of information, and provide information about internal control over financial reporting, and compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

## **OTHER PROFESSIONAL SERVICES**

The Office of the City Auditor provides other professional services which may or may not be performed in accordance with generally accepted government auditing standards. These other professional services include:

- **Investigative Services**

The Office of the City Auditor provides investigative services to evaluate and investigate allegations of fraud, waste and abuse and maintains a Hotline as a tool for the confidential reporting of allegations. Investigations are conducted in accordance with Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency. Criminal allegations are referred to appropriate law enforcement authorities. Significant findings of fraud are reported to the Mayor, the Chair of the Government Performance & Financial Management Committee, the City Attorney, and City Management as required by Council Resolutions and Administrative Directive.

- **City Council Support**

The Office of the City Auditor is authorized to conduct audits, attestation engagements, or other professional services for individual City Council Members, provided the request will not impact the completion of the Audit Plan. If, in the judgment of the City Auditor, a request will impact completion of the Audit Plan, the City Auditor is to request that the Council Member submit the request in writing for consideration and approval by the Government Performance & Financial Management Committee and the City Council as an amendment to the Audit Plan. All work products will be produced at the direction of the City Auditor.

- **Management Assistance**

The Office of the City Auditor is authorized to perform audits and attestation services and other professional services at the request of City Management to assist in carrying out City Management's responsibilities. These services may include, but are not limited to, providing technical advice, such as participating on committees, task forces, panels, and focus groups. The Office of the City Auditor may provide City Management assistance based on consideration of the impact on auditor independence and audit plan completion.

- **Litigation Support**

The Office of the City Auditor is authorized to perform audits and attestation services and other professional services at the request of the City Attorney. The services provided by the Office of the City Auditor depend on the needs of the City Attorney. These services may include, but are not limited to, research, analysis, and computer forensics.

## **INDEPENDENCE DISCLOSURES**

Section 40-A.2.(c)(C) of the Dallas City Code designates the City Auditor as a voting member of the Employees' Retirement Fund (ERF) Board of Trustees. Generally accepted government auditing standards require the Office of the City Auditor to disclose impairments to independence. The Office of the City Auditor lacks independence in relation to any audit work that might be conducted at the ERF. To the extent that audits and attestation engagements are performed in this area, the Office of the City Auditor is not independent. The effects of this independence concern on audit work will be clearly identified in any final reports, if applicable.

#	Department	Key Strategic Priorities**	Description	Objectives
1	BS	Mobility Solutions, Infrastructure, and Sustainability	Inventory Management	Evaluate the adequacy of the Department of Building Services' internal controls over inventory management
2	CAO	Government Performance & Financial Management	Litigation Support	Provide audit, attestation, and other professional services, as requested by the City Attorney
3	CCO	Government Performance & Financial Management	Hotel Occupancy Tax	Evaluate the City's processes to ensure completeness of collection of all hotel occupancy tax owed
4	CIS	Government Performance & Financial Management	Reporting Security Violations	Evaluate the policies and procedures used by the Department of Communication and Information Services to train and provide mechanisms to employees on reporting security violations such as phishing, email compromise
5	CODE	Quality of Life	Department of Code Compliance	Evaluate the effectiveness of the Department of Code Compliance's (CODE) enforcement, which may include whether CODE's actions in response to complaints and/or to bring properties into compliance with Dallas City Code were: (1) timely, and in accordance with policies and procedures; and, (2) effective with resolving complaints and compliance code violations



#	Department	Key Strategic Priorities**	Description	Objectives
6	DFR	Public Safety	Occupational Safety and Health Program	Determine whether the Department of Dallas Fire-Rescue's occupational safety and health program is appropriately designed to reduce on-the-job accidents, injuries, Workers' Compensation claims, etc. by comparison to appropriate national standards or identifiable industry best practices
7	DPD	Public Safety	Police Property and Evidence	Evaluate the adequacy and effectiveness of internal controls over the Dallas Police Department's property and evidence, including policies and procedures, physical security and access controls, inventory management, and temporary and long-term storage controls
8	DWU	Quality of Life Government Performance & Financial Management /	Business Partner Oversight	Evaluate the financial, operational, and other risks for the business partners operating City-owned facilities under the oversight of the Department of Dallas Water Utilities and the City's oversight and monitoring controls for the Texas Horse Park.
9	LIB	Quality of Life	Facility Planning	Evaluate the Dallas Public Library's strategic and/or operational planning in an era when the public's demands of libraries have changed, including programs and materials
10	MS	Human and Social Needs	Office of Equity and Human Rights - Complaint Process	Evaluate the Office of Equity and Human Rights' complaint process including intake, investigation, and timeliness of the complaint resolution

#	Department	Key Strategic Priorities**	Description	Objectives
11	OB	Government Performance & Financial Management	Revenue Estimates – Budgeted Revenues for Fiscal Year 2019-2020	Determine whether the City has effective processes to ensure reasonable revenue estimates are included in the City Manager’s proposed operating budget
12	OB	Government Performance & Financial Management	Verification of Third-Party Receipts for Franchise Fees	Verify that franchise fees (which may include utilities, cable, and telephone) identified by a third-party vendor are received by the City and vendor invoices are accurate
13	OB	Government Performance & Financial Management	Verification of Third-Party Receipts for Sales/Use Tax Compliance	Verify that sales/use tax receipts identified by a third-party consultant are received and vendor invoices are accurate
14	OHS	Human and Social Needs	Follow-Up Homeless Response System Effectiveness Recommendations	Evaluate City Management’s implementation of prior audit recommendations
15	OPS/ Multiple	Government Performance & Financial Management	City’s Purchasing and Travel Cards	Evaluate controls and compliance with the City’s Purchasing and Travel Cards policies and procedures
16	PKR	Quality of Life	City Parks Maintenance and Safety	Evaluate the processes the Department of Park and Recreation uses to ensure City parks are properly maintained and safety risks are appropriately managed
17	TRN	Mobility Solutions, Infrastructure, and Sustainability	Taxicab and Transportation Network	Evaluate the City’s processes to regulate and enforce taxicab and transportation network (Uber, Lyft, and others) drivers and companies to ensure compliance with City code, regulations, and fees

#	Department	Key Strategic Priorities**	Description	Objectives
18	Multiple	Multiple	Security of Online Payments	Evaluate the application security controls for selected on-line payment systems to determine if controls are sufficient to protect customer information submitted for payments
19	Multiple	Multiple	Council Assistance	Provide audit, attestation, or other professional services, as requested by individual City Council members
20	Multiple	Multiple	Prior Audit Recommendations Follow-Up	Evaluate City Management's implementation of prior audit recommendations
21	Multiple	Multiple	Follow-Up Construction-Related Procurements Recommendations	Evaluate City Management's implementation of prior audit recommendations
22	Multiple	Public Safety	Follow-Up Court Information System Recommendations	Evaluate City Management's implementation of prior audit recommendations
23	Multiple	Multiple	Fraud, Waste and Abuse Investigations	Evaluate allegations of fraud, waste and abuse, conduct investigations, and educate employees
24	Multiple	Multiple	Management Assistance	Provide audit, attestation, or other professional services, as requested by individual City Council members
25	Multiple	Multiple	Special Audits	Conduct audits, in accordance with Chapter IX, Section 4 of the City Charter, of officers who vacate their offices due to death, resignation, removal, or expiration of term

\*\* The Fiscal Year 2019 Audit Plan (Audit Plan) is based on a risk assessment updated for City of Dallas (City) services approved in the Fiscal Year 2018 City's Adopted Annual Budget. While this year's Audit Plan does not directly address Economic and Neighborhood Vitality, one of the City Council's Fiscal Year 2019 Key Strategic Priorities, to the extent possible the Office of the City Auditor will include this Key Strategic Priority in projects identified as "Multiple".



Agenda Information Sheet

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**File #:** 18-961

**Item #:** 5.

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**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** September 26, 2018

**COUNCIL DISTRICT(S):** All

**DEPARTMENT:** Office of Procurement Services

**EXECUTIVE:** Elizabeth Reich

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**SUBJECT**

Authorize a three-year service contract, with three one-year renewal options, for project underwriting services - The National Council for Community Development, Inc. dba National Development Council, lowest responsible bidder of three - Not to exceed \$1,188,000.00 - Financing: General Fund (subject to annual appropriations)

**BACKGROUND**

This item is on the addendum due to funding that must be acted on before the next available agenda.

This action does not encumber funds; the purpose of a service contract is to establish firm pricing for services, for a specific term, which are ordered on an as needed basis.

This contract is a joint procurement of the Office of Economic Development and Housing and Neighborhood Revitalization. It will be used by both departments for underwriting services for development incentives applications. The selected company will also be required to train staff on underwriting techniques. The goal of both departments is to cultivate a team of trained, experienced staff members who can underwrite incentive applications, so that over time the need for external underwriting assistance will be reduced. This type of underwriting has not traditionally been done for project seeking City incentives, and so staff had to be trained in this skill.

As adopted in the Comprehensive Housing Policy and as included in the Office of Economic Development incentive application, all development projects must undergo an underwriting process. All City development incentives are provided as a gap financing mechanism. This means that the project must maximize the project's debt capacity on reasonable lending market ratios and provide an equity investment that delivers a reasonable return.

This type of underwriting has not traditionally been done for projects seeking City incentives, and the U.S. Department of Housing and Urban Development identified the City's lack of underwriting standards as a compliance issue for Federal grants. The City responded by developing underwriting

guidelines for all Housing and Neighborhood Revitalization activities and sponsoring underwriting training opportunities for staff. The Office of Economic Development and Housing and Neighborhood Revitalization have begun underwriting training, and recently completed the Housing Development Finance Professional Certification program. In the upcoming 18 months, staff will complete the Economic Development Finance Professional Certification program. However, the demand for underwriting support cannot be overstated, Housing and Neighborhood Revitalization recently issued a Notice of Funding Availability to solicit projects for some \$25 million and the Office of Economic Development accepted a number of application requests for funding. These underwriting needs will require additional support from external underwriting experts.

During the underwriting process, the City confirms that the developer's project costs are reasonable, reviews the other funding sources in the financial stack, determines if the project is financially feasible and that the return on equity investment is reasonable, confirms that the site and location are suitable for the proposed project, confirms that the project will achieve a public benefit, reviews the capacity and experience of the development team, and determines the ability of the project to repay the City incentives.

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out 222 email bid notifications to vendors registered under respective commodities. To further increase competition, the Office of Procurement Services uses historical solicitation information, the internet, and vendor contact information obtained from user departments to contact additional vendors by phone. Additionally, in an effort to secure more bids, the Office of Business Diversity sent notifications to 25 chambers of commerce and advocacy groups to ensure maximum vendor outreach.

On November 10, 2015, City Council authorized the wage floor rate of \$10.94, by Resolution No. 15-2141; the selected vendors meet this requirement.

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

The Economic Development and Housing Committee was briefed by memorandum regarding this matter on September 17, 2018.

### **FISCAL INFORMATION**

General Fund - \$1,188,000.00 (subject to annual appropriations)

FY 2017-18 \$458,000.00

FY 2018-19 \$365,000.00 (subject to annual appropriations)

FY 2019-20 \$365,000.00 (subject to annual appropriations)

### **M/WBE INFORMATION**

In accordance with the City's Business Inclusion and Development Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended, the M/WBE participation on this contract is as follows:

Contract Amount	Category	M/WBE Goal	M/WBE %	M/WBE \$
\$1,188,000.00	Other Services	23.80%	50.00%	\$594,000.00
<ul style="list-style-type: none"> <li>This contract exceeds the M/WBE goal.</li> </ul>				

### PROCUREMENT INFORMATION

Method of Evaluation for Award Type:

Low Bid	<ul style="list-style-type: none"> <li>Recommended vendor is based on the lowest competitive quoted price, who is also technically and financially capable of performing and completing the contract, and otherwise meets all material specification requirements</li> <li>Negotiations are not allowed</li> </ul>
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The Office of Procurement Services received the following bids from solicitation number BK1813. We opened them on August 23, 2018. We recommend the City Council award this service contract in its entirety to the lowest responsive and responsible bidder.

\*Denotes successful bidder

<u>Bidders</u>	<u>Address</u>	<u>Amount</u>
*The National Council for Community Development, Inc. dba National Development Council	One Battery Park Plaza 24 Whitehall Street Suite 710 New York City, NY 10004	\$1,188,000.00
AmeriNational Community Services, LLC dba AmeriNat	217 S. Newton Avenue Albert Lea, MN 56007	\$1,566,000.00
S.B. Friedman & Company	221 N. LaSalle Street Suite 820 Chicago, IL 60601	\$2,138,400.00

### OWNER

**The National Council for Community Development, Inc. dba National Development Council**

Daniel Marsh III, President

September 26, 2018

**WHEREAS**, on September 19, 2017, Administrative Action No. 17-6717 authorized a consultant contract for one year for underwriting services with The National Council for Community Development, Inc. dba National Development Council from September 25, 2017 to September 24, 2018.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Manager is hereby authorized to sign a service contract with The National Council for Community Development, Inc. dba National Development Council (VC0000007269), approved as to form by the City Attorney, for project underwriting services for a term of three years, with three one-year renewal options, in an amount not to exceed \$1,188,000.00. If the service was bid or proposed on an as needed, unit price basis for performance of specified tasks, payment to The National Council for Community Development, Inc. dba National Development Council shall be based only on the amount of the services directed to be performed by the City and properly performed by The National Council for Community Development, Inc. dba National Development Council under the contract.

**SECTION 2.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$1,188,000.00 (subject to annual appropriations) to The National Council for Community Development, Inc. dba National Development Council from Service Contract No. ECO-2018-00007928.

**SECTION 3.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.





Agenda Information Sheet

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**File #:** 18-848

**Item #:** 6.

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**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** September 26, 2018

**COUNCIL DISTRICT(S):** N/A

**DEPARTMENT:** City Secretary's Office

**EXECUTIVE:** Bilierae Johnson

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**SUBJECT**

A resolution designating absences by Councilmembers Kevin Felder and Sandy Greyson as being for "Official City Business" - Financing: No cost consideration to the City

**BACKGROUND**

This item is on the addendum to allow council members additional time to request approval of their outstanding absences (if applicable) as "Official City Business."

Chapter III, Section 4(e) of the Dallas City Charter provides in part, "If any city council member, including the mayor, misses more than 10 percent of the total number of regular meetings held by the city council during any compensation year, then the city council member's compensation...for that year will be reduced proportionately by the percentage of meetings missed.... Meetings missed by a city council member while he or she is on the official business of the city council and at the direction of the city council will not be counted towards the percentage of missed meetings for which compensation reduction is required... but will be counted as though the member had attended the meetings that are missed while so engaged in city business."

Section 4.11(b) of the City Council Rules of Procedure provides that an absence by a council member for (1) attending a meeting or conference of a professional organization or association of municipalities or municipal officers, (2) testifying at a legislative hearing at the request of the mayor, the city council, the chair of the council's legislative affairs committee or the city manager, or (3) attending a meeting of a board, commission, or committee to which the council member has been appointed by the mayor or the city council, will automatically be deemed to be for "official city business at the direction of the city council" and will not be counted against a city council member for purposes of determining the council member's annual compensation.

Section 4.11(c) of the City Council Rules of Procedure provides that, in addition to those absences automatically considered to be on "official city business at the direction of the city council" under Section 4.11(b) above, the city council may by resolution designate whenever a council member's

absence is for official city business and not counted as a missed meeting for purposes of determining the council member's annual compensation under Chapter III, Section 4 of the Dallas City Charter.

The proposed resolution authorizes and directs the city secretary to amend the minutes of city council meetings, without further city council action or approval, to reflect when the absences by designated council members have been deemed by the city council to be for "official city business."

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

This item has no prior action.

**FISCAL INFORMATION**

No cost consideration to the City.

September 26, 2018

**WHEREAS**, Chapter III, Section 4(e) of the Dallas City Charter provides in part, "If any city council member, including the mayor, misses more than 10 percent of the total number of regular meetings held by the city council during any compensation year, then the city council member's compensation... for that year will be reduced proportionately by the percentage of meetings missed.... Meetings missed by a city council member while he or she is on the official business of the city council and at the direction of the city council will not be counted towards the percentage of missed meetings for which compensation reduction is required... but will be counted as though the member had attended the meetings that are missed while so engaged in city business"; and

**WHEREAS**, Section 4.11(b) of the City Council Rules of Procedure provides that an absence by a council member for (1) attending a meeting or conference of a professional organization of or association of municipalities or municipal officers, (2) testifying at a legislative hearing at the request of the mayor, the city council, the chair of the council's legislative affairs committee or the city manager, or (3) attending a meeting of a board, commission, or committee to which the council member has been appointed by the mayor or the city council, will automatically be deemed to be for "official city business at the direction of the city council" and will not be counted against a city council member for purposes of determining the council member's annual compensation; and

**WHEREAS**, Section 4.11(c) of the City Council Rules of Procedure provides that, in addition to those absences automatically considered to be on "official city business at the direction of the city council" under Section 4.11(b) referenced above, the city council may by resolution designate whenever a council member's absence is for official city business and not counted as a missed meeting for purposes of determining the council member's annual compensation under Chapter III, Section 4 of the Dallas City Charter; and

**WHEREAS**, Councilmembers Kevin Felder and Sandy Greyson participated in an event(s) and/or meeting(s), as described in **Exhibit A** attached, which required them to miss all or part of one or more city council meeting(s) or committee meeting(s) on the date(s) noted.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That, in accordance with Chapter III, Section 4(e) of the Dallas City Charter and Section 4.11(c) of the City Council Rules of Procedure, the event(s) and/or meeting(s) described in **Exhibit A**, attached, are hereby deemed to be for "official city business," and any absences from city council meeting(s) and/or city council committee meeting(s), on the date(s) noted in **Exhibit A**, by Councilmembers Kevin Felder and Sandy Greyson because of their participation in any event(s) and/or meeting(s) will not be counted against them in determining their annual compensation under Chapter III, Section 4 of the Dallas City Charter.

September 26, 2018

**SECTION 2.** That, in accordance with Section 4.11(a) of the City Council Rules of Procedure, the City Secretary shall maintain a record of the absence on official city business so that such absence(s) will not count against Councilmembers Kevin Felder and Sandy Greyson in determining their annual compensation under Chapter III, Section 4 of the Dallas City Charter.

**SECTION 3.** That the City Secretary is hereby authorized and directed to amend the minutes of each city council meeting held on the date(s) specified in **Exhibit A**, if applicable, to reflect that the absence(s) by Councilmembers Kevin Felder and Sandy Greyson as described in **Exhibit A**, were for "official city business," and no further city council action or approval of those minutes is required.

**SECTION 4.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

EXHIBIT A  
CITY COUNCIL MEMBER(S)  
REQUEST ABSENCE AS OFFICIAL CITY BUSINESS

<b>COUNCILMEMBER</b>	<b>DATE</b>	<b>MEETING(S) MISSED</b>	<b>PURPOSE/LOCATION</b>	<b>ABSENCE TYPE</b>
<b>Sandy Greyson</b>	8/14/2018	City Council Budget Briefing	Attended a ground-breaking ceremony for a new car dealership in the district on the President George Bush Tollroad.	Absent
<b>Kevin Felder</b>	9/12/2018	City Council Meetig	Attended the Congressional Black Caucus 48th Annual Legislative Conference, in Washington, D.C.	Absent more than 50%

DALLAS, TX

# Memorandum

RECEIVED

2018 AUG 21 PM 3: 09

CITY SECRETARY  
DALLAS, TEXAS



DATE August 21, 2018

TO Bilierae Johnson  
City Secretary

SUBJECT Absence During Council Budget Briefing Meeting

On behalf of District 12, I was attending a ground-breaking ceremony for a new car dealership in the district on the President George Bush Tollroad on Tuesday, August 14, 2018. I had submitted a late arrival memo to your office.

The Council Budget Briefing meeting adjourned much earlier than anticipated at 12:15pm, just minutes prior to my arrival at City Hall. I worked on city business for the rest of the day.

If you should need to contact me, please call my office at 214-670-4067.



Sandy Greyson  
Councilwoman, District 12

C: Honorable Mayor Mike Rawlings  
Honorable Members of City Council

# Memorandum

RECEIVED

2018 SEP 12 AM 11:47



CITY OF DALLAS

DATE September 12, 2018

TO Honorable Mayor and Members of the City Council  
City Secretary

SUBJECT **Early Departure – City Council Agenda**

Please be advised, that I will be departing early from the City Council Agenda meeting, to attend the Congressional Black Caucus-48<sup>th</sup> Annual Legislative Conference, in Washington, D.C.

If you have any questions, please contact my office at 214-670-4689. Thank you.

A handwritten signature in blue ink, appearing to read "Kevin D. Felder".

Kevin D. Felder  
City Councilmember, District 7

c: Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Billerae Johnson, City Secretary (Interim)  
Daniel F. Solis, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Jo M. (Jody) Puckett, Assistant City Manager (Interim)

Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
M. Elizabeth Reich, Chief Financial Officer  
Nadia Chandler Hardy, Chief of Community Services  
Raquel Favela, Chief of Economic Development & Neighborhood Services  
Theresa O'Donnell, Chief of Resilience  
Directors and Assistant Directors



Agenda Information Sheet

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**File #:** 18-838

**Item #: 7.**

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**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality

**AGENDA DATE:** September 26, 2018

**COUNCIL DISTRICT(S):** 6

**DEPARTMENT:** Office of Economic Development

**EXECUTIVE:** T.C. Broadnax

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**SUBJECT**

Authorize a New Markets Tax Credit transaction between the Dallas Development Fund and its subsidiaries, JPMorganChase N.A. and its subsidiaries (Chase), and Buckner International, and its affiliates (Developer) for construction of a Family Hope Center (Project) located at 3314 Lombardy Lane, Dallas, Texas 75220 - Financing: No cost consideration to the City

**BACKGROUND**

This item is being placed on the addendum per the City Manager's Office.

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 was awarded \$55 million in the 2017 allocation cycle, and was previously awarded \$130 million in allocation from the 2009, 2012 and 2014 cycles. DDF has awarded all \$130 million of its previous allocations.

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 seven-year credit allowance period.

On July 31, 2018, the DDF Board was briefed, considered and approved a NMTC transaction between DDF, Chase, and the Developer. This board approved providing \$11 million in allocation to the Project in a 5-1 vote. Chase is the investor of the \$11 million NMTC tax credits, which will in turn generate approximately \$3 million in gross NMTC subsidy for the benefit of the Project.



Buckner International (“Buckner”) is a nonprofit organization that focuses on transforming and enriching the lives of vulnerable children, adults, and seniors. Founded as Buckner Orphans Home in 1879 in Dallas, Buckner has expanded throughout the world to impact more than 400,000 people each year. One impactful program to reach children and families is the Family Hope Centers, which serve vulnerable children and families living in extreme poverty through educational and emergency services.

There are 22 existing Family Hope Centers in seven countries that served over 150,000 people in 2016, including a small Family Hope Center in Wynnewood.

The new Family Hope Center includes a new construction two-story, 23,000 square foot community facility to serve the Bachman Lake community (the “Project”). The building will include dedicated classroom space for early childhood, after school, and adult education; a general store for basic needs; space for counseling and case management; and multipurpose space for community events. The Project will enable Buckner to broaden its reach within Dallas.

The Project will provide a variety of services aimed at moving families from crisis to stability. Services fall into three categories: engage, equip, and elevate. The Project will engage families and community members by meeting their immediate needs of clothing, hygiene products, and food; providing legal and medical clinics; and hosting community events. Once participants are engaged, the Family Hope Center will equip families to develop their skills, close education gaps, and prepare to succeed in the workforce through services such as parent education, adult education, financial empowerment, and child and youth development. In tandem with these programs, the Project will elevate families through coaching and counseling, helping them to assess strengths and opportunities, establish goals, and create and implement action plans.

2,830 adults and children will receive a broad range of education services each year including ESL, parent education, financial literacy training, and youth programming. An additional 75 low-income individuals will receive employment support services, including GED courses, job skills training, and placement to address the needs of the surrounding community. Job skills training will be led by both Buckner and partners, including Workforce Solutions of Greater Dallas, Dallas County Community College, and area health providers, among others. These services are particularly needed in this Census tract where 58% of the population of people age 25 and older have less than a high school diploma.

Full-time childcare will be provided to 70 low-income children at no cost, which is a highly needed service, given that 61% of children under the age of 5, are below poverty within the Census tract. Childcare will be open to the public; however, children whose parents are in the Project’s case management programs and/or job training programs will be prioritized for enrollment.

The Project is located at 3314 Lombardy Lane, Dallas, Texas, 75220, in a Market Value Analysis area categorized as E and adjacent to H (weak). The census tract in which the Project is located, 48113007202, is highly distressed, with a poverty rate of 30.40% and Median Family Income of 36.09%. The Project is located along the 535 bus route, which connects with the DART rail Green and Orange Lines, and it is accessible to Interstate Highway 35E. Additionally, the Project is in close proximity to five elementary schools, which together have more than 4,000 students enrolled.

Without DDF's NMTC financing, Buckner would be reliant on its Family Hope Center capital campaign to determine construction timing, which would not enable a Fall 2018 start. DDF's participation also allows Buckner to better establish an operating reserve for the Project. Because Buckner supports 100% of ongoing operations through fundraising and contributions from the Buckner Foundation, establishing an operating reserve will allow Buckner to introduce programming more rapidly.

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

On February 11, 2009, City Council authorized the creation of the Dallas Development Fund a non-profit Community Development Entity by Resolution No. 09-0461.

On January 13, 2010, City Council authorized the acceptance of the \$55 million NMTC allocation by Resolution No. 10-0210.

On January 19, 2010, the Economic Development Committee was briefed on the DDF and the NMTC program.

On September 21, 2015, the Economic Development Committee was briefed on the DDF and the NMTC program.

On July 31, 2018, the Dallas Development Fund Board was briefed on the Buckner Family Hope Center project and approved the transaction.

Information about this item was provided to the Economic Development and Housing Committee on September 17, 2018.

### **FISCAL INFORMATION**

No cost consideration to the City.

### **OWNER**

#### **Buckner International**

Randy Daniels, Vice President, Program Development

September 26, 2018

**WHEREAS**, the City is committed to supporting enhanced economic development opportunities for low-income communities within the City and to low-income persons residing within those communities; and

**WHEREAS**, the United States Department of Treasury has established the New Markets Tax Credit (NMTC) program to stimulate investments in predominately low-income communities; and

**WHEREAS**, the goals and purposes of the NMTC program are consistent with and complementary to the economic development programs previously established by the City to support expanded economic development opportunities for low-income communities within the City and to low-income persons residing within those communities; and

**WHEREAS**, under the NMTC program, tax credits are competitively awarded annually by the Treasury Department through its Community Development Financial Institutions (CDFI) Fund to qualified Community Development Entities (CDEs) after review and evaluation of applications submitted by CDEs, which are then made available to investors; and

**WHEREAS**, the City of Dallas created the Dallas Development Fund (DDF) as a non-profit Texas corporation in order to apply for an award under the NMTC program; and

**WHEREAS**, DDF was awarded a \$55 million NMTC allocation under the 2009 NMTC program; and

**WHEREAS**, DDF was awarded a \$30 million NMTC allocation under the 2012 NMTC program; and

**WHEREAS**, DDF was awarded a \$45 million NMTC allocation under the 2014 NMTC program; and

**WHEREAS**, DDF was awarded a \$55 million NMTC allocation under the 2017 NMTC program; and

**WHEREAS**, the DDF Board has approved awarding of up to \$11 million in NMTC allocation to Buckner International for construction of a Family Hope Center located at 3314 Lombardy Lane.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

September 26, 2018

**SECTION 1.** That the City Council hereby authorizes a New Markets Tax Credit transaction between the Dallas Development Fund and its subsidiaries, JPMorganChase N.A. and its subsidiaries (Chase), and Buckner International, and its affiliates (Developer) for new construction of a Family Hope Center (Project) located at 3314 Lombardy Lane, Dallas, Texas 75220, as further described in **Exhibit A**.

**SECTION 2.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

DATE: July 31, 2018

SUBJECT: Buckner Family Hope Center at Bachman Lake

FROM: City of Dallas Office of Economic Development

## Project Overview

### Project Sponsor: Buckner International

Buckner International (“Buckner”) is a nonprofit organization that focuses on transforming and enriching the lives of vulnerable children, adults, and seniors. Founded as Buckner Orphans Home in 1879 in Dallas, Buckner has expanded throughout the world to impact more than 400,000 people each year. Buckner offers four primary lines of service:

- Foster care and adoption, which matches some of the most vulnerable children in Texas with supportive families in order to give them care and stability
- Family Pathways, which helps single parents build a sustainable life through educational and empowerment programs
- Retirement services, which enhance quality of life for senior adults through continuum care retirement communities offering state of the art health services
- Family Hope Centers, which serve vulnerable children and families living in extreme poverty through educational and emergency services

### Project Description

The Family Hope Center includes a new construction 2-story, 23,000 SF community facility to serve the Bachman Lake community (the “Project”). The building will include dedicated classroom space for early childhood, after school, and adult education; a general store for basic needs; space for counseling and case management; and multipurpose space for community events. The Project will enable Buckner to broaden its reach within Dallas, where it has an existing, significantly smaller, Family Hope Center in Wynnewood in Southern Dallas. The Family Hope Center at Bachman Lake joins 22 existing Family Hope Centers in 7 countries that served over 150,000 people in 2016.

In selecting a community for its newest Family Hope Center, Buckner conducted a comprehensive strategic planning process. Through this planning process, Buckner evaluated four different communities within the City of Dallas—reviewing existing population and demographic statistics, as well as cataloging organizations currently working in each community and the types of services currently being offered. This research was supplemented by extensive one-on-one stakeholder meetings to understand local need and service gaps. Bachman Lake was ultimately selected because the area had significantly fewer services than the other communities, local stakeholders were very supportive of the Project, the population was low-income with large numbers of immigrants and refugees, and Buckner had an existing presence through a relationship with a local church.

The Project will provide a variety of services aimed at moving families from crisis to stability. Services fall

into three categories: engage, equip, and elevate. The Project will engage families and community members by meeting their immediate needs of clothing, hygiene products, and food; providing legal and medical clinics; and hosting community events. Once participants are engaged, the Family Hope Center will equip families to develop their skills, close education gaps, and prepare to succeed in the workforce through services such as parent education, adult education, financial empowerment, and child and youth development. In tandem with these programs, the Project will elevate families through coaching and counseling, helping them to assess strengths and opportunities, establish goals, and create and implement action plans.

The Project is located at 3314 Lombardy Lane, Dallas, Texas, 75220, in a Market Value Analysis area categorized as E and adjacent to H (weak). The census tract in which the project is located, 48113007202, is highly distressed, with a poverty rate of 30.40% and Median Family Income of 36.09%. The project is located along the 535 bus route, which connects with the DART rail Green and Orange Lines, and it is accessible to I-35E. Additionally, the project is in close proximity to five elementary schools, which together have more than 4,000 students enrolled.

Project renderings are provided in Exhibit 1.

## Related/Sponsoring Entities

The NMTC borrower is anticipated to be a newly created nonprofit affiliate of Buckner, which will own the site and build the Project. This new affiliate will be a Qualified Active Low-Income Community Business ("QALICB"). Buckner Children and Family Services, Inc. is anticipated to be the Leverage Lender and Master Tenant.

## Financing Terms

### NMTC Allocation

Dallas Development Fund ("DDF") will allocate up to \$11 million.

### NMTC Investor

JPMorgan Chase Bank, N.A. ("Chase") is anticipated to be the NMTC Investor.

### Anticipated Closing Costs and Fees

DDF will charge upfront fees totaling 4% of the Qualified Equity Investment ("QEI"), estimated at \$440,000. In addition, DDF will charge an annual Asset Management Fee of \$38,500 per year.

DDF will separately secure reimbursement for costs associated with closing this transaction, as well as audit and tax return preparation costs associated with maintaining the financing structure during the 7-year NMTC compliance period.

### Financing Structure

The NMTC Investor is anticipated to provide at least \$3.518 million in NMTC Equity (\$0.82 pricing) to support the \$11 million in total allocation from DDF. Buckner will provide approximately \$7.7 million in the form of a "Leverage Loan" for the transaction. The underlying sources for the Leverage Loan are

anticipated to include a combination of capital campaign proceeds and a bridge facility from affiliated Buckner Foundation, Inc.

The NMTC Investor will form a special-purpose investment fund entity and will be responsible for management of this fund. The equity and leverage debt will be combined to capitalize an investment fund (a subsidiary of Investor), which in turn will make a QEI of up to \$11 million into a subsidiary of Dallas Development Fund ("DDF Sub-CDE") and pay a 2% CDE Fee to DDF. In turn, the DDF Sub-CDE will make Qualified Low-Income Community Investment ("QLICI") loans to the QALICB. Pursuant to DDF's Allocation Agreement, DDF will take a fee of 2% of the QEI in order to finance its activities. The total QLICI loans to the QALICB from DDF will be \$10.78 million from DDF Sub-CDE.

Project sources and uses and a preliminary transaction structure diagram are provided in Exhibit 2 and Exhibit 3, respectively.

## Closing Timeline

This Project financing is expected to close by October 31, 2018.

# Community Benefits and Need for Assistance

## Direct Community Benefits

**General Client Services.** The project will provides an array of services that "engage, equip, and elevate" to more than 3,000 individuals annually (90%+ low income) families and nearby immigrant and refugee communities. General services are wide ranging and include emergency aid, special neighborhood events, health service connections, and legal assistance related to immigration and family issues. Services will be offered in both English and Spanish.

**Education and Training.** 2,830 adults and children will receive a broad range of education services each year including ESL, parent education, financial literacy training, and youth programming. An additional 75 low-income individuals will receive employment support services, including GED courses, job skills training, and placement to address the needs of the surrounding community. Job skills training will be led by both Buckner and partners, including Workforce Solutions of Greater Dallas, Dallas County Community College, and area health providers, among others. These services are particularly needed in this Census tract where 58% of the population of people age 25 and older have less than a high school diploma.

**Childcare.** Full-time childcare will be provided to 70 low-income children at no cost, which is a highly needed service, given that 61% of children under the age of 5, are below poverty within the Census tract. Childcare will be open to the public; however, children whose parents are in the Project's case management programs and/or job training programs will be prioritized for enrollment.

**Coaching and Case Management.** Family Coaching will be provided to 100 families annually, equipping each family with an individualized plan including concrete steps and goals to help them develop social connections, meet concrete needs, increase parenting knowledge, promote children's health, and become more resilient over the course of six to nine months. Additionally, 360 people will receive case management and counseling, 100% of whom will be low-income.

Created and retained jobs at Project. The Project is anticipated to create 11 permanent full-time and 4 permanent part-time positions with wages above the living wage for Dallas County.

## Indirect Impacts

The Project is expected to spur \$15.1 million in output in Dallas County during the one-year construction period, as well as approximately \$800,000 in annual impacts from on-going operations. The Project is anticipated to result in 61 direct construction employees and 27 indirect and induced employees during the construction period. Operations of the facility will result in 12 jobs each year (10 direct jobs at the facility and 2 indirect & induced jobs). Employees during the construction period and permanent employees at the facility are projected to earn an average annual compensation of approximately \$56,800 and \$32,200, respectively

## Need For NMTC Assistance

Buckner is funding the Project through a Bachman Lake-focused capital campaign that is sized to include both the capital project and an operating reserve. While the capital campaign is progressing, DDF's NMTC financing allows Buckner to commence construction in late 2018 and avoid delaying the project. DDF's participation also allows Buckner to better establish an operating reserve for the Project. Because Buckner supports 100% of ongoing operations through fundraising and contributions from the Buckner Foundation, establishing an operating reserve will allow Buckner to introduce programming more rapidly.



Exhibit 1: Project Renderings



Exterior



Child Development Center



Financial Empowerment Center



Multi-purpose Room





Store



Lobby

Exhibit 2: Proposed Project Sources and Uses (preliminary)

QALICB - Sources		QALICB - Uses	
DDF B Note ("NMTC Gross Subsidy")	\$3,077,800	Land	\$1,000,000
Capital Campaign Cash / Bridge	\$7,702,200	Site Prep	\$227,000
Land Contribution	\$1,000,000	Hard Cost	\$7,621,649
		Contingency	\$555,951
		Soft Cost	\$929,000
		FF&E	\$760,600
		Temporary Building	\$136,000
		<u>Base</u>	<u>\$11,230,200</u>
		Construction Period Interest	\$107,800
		DDF Expense Reimbursement	\$12,000
		Closing costs	\$430,000
<b>Total</b>	<b>\$11,780,000</b>	<b>Total</b>	<b>\$11,780,000</b>



Agenda Information Sheet

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**File #:** 18-840

**Item #:** 8.

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**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality

**AGENDA DATE:** September 26, 2018

**COUNCIL DISTRICT(S):** 1

**DEPARTMENT:** Office of Economic Development

**EXECUTIVE:** T.C. Broadnax

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**SUBJECT**

Authorize a New Markets Tax Credit (NMTC) transaction between the Dallas Development Fund and its subsidiaries, an affiliate of a NMTC Investor (the “Bank”), and Community Partners of Dallas, and its affiliates (Developer) for the acquisition and renovation of the Community Partners of Dallas facility (Project) located at 7950 Elmbrook Drive, Dallas, Texas 75247 - Financing: No cost consideration to the City

**BACKGROUND**

This item is being placed on the addendum per the City Manager’s Office.

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 was awarded \$55 million in the 2017 allocation cycle, and was previously awarded \$130 million in allocation from the 2009, 2012 and 2014 cycles. DDF has awarded all \$130 million of its previous allocations.

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 seven-year credit allowance period.

On August 28, 2018, the DDF Board was briefed, considered and approved a NMTC transaction between DDF, the Bank, and the Developer. This board approved providing \$7 million in allocation to the Project. US Bank is anticipated to be the investor of the \$7 million NMTC tax credits, which will in turn generate approximately \$2 million in gross NMTC subsidy for the benefit of the Project.

Community Partners of Dallas (“CPD”) is a nonprofit organization that focuses on ensuring safety for,

restoring dignity to, and inspiring hope in the abused and neglected children served by Dallas County Child Protective Services (“CPS”).

Founded in 1989 to support CPS and enhance the impact of caseworkers working directly with children, CPD currently aids 20,000 children annually, all of whom are in CPS care. 91% of these children are racial minorities, 71% are low-income, and 58% reside in the City of Dallas (of whom nearly 2/3 live in Southern Dallas).

CPD’s model, which has been replicated in 155 cities throughout the state, includes unique programs to support CPS caseworkers and the children they serve:

- **Rainbow Room:** An emergency resource center that provides caseworkers with new items that their clients desperately need, such as hygiene products, clothing, and car seats. Without this service, children would likely go without the items or caseworkers would purchase them using their limited personal funds.
- **Annual Drives:** Four drives a year (Easter Basket, Back to School, Coat, and Toy Drives) to provide children in CPS with much needed supplies, coats, and goods that would otherwise not be available to them.
- **Kids in Crisis:** Funds transportation, therapy, enrichment activities, housing, and medical expenses in order to ensure that children in the care of CPS caseworkers receive the support they need to develop both physically and emotionally.
- **Storyline:** A 24-hour phone line that children can call to hear a story read by a kind voice. This service supports child development by helping them acquire strong vocabularies and become readers.
- **Caseworker Appreciation:** Events that show gratitude to CPS caseworkers in an effort to improve caseworker retention.

The Project includes CPD’s purchase and renovation of a 48,000 square foot building to create a headquarters and community hub that promotes child welfare in Dallas. The Project provides significantly more space than the temporary facilities provided by the Meadows Foundation for CPD and includes a variety of dedicated spaces for expanded and new programs, including:

- 10,000 square feet for the Rainbow Room and warehouse, doubling the size of its existing space, enabling CPD to collect many more critical items to be distributed to CPS clients;
- 4,000 square feet dedicated space for CPS caseworkers, including office space, meeting space, and wellness areas, none of which CPD currently offers;
- 6,000 square feet leased to CPS to operate its Night Response Unit program in a safe and welcoming space for children removed from their homes after hours;
- 10,000 square feet of flexible, collaborative space to be leased to nonprofits working in child welfare;
- Dedicated office space for CPD, community/meeting spaces, and an atrium that includes a child-friendly play area.

The Project is located at 7950 Elmbrook Drive, Dallas, Texas, 75247, in a Market Value Analysis area categorized as G (weak area). The census tract in which the Project is located, 48113010000, is highly distressed based on 2006-2010 ACS 5-Year data, with a Median Family Income of 51.3% of the Area Median Income and an Unemployment Rate of 25.8%, 3.3 times the national average.

The location was selected for its location near two main CPS facilities, the court system (a feature specifically requested by CPS caseworkers), and major thoroughfares (Interstate Highway 35E and State Highway 183).

Without DDF's NMTC financing, CPD would have to borrow funds to complete the building and use future capital campaign proceeds to pay down the loan and/or limit the amount of new services that could be offered. With NMTC, CPD will have additional flexibility to lease spaces at more favorable terms to third-party tenants and use future capital campaign contributions to establish an operating endowment. CPD has currently raised \$7.5 million through its capital campaign for this Project.

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

On February 11, 2009, City Council authorized the creation of the Dallas Development Fund , a non-profit Community Development Entity by Resolution No. 09-0461.

On January 13, 2010, City Council authorized the acceptance of the \$55 million NMTC allocation by Resolution No. 10-0210.

On January 19, 2010, the Economic Development Committee was briefed on the DDF and the NMTC program.

On September 21, 2015 the Economic Development Committee was briefed on the DDF and the NMTC program.

On August 28, 2018, the DDF Board was briefed on the Community Partners of Dallas project and approved the transaction.

Information about this item was provided to the Economic Development and Housing Committee on September 17, 2018.

### **FISCAL INFORMATION**

No cost consideration to the City.

### **OWNER**

#### **Community Partners of Dallas**

Paige McDaniel, President & Chief Executive Officer

September 26, 2018

**WHEREAS**, the City is committed to supporting enhanced economic development opportunities for low-income communities within the City and to low-income persons residing within those communities; and

**WHEREAS**, the United States Department of Treasury has established the New Markets Tax Credit (NMTC) program to stimulate investments in predominately low-income communities; and

**WHEREAS**, the goals and purposes of the NMTC program are consistent with and complementary to the economic development programs previously established by the City to support expanded economic development opportunities for low-income communities within the City and to low-income persons residing within those communities; and

**WHEREAS**, under the NMTC program, tax credits are competitively awarded annually by the Treasury Department through its Community Development Financial Institutions (CDFI) Fund to qualified Community Development Entities (CDEs) after review and evaluation of applications submitted by CDEs, which are then made available to investors; and

**WHEREAS**, the City of Dallas created the Dallas Development Fund (DDF) as a non-profit Texas corporation in order to apply for an award under the NMTC program; and

**WHEREAS**, DDF was awarded a \$55 million NMTC allocation under the 2009 NMTC program; and

**WHEREAS**, DDF was awarded a \$30 million NMTC allocation under the 2012 NMTC program; and

**WHEREAS**, DDF was awarded a \$45 million NMTC allocation under the 2014 NMTC program; and

**WHEREAS**, DDF was awarded a \$55 million NMTC allocation under the 2017 NMTC program; and

**WHEREAS**, The DDF Board has approved awarding up to \$7 million in NMTC allocation to Community Partners of Dallas for the acquisition and renovation of the Community Partners of Dallas project located at 7950 Elmbrook Drive.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**



September 26, 2018

**SECTION 1.** That the City Council hereby authorizes a New Markets Tax Credit transaction between the Dallas Development Fund and its subsidiaries, an affiliate of an NMTC Investor (the “Bank”), and Community Partners of Dallas, and its affiliates (“Developer”) for the acquisition and renovation of the Community Partners of Dallas facility (Project) located at 7950 Elmbrook Drive, Dallas, Texas 75247, as further described in **Exhibit A**.

**SECTION 2.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

**DATE:** August 28, 2018

**SUBJECT:** Community Partners of Dallas

**FROM:** City of Dallas Office of Economic Development

## Project Overview

### Project Sponsor: Community Partners of Dallas

Community Partners of Dallas (“CPD”) is a nonprofit organization that focuses on ensuring safety for, restoring dignity to, and inspiring hope in the abused and neglected children served by Dallas County Child Protective Services (“CPS”). Founded in 1989 to support CPS and enhance the impact of caseworkers working directly with children, CPD currently serves 20,000 children annually, all of whom are in CPS care. 91% of these children are racial minorities, 71% are low-income, and 58% reside in the City of Dallas (of whom nearly 2/3 live in Southern Dallas).

CPD’s model, which has been replicated in 155 cities throughout the state, includes unique programs to support CPS caseworkers and the children they serve:

- Rainbow Room is an emergency resource center that provides caseworkers with new items that their clients desperately need, such as hygiene products, clothing, and car seats. Without this service, children would likely go without the items or caseworkers would purchase them using their limited personal funds.
- Annual Drives include 4 drives a year (Easter Basket, Back to School, Coat, and Toy Drives) to provide children in CPS with much needed supplies, coats, and goods that would otherwise not be available to them.
- Kids in Crisis provides funding for transportation, therapy, enrichment activities, housing, and medical expenses in order to ensure that children in the care of CPS caseworkers receive the support they need to develop both physically and emotionally.
- Storyline is a 24-hour phone line that children can call to hear a story read by a kind voice. This service supports child development by helping them acquire strong vocabularies and become readers.
- Caseworker Appreciation offers events that show gratitude to CPS caseworkers in an effort to improve caseworker retention. The events, which include social activities and small gifts, are intended to prevent burnout and keep caseworkers engaged for the critical work that they do.

### Project Description

The Project includes CPD’s purchase and renovation of a 48,000 SF building to create a headquarters and community hub that promotes child welfare in Dallas. For the past 10 years, CPD has been operating out of a smaller, temporarily leased space at The Meadows Foundation’s Wilson Historic District. The Project provides significantly more space for CPD and includes a variety of dedicated spaces for expanded and new programs, including:

- 10,000 SF for the Rainbow Room and warehouse, doubling the size of its existing space, enabling CPD to collect many more critical items to be distributed to CPS clients;
- 4,000 SF dedicated space for CPS caseworkers, including office space, meeting space, and wellness areas, none of which CPD currently offers;
- 6,000 SF leased to CPS to operate its Night Response Unit program in a safe and welcoming space for children removed from their homes after hours;
- 10,000 SF of flexible, collaborative space to be leased to nonprofits working in child welfare;
- Dedicated office space for CPD, community/meeting spaces, and an atrium that includes a child-friendly play area.

The Project is located at 7950 Elmbrook Drive, Dallas, Texas, 75247, in a Market Value Analysis area categorized as G (weak area). The census tract in which the project is located, 48113010000, is highly distressed based on 2006-2010 ACS 5-Year data, with a Median Family Income of 51.3% of the Area Median Income and an Unemployment Rate of 25.8%, 3.3 times the national average. The location was selected for its location near two main CPS facilities, the court system (a feature specifically requested by CPS caseworkers), and major thoroughfares (1-35E and 183).

Project floor plans and renderings are provided in Exhibit 1.

## Related/Sponsoring Entities

The NMTC borrower is anticipated to be a newly created nonprofit affiliate of CPD, which will own the site and build the Project. This new affiliate will be a Qualified Active Low-Income Community Business ("QALICB"). Community Partners of Dallas is anticipated to be the Leverage Lender and Master Tenant that will enter into third-party leases with CPS and nonprofit tenants for the collaborative space.

## Financing Terms

### NMTC Allocation

Dallas Development Fund ("DDF") will allocate up to \$7 million.

### NMTC Investor

The NMTC Investor is expected to be U.S. Bancorp Community Development Corporation (USBCDC).

### Anticipated Closing Costs and Fees

DDF will charge upfront fees totaling 4% of the Qualified Equity Investment ("QEI"), estimated at \$280,000. In addition, DDF will charge an annual Asset Management Fee of \$24,500 per year.

DDF will separately secure reimbursement for costs associated with closing this transaction, as well as audit and tax return preparation costs associated with maintaining the financing structure during the 7-year NMTC compliance period.

### Financing Structure

The NMTC Investor is anticipated to provide at least \$2,265,900 in NMTC Equity (\$.83 pricing) to support the \$7 million in total allocation from DDF. CPD will provide approximately \$4,879,500 in the form of a "Leverage Loan" for the transaction. The underlying source for the Leverage Loan is anticipated to be a

short-term bridge facility from USBCDC based on the prior expenditures CPD made in the Project during the prior 24 months.

The NMTC Investor will form a special-purpose investment fund entity and will be responsible for management of this fund. The equity and leverage debt will be combined to capitalize an investment fund (a subsidiary of Investor), which in turn will make a QEI of up to \$7 million into a subsidiary of Dallas Development Fund (“DDF Sub-CDE”) and pay a 2% CDE Fee to DDF. In turn, the DDF Sub-CDE will make Qualified Low-Income Community Investment (“QLICI”) loans to the QALICB. Pursuant to DDF’s Allocation Agreement, DDF will take a fee of 2% of the QEI in order to finance its activities. The total QLICI loans to the QALICB from DDF will be \$6.86 million from DDF Sub-CDE.

Project sources and uses and a preliminary transaction structure diagram are provided in Exhibit 2 and Exhibit 3, respectively.

## Closing Timeline

This Project financing is expected to close no later than October 31, 2018.

# Community Benefits and Need for Assistance

## Direct Community Benefits

**Direct Services to Children.** The Project will house the CPS Night Response Unit, a dedicated, welcoming space for children when they are removed from the custody of their guardians after business hours. Equipped with beds, showers, and other home-like amenities, the Night Response Unit is a safe, friendly, and supportive environment intended to minimize the anxiety felt by children taken away from their homes. Additionally, the Project expands the “Rainbow Room” and warehouse, allowing CPD to supply more necessary items to children experiencing emergency and ongoing needs. Finally, the Project distributes new goods to kids through annual drives such as the Easter basket drive, back-to-school drive, winter coat drive, and holiday toy drive.

**Promotes Caseworker Retention.** The Project serves as an inclusive, collaborative co-work and meeting space that can be used by 650 CPS caseworkers, most of whom are “mobile” employees that do not have dedicated office space. The Project will include a “Longevity Wall” to recognize caseworkers and will provide access to wellness programs, including mentorship events, yoga, and healthy snacks. Together, these features are aimed at reducing caseworker burnout and turnover, which is critical to improving long-term outcomes for children who are under the care of CPS. One study showed that a child with one caseworker during their first year in protective care has a 74% chance of finding a forever home, while a child with two caseworkers during that same timeframe sees that likelihood drop to 17%. TexProtects, a child protection advocacy group, analyzed data from the State of Texas government and found that 44% of caseworkers left within their first year on the job in 2015 and that 26% of departing caseworkers cited poor working conditions as their top reason for leaving. By improving working conditions for caseworkers, the Project will support improved caseworker retention and ultimately better outcomes for children.

**Supports Collaboration with Nonprofit Organizations.** The Project will offer rentable space at below-market rent to two to three partner agencies who work in the child welfare arena, allowing these agencies along with CPD to work together collaboratively. Additionally, the Project includes open space in which

nonprofit groups will be able to host meetings at no charge.

## Indirect Impacts

The Project is expected to spur \$9.8 million in output in Dallas County during the one-year construction period, as well as approximately \$4.0 million in annual impacts from on-going operations. The Project is anticipated to result in 41 direct construction employees and 18 indirect and induced employees during the construction period. Operations of the facility will result in 62 jobs each year (53 direct FTE jobs at the facility and 9 indirect and induced FTE jobs). Employees during the construction period and permanent employees at the facility are projected to earn an average annual compensation of approximately \$55,900 and \$30,800, respectively.

## Need For NMTC Assistance

CPD embarked on a \$12MM capital campaign—the first in its 29-year history—to support its new headquarters and establish an operating endowment to support its ongoing operations. After a very successful start to the capital campaign with large donations, by mid-2018, as construction was underway, the donations from more traditional philanthropic sources slowed down and the campaign has struggled to raise more than \$7.5MM. Without NMTC, CPD would have to borrow funds to complete the building and use future capital campaign proceeds to pay down the loan and/or limit the amount of new services that could be offered. With NMTC, CPD will have additional flexibility to lease spaces at more favorable terms to third-party tenants and use future capital campaign contributions to establish an operating endowment.

Exhibit 1: Project Images

Floor Plans

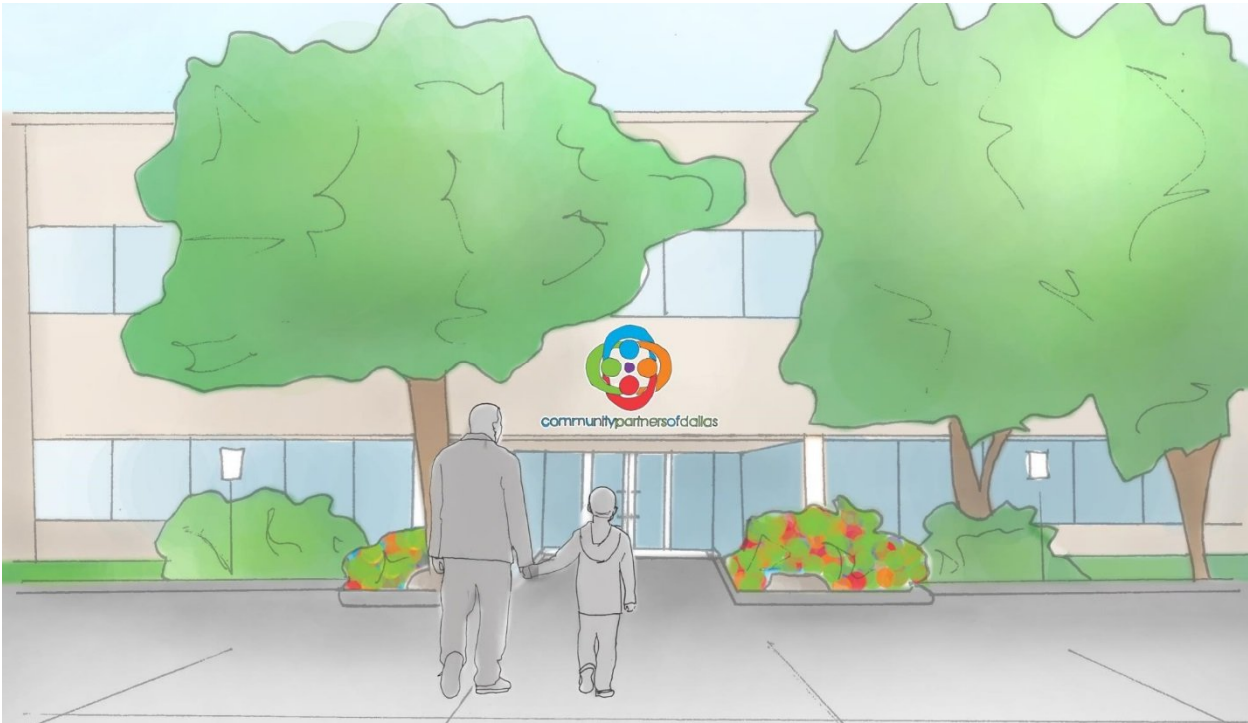


Level 1



Level 2

Renderings



Exterior



Rainbow Room





CPD Night Intake



Orix Caseworker Crossing





CPD Administrative Offices

## Exhibit 2: Proposed Project Sources and Uses (preliminary)

Sources	
DDF B Note ("NMTC Gross Subsidy")	\$1,980,500
Bridge Loan on Prior Expenditures	\$4,879,500
Land and Equity Contribution to QALICB	\$1,664,175
<b>Total Sources</b>	<b>\$8,524,175</b>
Uses	
Land Acquisition	\$1,300,000
Hard Construction Costs	\$5,403,440
Construction Manager	\$45,450
Additional Renovation Costs	\$94,920
Design	\$156,825
Furniture, Fixtures, Signage	\$546,000
IT/AV/Security	\$190,024
Moving	\$6,000
<b>Base</b>	<b>\$7,742,659</b>
Estimated Total Closing Costs	\$330,000
Reserve for Annual CDE Expenses	\$267,500
Arranger Fee	\$134,016
Contingency	\$50,000
<b>Total Uses</b>	<b>\$8,524,175</b>



Agenda Information Sheet

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**File #:** 18-841

**Item #:** 9.

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**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality

**AGENDA DATE:** September 26, 2018

**COUNCIL DISTRICT(S):** 1

**DEPARTMENT:** Office of Economic Development

**EXECUTIVE:** T.C. Broadnax

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**SUBJECT**

Authorize a New Markets Tax Credit (NMTC) transaction between the Dallas Development Fund and its subsidiaries, an affiliate of an NMTC Investor (the “Bank”), and Maya Cinemas North America, Inc., and its affiliates (Developer) for the construction of a 14-screen movie theater (Project) located at 655 West Illinois Avenue, Dallas, Texas 75224 - Financing: No cost consideration to the City

**BACKGROUND**

This item is being placed on the addendum per the City Manager’s Office.

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 was awarded \$55 million in the 2017 allocation cycle, and was previously awarded \$130 million in allocation from the 2009, 2012 and 2014 cycles. DDF has awarded all \$130 million of its previous allocations.

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 August 28, 2018, the DDF Board was briefed, considered and approved a NMTC transaction between DDF, the Bank, and the Developer. This board approved providing \$9 million in allocation to the Project. Additionally, PeopleFund CDE is anticipated to provide an additional \$4 million in allocation. US Bank is expected to be the investor of the \$13 million NMTC tax credits, which will in turn generate approximately \$3.5 million in gross NMTC subsidy for the benefit of the Project.

Maya Cinemas North America, Inc. (“Maya”) develops, builds, owns, and operates modern, first-run, megaplex movie theaters in underserved, family oriented, Latino-dominant communities. Maya was founded in 2000 by Moctesuma Esparza, a prominent Latino film producer, and opened its first cinema in 2003 in Salinas, California. The company now operates 5 movie theaters in California and is constructing its first theater outside of California in Las Vegas. It has invested over \$70.2 million of private capital and created over 220 permanent jobs in low-income Latino communities.

Maya is strongly committed to the neighborhoods in which its theaters are located. Beyond providing access to entertainment for community members, Maya offers several programs that target disadvantaged populations, such as the “Dollar for Scholar” program, which is an annual scholarship program for local students, and Maya Cares, which is a monthly sensory-friendly, free screening for individuals with special needs. In 2017, Maya Cinemas Bakersfield provided nearly 159,000 free or discounted movie tickets for special family, senior, and special needs-focused days, an amount Maya anticipates exceeding at its Dallas location. Additionally, Maya engages young people through its formal internship program, which provides high school students with critical work experience and jobs skills.

Maya will construct a 73,000 square foot, 14 screen movie theater to serve as the anchor to the 65-acre Wynnewood Village renovation. When complete, the theater will be largest of two first run movie theaters in Southern Dallas and have 2,011 seats.

The Project will create 59.45 full-time equivalent (FTE) permanent positions, which includes 18 full-time positions that pay \$20/hour (above the living wage) and are paired with benefits. Additionally, the Project is projected to support 170 temporary construction positions. In addition to these traditional jobs, Maya anticipates partnering with Dallas Independent School District to hire youth for a three-month on-the-job training internship program, including instruction in goal-setting and accountability. Based on similar programs at their other locations, Maya anticipates 30 students participating on a quarterly basis. In addition to students developing key job skills, those who successfully complete the internship may be brought on as permanent employees.

The Project is located at 655 West Illinois Avenue, Dallas, Texas 75224, in a Market Value Analysis area categorized as D and G. The Census tract in which the Project is located, 48113006200, is highly distressed, with a poverty rate of 33.70% and Median Family Income of 55.08%. The Project is located within ¼ mile of 4 bus lines which connect with the DART rail Red and Blue Lines, and it is accessible to Interstate Highway 35E.

Without DDF’s NMTC financing, Maya would likely have to delay the Project or reduce the size and/or quality of the Project. Because Maya’s model is to build full scale, first run theaters in unproven markets that are also low-income communities, Maya’s theaters struggle to achieve a valuation that supports adequate market rate debt. The current debt proposal is capped at 65% loan-to-value of the facility and other financing sources would have limited economic viability.

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

On February 11, 2009, City Council authorized the creation of the Dallas Development Fund, a non-profit Community Development Entity by Resolution No. 09-0461.

On January 13, 2010, City Council authorized the acceptance of the \$55 million NMTC allocation by Resolution No. 10-0210.

On January 19, 2010, the Economic Development Committee was briefed on the DDF and the NMTC program.

On September 21, 2015, the Economic Development Committee was briefed on the DDF and the NMTC program.

On August 28, 2018, the Dallas Development Fund Board was briefed on the Maya Cinemas project and approved the transaction.

Information about this item was provided to the Economic Development and Housing Committee on September 17, 2018.

### **FISCAL INFORMATION**

No cost consideration to the City.

### **OWNER**

**Maya Cinemas North America, Inc.**

Moctesuma Esparza, Founder

September 26, 2018

**WHEREAS**, the City is committed to supporting enhanced economic development opportunities for low-income communities within the City and to low-income persons residing within those communities; and

**WHEREAS**, the United States Department of Treasury has established the New Markets Tax Credit (NMTC) program to stimulate investments in predominately low-income communities; and

**WHEREAS**, the goals and purposes of the NMTC program are consistent with and complementary to the economic development programs previously established by the City to support expanded economic development opportunities for low-income communities within the City and to low-income persons residing within those communities; and

**WHEREAS**, under the NMTC program, tax credits are competitively awarded annually by the Treasury Department through its Community Development Financial Institutions (CDFI) Fund to qualified Community Development Entities (CDEs) after review and evaluation of applications submitted by CDEs, which are then made available to investors; and

**WHEREAS**, the City of Dallas created the Dallas Development Fund (DDF) as a non-profit Texas corporation in order to apply for an award under the NMTC program; and

**WHEREAS**, DDF was awarded a \$55 million NMTC allocation under the 2009 NMTC program; and

**WHEREAS**, DDF was awarded a \$30 million NMTC allocation under the 2012 NMTC program; and

**WHEREAS**, DDF was awarded a \$45 million NMTC allocation under the 2014 NMTC program; and

**WHEREAS**, DDF was awarded a \$55 million NMTC allocation under the 2017 NMTC program; and

**WHEREAS**, the DDF Board has approved awarding up to \$9 million in NMTC allocation to Maya Cinemas North America, Inc. for the construction of a new movie theater project located at 655 West Illinois Avenue.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

September 26, 2018

**SECTION 1.** That the City Council hereby authorizes a New Markets Tax Credit transaction between the Dallas Development Fund and its subsidiaries, an affiliate of an NMTC Investor (the “Bank”), and Maya Cinemas North America, Inc., and its affiliates (Developer) for the construction of a 14-screen movie theater (Project) located at 655 West Illinois Avenue, Dallas, Texas 75224, as further described in **Exhibit A**.

**SECTION 2.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

DATE: August 28, 2018

SUBJECT: Maya Cinemas

FROM: City of Dallas Office of Economic Development

## Project Overview

### Project Sponsor: Maya Cinemas North America, Inc.

Maya Cinemas North America, Inc. (“Maya”) develops, builds, owns, and operates modern, first-run, megaplex movie theaters in underserved, family oriented, Latino-dominant communities. Maya was founded in 2000 by Moctesuma Esparza, a prominent Latino film producer, and opened its first cinema in 2003 in Salinas, California. The company now operates 5 movie theaters in California and is constructing its first theater outside of California in Las Vegas. It has invested over \$70.2 million of private capital and created over 220 permanent jobs in low-income Latino communities.

Maya is strongly committed to the neighborhoods in which its theaters are located. Beyond simply providing access to entertainment for community members, Maya offers several programs that target disadvantaged populations, such as the “Dollar for Scholar” program, which is an annual scholarship program for local students who are making a difference in the community, and Maya Cares, which is a monthly sensory-friendly, free screening for individuals with special needs. In 2017, Maya Cinemas Bakersfield provided nearly 159,000 free or discounted movie tickets for special family, senior, and special needs-focused days, an amount Maya anticipates exceeding at its Dallas location. Additionally, Maya engages young people through its formal internship program, which provides high school students with critical work experience and jobs skills.

In addition to the programs it manages on its own, Maya partners with local organizations, particularly those with a health-related focus, to provide services and educational opportunities to the community. For example, Maya partnered with Univision Salud for their #Health4All campaign to host an event at one of its locations. The event, which was designed to bring awareness to affordable health care options and current health issues, included booths for local health vendors, a viewing of a documentary titled “Salud! Yes, Please,” and a Q&A panel hosted by a local doctor and two health promoters.

Maya also operates a Community Development Entity and received \$15MM of NMTC allocation in the 2014 round. It has used its own NMTC allocation and third-party NMTC allocation to support four of its existing theaters.

### Project Description

Maya will construct a 73,000 SF, 14 screen movie theater to serve as the anchor commercial site to the 65- acre Wynnewood Village shopping center that is undergoing a separately financed \$30MM, highly-



transformative, separately-financed renovation. When complete, the theater will be largest of two first run movie theaters in Southern Dallas and have 2,011 seats.

The project will build on the model utilized by the Maya Cinemas throughout California. In addition to creating new jobs in Southern Dallas, the theater will provide access to commercial goods as well as connection to community services.

The project is located at 655 West Illinois Avenue, Dallas, Texas 75224, in a Market Value Analysis area categorized as D and G. The Census tract in which the project is located, 48113006200, is highly distressed, with a poverty rate of 33.70% and Median Family Income of 55.08%. The project is located within ¼ mile of 4 bus lines which connect with the DART rail Red and Blue Lines, and it is accessible to I-35E.

Project renderings are provided in Exhibit 1.

## Related/Sponsoring Entities

The NMTC borrower is anticipated to be a newly created special purpose entity, Maya Wynnewood Cinemas, LLC, which will ground lease the pad and improve the Project site. The borrower will be a Qualified Active Low-Income Community Business ("QALICB"). The Borrower will lease the facility to Maya Wynnewood Operating Company, LLC to operate the facility as a theater. Another affiliate of Maya will serve as the Leverage Lender.

## Financing Terms

### NMTC Allocation

Up to \$9 million in allocation from Dallas Development Fund ("DDF")

Up to \$4 million in additional allocation is expected to be provided by PeopleFund.

### NMTC Investor

The NMTC Investor is likely to be U.S. Bancorp Community Development Corporation ("US Bank").

### Anticipated Closing Costs and Fees

DDF will charge upfront fees totaling 4% of the Qualified Equity Investment ("QEI"), estimated at \$360,000. In addition, DDF will charge an annual Asset Management Fee of \$31,500 per year.

DDF will separately secure reimbursement for costs associated with closing this transaction, as well as audit and tax return preparation costs associated with maintaining the financing structure during the 7-year NMTC compliance period.

### Preliminary Financing Structure

As NMTC Equity Investor, US Bank is anticipated to provide a total of approximately \$4.16 million in NMTC Equity (\$0.82 pricing) to support the \$13 million in total allocation from DDF and Pacesetter. A Maya affiliate will provide approximately \$9.12 million in the form of a "Leverage Loan" for the transaction. The underlying sources for the Leverage Loan are anticipated to include a combination of Maya equity, loan

proceeds tied to FF&E, and contribution for pad/site prep by site owner/landlord.

The NMTC Investor will form a special-purpose investment fund entity and will be responsible for management of this fund. The equity and leverage debt will be combined to capitalize an investment fund (a subsidiary of Investor), which in turn will make a QEI into a subsidiary of Dallas Development Fund (“DDF Sub-CDE”) and pay a 2% CDE Fee to DDF. In turn, the DDF Sub-CDE will make Qualified Low-Income Community Investment (“QLICI”) loans to the QALICB. Pursuant to DDF’s Allocation Agreement, DDF will take a fee of 2% of the QEI in order to finance its activities. The total QLICI loans to the QALICB from DDF will be the QEI amount less the 2% fee.

Preliminary sources and uses and a preliminary transaction structure diagram are provided in Exhibit 2 and Exhibit 3, respectively.

## Closing Timeline

This Project financing is expected to close in the Q4 2018.

# Community Benefits and Need for Assistance

## Direct Community Benefits

**Catalytic Redevelopment.** The Project is the first part of a larger effort to revitalize the 65-acre Wynnewood Village shopping center, providing the local community with access to a variety of goods and services. The separately financed \$30 million redevelopment plan, which encompasses 220,000 sf of retail, food, and beverage, will be anchored by Maya Cinemas.

**Responds to Community Needs.** The project site is within the larger area reimagined in the Wynnewood Urban Design Guide, which is the result of a community-based redevelopment process. In this context, residents voiced concern about the future of Wynnewood Village and recommended the development of a number of key retail options and entertainment services, including a movie theater. In order to ensure that the movie theater remains accessible to the low-income community, the Project will offer a number of discounts to local, low-income residents through programs such as “Family Tuesdays.” The City of Dallas’ Department of Housing and Neighborhood Revitalization’s Comprehensive Housing Policy identifies this location as part of the Wynnewood Redevelopment Area.

**Created and Retained Jobs at Project.** The Project will create 59.45 FTE permanent positions, which includes 18 full-time positions that pay \$20/hour (above the living wage) and are paired with benefits. Additionally, the project is projected to support 170 temporary construction positions. In addition to these traditional jobs, Maya anticipates partnering with Dallas Independent School District to hire youth for a three-month on-the-job training internship program, including instruction in goal-setting and accountability. Based on similar programs at their other locations, Maya anticipates 30 students participating on a quarterly basis. In addition to students developing key job skills, those who successfully complete the internship may be brought on as permanent employees.

**Community Partnerships and Support.** The Project will collaborate with local community groups and national organizations to host educational, civic, and non-profit events. These events will target the local low-income community with offerings such as health screenings, forums on foster care, and veteran

outreach. Additionally, the project will support local nonprofit organizations by providing them with reduced-price theater rentals and concessions for special events as well as free tickets to be used for fundraisers. The Project will also provide scholarships to approximately 20 local students a year through Maya Cinemas Scholarship Fund that includes fundraising at the Project matched by Maya.

## Indirect Impacts

The investment in Maya Cinemas is expected to spur \$19.8 million in annual output in Dallas County during each year of the two-year construction period, as well as approximately \$18.1 million in annual impacts from on-going operations. The Project will result in 79 direct construction employees and 36 indirect and induced employees during each year of the construction period. Operations of the facility will result in 97 jobs each year (58 direct jobs at the facility and 39 indirect and induced jobs in a variety of industries). Employees during the construction period and permanent employees at the facility are projected to earn an average annual compensation of approximately \$57,400 and \$46,200, respectively.

## Need For NMTC Assistance

But for DDF's NMTC financing, Maya would likely have to delay project or reduce the size and/or quality of the project. Because Maya's model is to build full scale, first run theaters in unproven markets that are also low-income communities, Maya's theaters struggle to achieve a valuation that supports adequate market rate debt. This valuation challenge is common for many newly constructed real estate projects in low-income communities and is compounded by the special use nature of a movie theater. The current debt proposal is capped at 65% loan-to-value of the facility and other financing sources would have limited economic viability. Beyond the challenges to the capital stack, Maya includes a number of programs (discussed above) that contribute to the community, but not necessarily the bottom line for the Project. Maya views NMTC as a key financing tool to ensure a first-rate theater can be built in a community that needs it.

Exhibit 1: Project Renderings



Exterior, Front





Exterior, Side



Exterior, Birdseye View

Exhibit 2: Proposed Project Sources and Uses (preliminary)

Up to \$9MM DDF Allocation + \$4MM PeopleFund Allocation

Overall - Sources		Overall - Uses	
DDF B Note (DDF Gross Subsidy)	\$2,518,200	Pad and Site Work	\$1,500,000
People Fund CDE B Note	\$1,079,200	Construction Hard Costs	\$16,152,000
BBVA Direct Loan	\$14,761,000	Construction Soft Costs	\$3,481,000
Pad Prep Landlord Contribution	\$1,500,000	Financing Costs (non-NMTC)	\$879,000
FF&E Lender Loan	\$4,951,000	6 month operating/interest reserve	\$500,000
Sponsor Equity	\$4,218,300	FF&E	\$4,951,000
		Theater Fit Out	\$424,000
		<u>Base</u>	<u>\$27,887,000</u>
		Construction Period Interest	\$88,200
		DDF Ongoing Expenses (reserved)	\$316,500
		People Fund Ongoing Expenses (reserved)	\$236,000
		Closing costs	\$500,000
<b>Total</b>	<b>\$29,027,700</b>	<b>Total</b>	<b>\$29,027,700</b>



Agenda Information Sheet

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**File #:** 18-893

**Item #:** 10.

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**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality

**AGENDA DATE:** September 26, 2018

**COUNCIL DISTRICT(S):** 7

**DEPARTMENT:** Office of Economic Development

**EXECUTIVE:** T.C. Broadnax

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**SUBJECT**

Authorize a business personal property tax abatement agreement with Velocity, A Viracon Company or an affiliate ("Velocity") for a period of five-years in an amount equal to the City's ad valorem taxes assessed on 50 percent of the increased taxable value of Velocity's business personal property associated with the establishment of a new manufacturing operation to be located on approximately 8.427 acres at the southeast corner of Clover Haven Street and Cargo Road in Dallas, Texas in accordance with the City's Public/Private Partnership Program - Estimated Revenue Foregone: \$308,103.00 over a five-year period

**BACKGROUND**

This item is being placed on the addendum per the City Manager's Office.

Since April 2018, City staff has been in discussions with representatives of Velocity regarding the possibility of establishing an architectural glass fabrication operation in a new build-to-suit facility to be located on approximately 8.427 acres at the southeast corner of Clover Haven Street and Cargo Road in east Dallas in an industrial area commonly known as Eastpoint. Velocity has also been considering sites in other states including Georgia and Missouri for this project.

**Company**

Velocity is a wholly-owned subsidiary of Apogee Enterprises, Inc. ("Apogee"). Apogee (NASDAQ: APOG) designs and develops glass and metal products and services in the United States, Canada, and Brazil. It operates through four business segments: Architectural Framing Systems, Architectural Glass, Architectural Services, and Large-Scale Optical Technologies (LSO). Apogee was founded in 1949 and is headquartered in Minneapolis, Minnesota with annual revenues approaching \$1.5 billion.

### Proposed Project

The developer of this single-tenant build-to-suit facility will be Exeter Property Group (“Exeter”). Exeter owns the site and will develop the facility on behalf of Velocity. Upon completion of the facility, Exeter will lease the facility to Velocity for at least ten years, with renewal options for an additional twenty years.

The project will involve the new construction of approximately 149,000 square feet of manufacturing and office space with a total estimated capital investment of approximately \$27,700,000 (including approximately \$6,000,000 in site improvements and shell building construction, approximately \$700,000 in tenant improvements, and approximately \$21,000,000 in specialized machinery and equipment).

Velocity plans to have approximately 61 net new full-time equivalent jobs at the facility within three years. Velocity estimates an average annual wage of \$35,000 or an average hourly wage of \$18.22 (including benefits). Jobs to be hired will include fabricators, system and equipment operators, freight and material movers, machinists, and supervisors. It is estimated that only two of these 61 jobs will be relocated to Dallas from out of state.

### Incentive

Staff is recommending City Council approval of a business personal property tax abatement agreement with Velocity or an affiliate for a period of five years in an amount equal to the City’s ad valorem taxes assessed on 50 percent of the increased taxable value of Velocity’s business personal property associated with the establishment of a new manufacturing operation to be located on approximately 8.427 acres at the southeast corner of Clover Haven Street and Cargo Road in Dallas.

The proposed incentive will help secure new investment and job opportunities at this southeast Dallas location. The business personal property tax abatement will allow Velocity to make a cost-competitive and substantial investment in modern, highly-specialized machinery and related high-technology equipment.

The tax abatement agreement shall include, among other provisions, the following conditions:

- (a) Velocity shall execute a lease with a minimum ten-year term that causes Exeter to substantially complete site improvements, shell building construction, and tenant improvements by December 31, 2019. The minimum size of the new building shall be 120,000 square feet. The minimum investment shall be \$5,000,000 for site improvements and shell building construction and \$500,000 for tenant improvements.
- (b) Velocity shall invest a minimum of \$16,000,000 in new furniture, fixtures, equipment, and machinery (i.e. business personal property) at the facility by December 31, 2019.
- (c) The business personal property tax abatement agreement must be executed no later than December 31, 2019.
- (d) Velocity shall create (i.e. relocate from outside Texas or newly create locally) a minimum of 50 net new permanent full-time equivalent (“FTE”) jobs with a minimum average hourly wage of



\$18.22 (including benefits) at the facility by December 31, 2019.

- (e) Velocity shall hold a minimum of one job fair by December 31, 2019 at a location in the city of Dallas approved by the Director of the Office of Economic Development to facilitate the recruitment and hiring of residents of the city of Dallas.
- (f) Velocity shall ensure that a minimum 20% of the 50 (i.e. a minimum of 10) net new permanent FTE jobs created at the facility by December 31, 2019 are filled by residents of the city of Dallas.
- (g) The City shall provide Velocity a business personal property tax abatement for a period of five years in an amount equal to the City's ad valorem taxes assessed on 50 percent of the increased taxable value of Velocity's business personal property located at the facility located on the real property legally described in Exhibit B in the Resolution. The tax abatement shall commence on or before December 31, 2020.
- (h) None of the business personal property subject to the tax abatement shall be owned or leased by a member of the City Council of the City of Dallas or by a member of the City Plan Commission.
- (i) Velocity shall maintain a minimum of 50 net new permanent FTE jobs with a minimum average hourly wage of \$18.22 (including benefits) at the facility for the term of the abatement.
- (j) Velocity shall ensure that a minimum 20% of the 50 (i.e. a minimum of 10) net new permanent FTE jobs created at the facility by December 31, 2019 continue to be filled by residents of the city of Dallas for the term of the abatement.
- (k) Velocity shall provide written quarterly reports to the Office of Economic Development on the progress in satisfying the conditions of the abatement.
- (l) For Velocity to receive the tax abatement during any year of the agreement, Velocity shall be required to document and certify annually its compliance with the terms outlined in the tax abatement agreement by April 15 of each year of the agreement.
- (m) The Director of the Office of Economic Development may, at his sole discretion, extend any material date in the tax abatement agreement for a period up to six months for just cause.
- (n) A proportionate percentage of the business personal property tax revenue foregone by the City as a result of the tax abatement agreement shall be recaptured by the City if Velocity is in default of terms as provided by the tax abatement agreement.
- (o) Access to the new facility shall be provided to allow for inspection by City officials to ensure that the improvements and investments are made according to the specifications and terms of the tax abatement agreement.
- (p) The Dallas City Council may terminate or modify the agreement if Velocity fails to comply with the tax abatement agreement.
- (q) The tax abatement agreement shall be personal to Velocity and shall only be assignable upon

written approval of the assignment by the City's Director of the Office of Economic Development.

- (r) Velocity shall execute a formal agreement with the Dallas Independent School District (DISD) by December 31, 2019 to participate as an Industry Partner in the Pathway to Technology Early College High School (P-TECH) program.
- (s) Development of the real property shall conform to all requirements of the City's zoning ordinance and the use of the real property shall be consistent with the general purpose of encouraging development or redevelopment in the Enterprise Zone during the period the tax abatement is in effect.

The foregone business personal property tax revenue over the five-year term of the abatement is an estimated \$308,103. Based on the City's fiscal impact analysis over a ten-year period, the present value of net revenues to the City from this project is an estimated \$1,194,074.

Pursuant to the City's Public/Private Partnership Program (P/PPP) Guidelines and Criteria (effective for the period January 1, 2017 through December 31, 2018), the proposed project is located in a Target Area. With the project's private investment exceeding \$1 million and job creation exceeding 25 jobs, the project meets minimum eligibility criteria requirements of the P/PPP Guidelines and Criteria.

In the context of the City's Market Value Analysis (MVA), the proposed project is located in a non-residential tract and is generally surrounded by residential market types E, F, G, and H, which reflect middle to lower-middle residential real estate markets in Dallas. The proposed project will provide additional local employment opportunities to these surrounding residential areas.

The proposed project is located in a Texas Enterprise Zone. Pursuant to Section 312.2011 of the Texas Tax Code, designation of an area as a Texas Enterprise Zone constitutes designation of an area as a reinvestment zone without further hearing or other procedural requirements.

### **ESTIMATED SCHEDULE OF PROJECT**

Begin Construction	October 2018
Complete Construction	December 2019

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

The Economic Development and Housing Committee was briefed in Executive Session on September 4, 2018 to discuss the offer of a financial incentive under Section 551.087 of the Texas Government Code.

### **FISCAL INFORMATION**

Estimated Revenue Foregone: \$308,103.00 over a five-year period

### **OWNER**

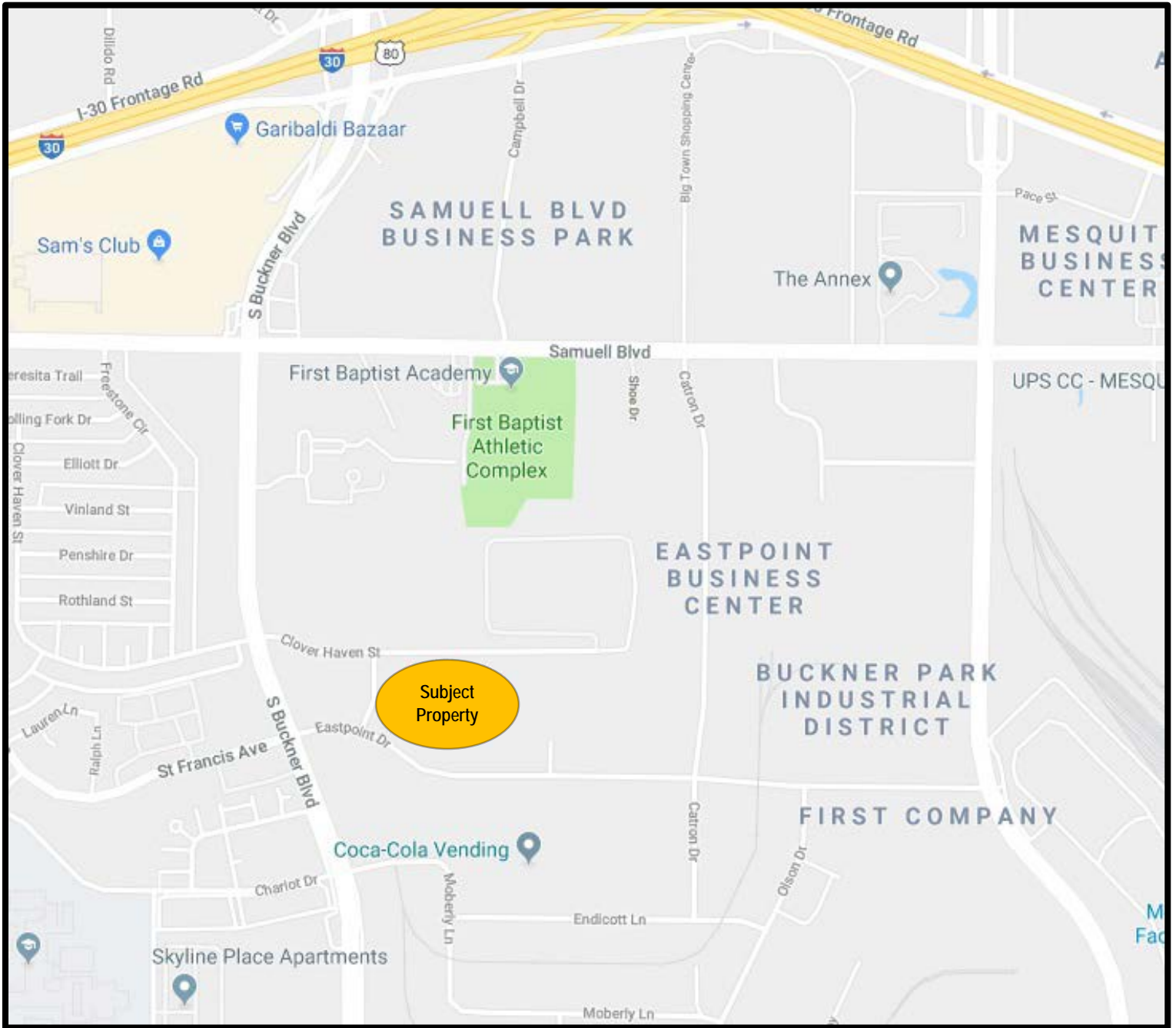
**Velocity, A Viracon Company**

Mark Augdahl, Vice President, Finance

**MAP**

Attached

# Location Map



September 26, 2018

**WHEREAS**, the City of Dallas (“City”) recognizes the importance of its role in local economic development; and

**WHEREAS**, many municipalities within the Dallas-Fort Worth region have economic development programs to compete with the City for development of new manufacturing facilities; and

**WHEREAS**, site selection decisions made by developers and businesses are often significantly influenced by a municipality’s ability to provide competitive economic development incentives; and

**WHEREAS**, the City desires to support and secure new employment opportunities and taxable revenue that new manufacturing facilities will bring for Dallas residents; and

**WHEREAS**, the proposed development will not occur within the city of Dallas without an offer of economic development incentives from the City; and

**WHEREAS**, pursuant to Resolution No. 16-1984, approved by the City Council on December 14, 2016, the City: (1) elected to continue its participation in economic development incentives and re-adopted its Public/Private Partnership Program - Guidelines and Criteria, which established certain guidelines and criteria for the use of City incentive programs for private development projects, (2) established programs for making loans and grants of public money to promote local economic development and to stimulate business and commercial activity in the City pursuant to the Economic Development Programs provisions under Chapter 380 of the Texas Local Government Code (“Economic Development Act”), and (3) established appropriate guidelines and criteria governing tax abatement agreements to be entered into by City as required by the Property Redevelopment and Tax Abatement Act, as amended, (V.T.C.A. Tax Code, Chapter 312) (“Tax Abatement Act”); and

**WHEREAS**, Section 312.2011 of the Tax Abatement Act provides that the designation of an area as an enterprise zone under the Texas Enterprise Zone Act constitutes designation of an area as a reinvestment zone without further hearing or other procedural requirements; and

**WHEREAS**, the proposed development is located in an existing Texas Enterprise Zone; and

**WHEREAS**, consistent with the authority granted under the Tax Abatement Act and the City’s Public/Private Partnership Program - Guidelines and Criteria, it is in the best interest of the City to enter into a business personal property tax abatement agreement and provide this incentive as a part of the City’s ongoing program to promote local economic development and to stimulate business and commercial activity in the city.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Manager is hereby authorized to sign a business personal property tax abatement agreement with Velocity, A Viracon Company or an affiliate (“Velocity”), approved as to form by the City Attorney, for added value to business personal property in accordance with the Tax Abatement Act and the City’s Public/Private Partnership Program – Guidelines and Criteria.

**SECTION 2.** That at least seven days prior to the execution of the tax abatement agreement, notice of the City’s intention to enter into the tax abatement agreement shall be delivered to the governing bodies of each taxing unit that includes in its boundaries the business personal property that is the subject of this agreement.

**SECTION 3.** That the approval and execution of the tax abatement agreement by the City is not conditional upon approval and execution of any other tax abatement agreement by any other taxing entity.

**SECTION 4.** That the business personal property (“Property”) subject to the tax abatement agreement will be located on the real property depicted on the attached site map **Exhibit A (Map)** and as legally described in **Exhibit B (Legal Description)**.

**SECTION 5.** That the tax abatement agreement shall include, among other provisions, the following conditions:

- (a) Velocity shall execute a lease with a minimum ten-year term that causes Exeter Property Group to substantially complete site improvements, shell building construction, and tenant improvements by December 31, 2019. The minimum size of the new building shall be 120,000 square feet. The minimum investment shall be \$5,000,000 for site improvements and shell building construction and \$500,000 for tenant improvements.
- (b) Velocity shall invest a minimum of \$16,000,000 in new furniture, fixtures, equipment, and machinery (i.e. business personal property) at the facility by December 31, 2019.
- (c) The business personal property tax abatement agreement must be executed no later than December 31, 2019.
- (d) Velocity shall create (i.e. relocate from outside Texas or newly create locally) a minimum of 50 net new permanent full-time equivalent FTE jobs with a minimum average hourly wage of \$18.22 (including benefits) at the facility by December 31, 2019.

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- (e) Velocity shall hold a minimum of one job fair by December 31, 2019 at a location in the city of Dallas approved by the Director of the Office of Economic Development to facilitate the recruitment and hiring of residents of the city of Dallas.
- (f) Velocity shall ensure that a minimum 20% of the 50 (i.e. a minimum of 10) net new permanent FTE jobs created at the facility by December 31, 2019 are filled by residents of the city of Dallas.
- (g) The City shall provide Velocity a business personal property tax abatement for a period of five years in an amount equal to the City's ad valorem taxes assessed on 50 percent of the increased taxable value of Velocity's business personal property at the facility located on the real property depicted on the attached site map **Exhibit A (Map)** and as legally described in **Exhibit B (Legal Description)**. The tax abatement shall commence on or before December 31, 2020.
- (h) None of the business personal property subject to the tax abatement shall be owned or leased by a member of the City Council of the City of Dallas or by a member of the City Plan Commission.
- (i) Velocity shall maintain a minimum of 50 net new permanent FTE jobs with a minimum average hourly wage of \$18.22 (including benefits) at the facility for the term of the abatement.
- (j) Velocity shall ensure that a minimum 20% of the 50 (i.e. a minimum of 10) net new permanent FTE jobs created at the facility by December 31, 2019 continue to be filled by residents of the city of Dallas for the term of the abatement.
- (k) Velocity shall provide written quarterly reports to the Office of Economic Development on the progress in satisfying the conditions of the abatement.
- (l) For Velocity to receive the tax abatement during any year of the agreement, Velocity shall be required to document and certify annually its compliance with the terms outlined in the tax abatement agreement by April 15 of each year of the agreement.
- (m) The Director of the Office of Economic Development may, at his sole discretion, extend any material date in the tax abatement agreement for a period up to six months for just cause.

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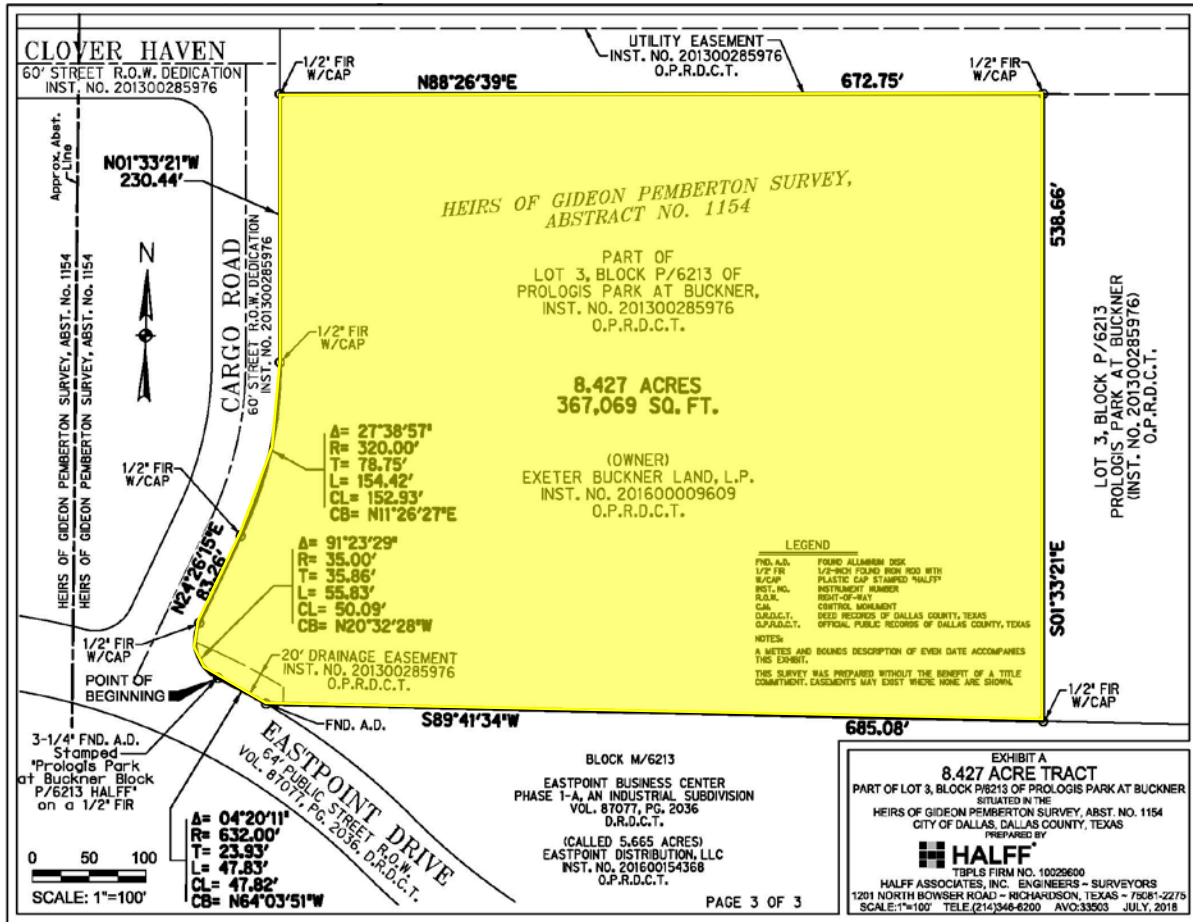
- (n) A proportionate percentage of the business personal property tax revenue foregone by the City as a result of the tax abatement agreement shall be recaptured by the City if Velocity is in default of terms as provided by the tax abatement agreement.
- (o) Access to the new facility shall be provided to allow for inspection by City officials to ensure that the improvements and investments are made according to the specifications and terms of the tax abatement agreement.
- (p) The Dallas City Council may terminate or modify the agreement if Velocity fails to comply with the tax abatement agreement.
- (q) The tax abatement agreement shall be personal to Velocity and shall only be assignable upon written approval of the assignment by the City's Director of the Office of Economic Development.
- (r) Velocity shall execute a formal agreement with the Dallas Independent School District (DISD) by December 31, 2019 to participate as an Industry Partner in the Pathway to Technology Early College High School (P-TECH) program.
- (s) Development of the real property shall conform to all requirements of the City's zoning ordinance and that the use of the real property is consistent with the general purpose of encouraging development or redevelopment in the Enterprise Zone during the period the tax abatement is in effect.

**SECTION 6.** That the tax abatement agreement is identified by the City as Contract No. ECO-2018-00007217.

**SECTION 7.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.



# EXHIBIT A MAP



## **Exhibit B: Legal Description**

**PROPOSED LOT 3A, BLOCK P/6213  
8.427 acre (367,069 square foot)  
PART OF LOT 3, BLOCK P/6213 OF PROLOGIS PARK AT BUCKNER  
SITUATED IN THE  
GIDEON PEMBERTON SURVEY, ABSTRACT NUMBER 1154  
CITY OF DALLAS, DALLAS COUNTY, TEXAS**

BEING a 8.427 acre (367,069 square foot) tract of land situated in the Heirs of Gideon Pemberton Survey, Abstract Number 1154, City of Dallas, Dallas County, Texas, and being part of Lot 3, Block P/6213 of Prologis Park at Buckner, Lots 1-3, Block P/6213, an addition to the City of Dallas, Dallas County, Texas, as recorded in Instrument Number 201300285976 of the Official Public Records of Dallas County, Texas (O.P.R.D.C.T.), and being all of a tract of land described in Special Warranty Deed to Exeter Buckner Land, L.P., as recorded in Instrument Number 201600009609, O.P.R.D.C.T., and being more particularly described as follows:

BEGINNING at a 3 1/4-inch found aluminum disk stamped "PROLOGIS PARK AT BUCKNER BLOCK P/6213 HALFF" on a 1/2-inch found iron rod (hereinafter referred to as "found AD") at the intersection of the northeast right-of-way line of Eastpoint Drive (a 64-foot wide public street right-of-way) and the southeast right-of-way line of Cargo Road (a 60-foot wide street right-of-way), said corner being the point of curvature of a non-tangent circular curve to the right, having a radius of 35.00 feet, chord that bears North 20 degrees 32 minutes 28 seconds West, a distance of 50.09 feet;

THENCE with the east right-of-way line of said Cargo Road, the west line of said Lot 3, the following bearings and distances:

Northeasterly, with said curve, through a central angle of 91 degrees 23 minutes 29 seconds, an arc distance of 55.83 feet to a 1/2-inch found iron rod with yellow plastic cap stamped "HALFF" (hereinafter referred to as "with cap") for corner;

North 24 degrees 26 minutes 15 seconds East, a distance of 83.26 feet to a 1/2-inch found iron rod with cap for corner, said corner being the point of curvature of a non-tangent circular curve to the left having a radius of 320.00 feet, chord that bears North 11 degrees 26 minutes 27 seconds East, a distance of 152.93 feet;

Northeasterly, with said curve, through a central angle of 27 degrees 38 minutes 57 seconds, an arc distance of 154.42 feet to a 1/2-inch found iron rod with cap for corner;

North 01 degree 33 minutes 21 seconds West, a distance of 230.44 feet to a 1/2-inch found iron rod with cap for the common northwest corner of Lot 3 and an "ell" corner of Lot 1 of said Prologis Park at Buckner;

## Exhibit B: Legal Description

THENCE North 88 degrees 26 minutes 39 seconds East, departing the east right-of-way line of said Cargo Road and with the common north line of said Lot 3 and the south line of said Lot 1, a distance of 672.75 feet to a 1/2-inch found iron rod with cap for corner:

THENCE South 01 degree 33 minutes 21 seconds East, departing said common line and over and across said Lot 3, a distance of 538.66 feet to a 1/2-inch found iron rod with cap for corner on the south line of said Lot 3 and the north line of a called 5.665 acre tract of land described as "Eastpoint III" in deed to East point Distribution, LLC, as recorded in Instrument Number 201600154368, O.P.R.D.C.T.;

THENCE South 89 degrees 41 minutes 34 seconds West, with the south line of said Lot 3 and the north line of said 5.665 acre tract, a distance of 685.08 feet to a found A.D. for corner, said corner being on the northeast right-of-way line of said Eastpoint Drive (a 64-foot wide public street right-of-way) and the point of curvature of a non-tangent circular curve to the left, having a radius of 632.00 feet, chord that bears North 64 degrees 03 minutes 51 seconds West, a distance of 47.82 feet;

THENCE Westerly, with the northeast right-of-way line of said Eastpoint Drive, the southwest line of said Lot 3, and with said curve, through a central angle of 04 degrees 20 minutes 11 seconds, an arc distance of 47.83 feet to the POINT OF BEGINNING AND CONTAINING 8.427 acres (367,069 square feet) of land, more or less.



Agenda Information Sheet

**File #:** 18-956

**Item #:** 11.

**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality

**AGENDA DATE:** September 26, 2018

**COUNCIL DISTRICT(S):** 6

**DEPARTMENT:** Office of Economic Development

**EXECUTIVE:** T.C. Broadnax

**SUBJECT**

Authorize a real property tax abatement agreement with Commerce 30 Building C, Inc. or an affiliate thereof for the purpose of granting a ten-year abatement of 50 percent of the taxes on the added value to the real property in conjunction with the proposed build-to-suit development of Commerce 30 Building C, an e-commerce distribution center within a Texas Enterprise Zone situated on approximately 100 acres of property located at 1301 Chalk Hill Road in Dallas, Texas, in accordance with the City’s Public/Private Partnership Program - Estimated Revenue Foregone: \$1,103,876.00 over ten years

**BACKGROUND**

This item is being placed on the addendum per the City Manager’s Office. Note: the next agenda item is related to this agenda item. Both items must be considered collectively.

Since April 2018, City staff has been in discussions with Hillwood Investment Properties (“Hillwood”) and Amazon.com Services, Inc. (“Amazon” or “Company”) regarding the potential development of a new e-commerce fulfillment center (“Facility”) of approximately 855,000 square feet situated on approximately 100 acres of property located at 1301 Chalk Hill Road in Dallas, Texas.

Hillwood is ranked as one of the top commercial real estate investors and developers in the country. Hillwood’s industrial experience spans 38 markets in North America and Europe, and to date, more than 153 million square feet of industrial properties have been developed or acquired. Hillwood’s developments currently house facilities for more than 85 companies listed on the Fortune 500, Global 500, or Forbes List of Top Private Firms. Amazon is an e-commerce and cloud computing company based in Seattle, Washington and is the largest internet retailer in the world as measured by revenue and market capitalization.

Hillwood will develop the Facility through an entity called Commerce 30 Building C, Inc. (“Owner”). Situated in City Council District 6, the Facility will encompass a total real property improvement investment of approximately \$41,000,000 (inclusive of hard and soft costs for the construction of site

improvements, shell building, and tenant improvements). Amazon, as the tenant ("Tenant"), anticipates approximately \$90,000,000 in business personal property expenditures.

Additionally, Amazon expects to create approximately 1,500 new permanent jobs as part of the project, of which 1,200 are anticipated to be full-time equivalents ("FTEs"). Amazon defines FTE jobs as any permanent job working at least 35 hours per week and receiving a full range of health, financial, retirement, and work/life benefits ("benefits") for the employee and eligible family members.

To facilitate the project, Commerce 30 Building C, Inc. is requesting City Council's consideration of a real property tax abatement for 10 years in an amount equal to the City taxes assessed on 50 percent of the increased value of the real property owned by Commerce 30 Building C, Inc.

The requested incentive will help secure new investment and job opportunities at this southern Dallas location. The real property tax abatement will be a pass-through benefit from the Owner to the Tenant via a NNN lease agreement, thereby ensuring that the new Facility is competitively viable within a market providing similar lease rate benefits to other users.

As conditions to receipt of this incentive, the following provisions shall be met (among other related contractual terms):

- (a) The Company shall execute a lease with the Owner on or before December 31, 2019 to cause the construction of an approximately 855,000 square foot e-commerce distribution center ("Facility") at 1301 Chalk Hill Road in Dallas, Texas. The lease shall have a minimum ten-year term.
- (b) The Company and/or Owner shall invest a minimum \$32,800,000 in real property improvements and a minimum \$72,000,000 in business personal property on or before December 31, 2020. These amounts shall not include land costs, attorney's fees, or any party's fees or profit.
- (c) A build-to-suit e-commerce distribution center of a minimum 855,000 square feet shall be completed on or before December 31, 2020. The Company shall take occupancy of the facility on or before December 31, 2020 and shall continually occupy the entire facility during the terms of both abatements.
- (d) On or before December 31, 2021, the Company shall create and retain a minimum of 1,200 FTEs at the Facility. For purposes of this agreement, FTE shall mean a permanent full-time position, and full-time shall mean an employee working at least 35 hours per week and receiving the benefits package as previously described.
- (e) At all times during the term of the abatements, the Company shall: (i) maintain a minimum 1,200 FTEs, (ii) provide an average annual FTE salary of \$26,000 for the required minimum 1,200 FTEs, and (iii) ensure that a minimum of 35% (420 FTEs) of the required minimum 1,200 FTEs are residents of the city of Dallas. Failure to create and maintain the required city of Dallas residents as FTEs throughout the terms of both abatement agreements shall subject the Company to a prorated repayment requirement.
- (f) The Company shall participate in the U.S. Department of Labor Federal Bonding Program ("FBP"). The FBP provides fidelity bonding for the first six months of employment for hard-to-place

job applicants. Within 120 days of City Council approval of an incentive package for this project, the Company shall execute the following and provide copies of such executed documents to the Director of the City's Office of Economic Development ("Director"): (i) any documentation necessary to participate in the FBP and (ii) an agreement to partner with one or more local reentry agencies acceptable to the Director for job training and hiring programs in furtherance of the Company's good faith efforts to hire reentry candidates and other hard-to-place job applicants.

- (g) On or before December 31, 2021, the Company shall hold a minimum of two (2) recruitment fairs in coordination with Workforce Solutions Greater Dallas and/or any reentry partner approved by the Director at locations in the city of Dallas approved by the Director to facilitate the hiring of city of Dallas residents, reentry candidates, and/or other hard-to-place job applicants.
- (h) If either the Company or Owner fails to perform any condition listed above and/or otherwise breaches its abatement agreement and fails to cure such breach during any year of the term of such agreement, each shall forfeit the relevant abatements for that year. If any condition is not performed, either party breaches either agreement, and/or any existing breach remains uncured in the subsequent year, each party shall again forfeit the relevant abatements for the subsequent year and both agreements shall terminate.
- (i) The Company and Owner shall report to the Director quarterly on their progress in satisfying each of the conditions listed above. The Company shall additionally report quarterly to the Director regarding the number of net new jobs created on the site in the previous quarter. The reports will be in a form acceptable to Director in his sole discretion and must be signed by an authorized signatory of each company. The progress reports shall be submitted to the City of Dallas Office of Economic Development within 30 days after the end of each quarter.
- (j) The Company and Owner shall permit staff from the Office of Economic Development access to the site, the facility, and all records related to the abatement agreements and the obligations contained therein in order to monitor compliance with same.

Pursuant to the City's Public/Private Partnership Program (P/PPP) Guidelines and Criteria (effective for the period January 1, 2017 through December 31, 2018), the proposed project is located in a Non-Target Area but is immediately adjacent to a Target Area. With the project's private investment exceeding \$5 million and job creation exceeding 100 jobs, the project meets minimum eligibility criteria requirements of the P/PPP Guidelines and Criteria.

In the context of the City's Market Value Analysis (MVA), the proposed project is located in a non-residential tract and is generally surrounded by residential market types F, G, and H, which reflect middle to lower-middle residential real estate markets in Dallas. The proposed project will provide significant local employment opportunities to these surrounding residential areas.

The proposed project is located in a Texas Enterprise Zone. Pursuant to Section 312.2011 of the Texas Tax Code, designation of an area as a Texas Enterprise Zone constitutes designation of an area as a reinvestment zone without further hearing or other procedural requirements.

Staff is recommending approval of the requested abatement.

**ESTIMATED SCHEDULE OF PROJECT**

Begin Construction            December 2018  
Complete Construction       December 2019

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

Economic Development and Housing Committee was briefed in Executive Session on September 4, 2018 to discuss the offer of a financial incentive under Section 551.087 of the Texas Government Code.

Economic Development and Housing Committee will be briefed in Executive Session on September 17, 2018 to discuss the offer of a financial incentive under Section 551.087 of the Texas Government Code.

**FISCAL INFORMATION**

Estimated Revenue Foregone: \$1,103,876.00 over the ten-year period of the real property tax abatement.

**OWNER**

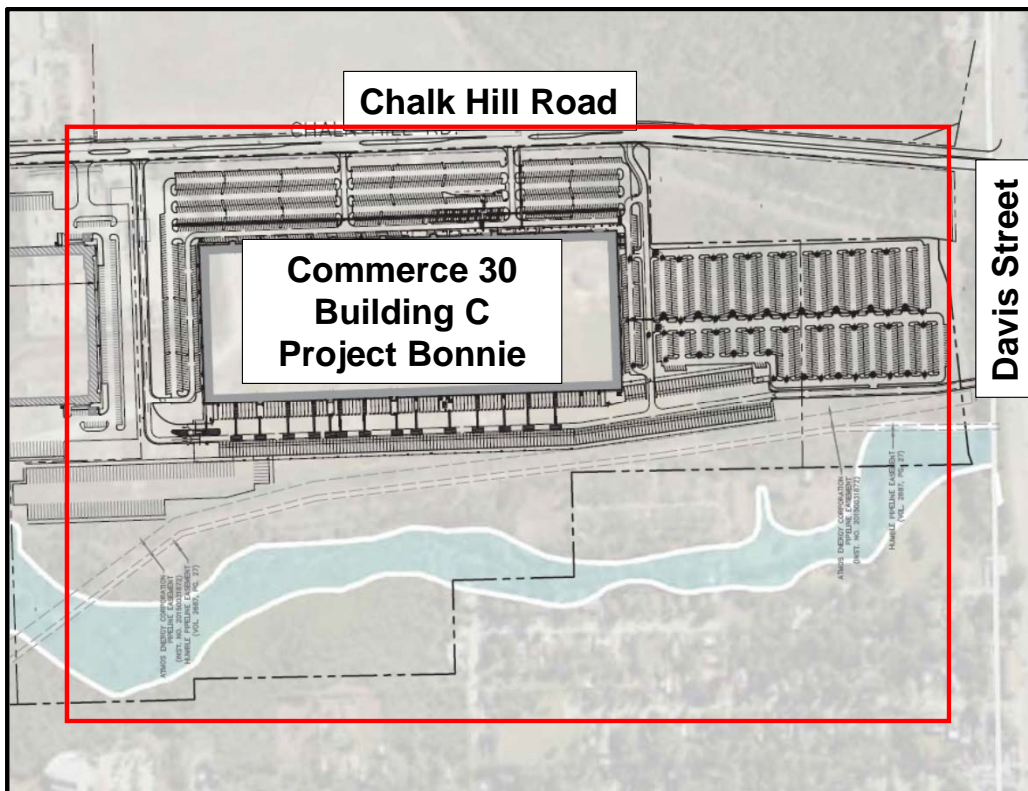
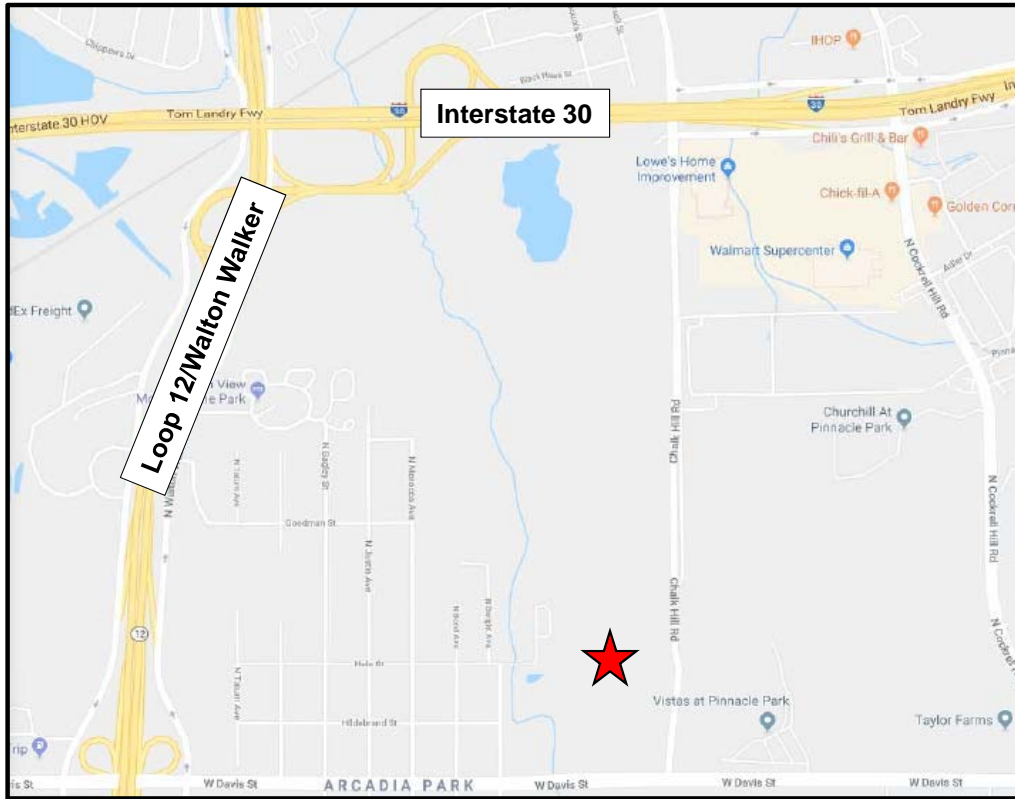
**Commerce 30 Building C, Inc.**

Toby Rogers, Senior Vice President/Texas Market Leader

**MAP**

Attached

**Location Map  
Commerce 30 – Building C  
1301 Chalk Hill Road**





September 26, 2018

**WHEREAS**, the City recognizes the importance of its role in local economic development; and

**WHEREAS**, many municipalities within the Dallas-Fort Worth region have economic development programs to compete with the City for development of new logistics facilities; and

**WHEREAS**, site selection decisions made by developers and businesses are often significantly influenced by a municipality's ability to provide competitive economic development incentives; and

**WHEREAS**, the City desires to support and secure new employment opportunities and taxable revenue that new logistics facilities will bring for Dallas residents; and

**WHEREAS**, the proposed development will not occur within the city of Dallas without an offer of economic development incentives from the City; and

**WHEREAS**, pursuant to Resolution No. 16-1984, approved by the City Council on December 14, 2016, the City: (1) elected to continue its participation in economic development incentives and re-adopted its Public/Private Partnership Program - Guidelines and Criteria, which established certain guidelines and criteria for the use of City incentive programs for private development projects, (2) established programs for making loans and grants of public money to promote local economic development and to stimulate business and commercial activity in the City pursuant to the Economic Development Programs provisions under Chapter 380 of the Texas Local Government Code ("Economic Development Act"), and (3) established appropriate guidelines and criteria governing tax abatement agreements to be entered into by City as required by the Property Redevelopment and Tax Abatement Act, as amended, (V.T.C.A. Tax Code, Chapter 312) ("Tax Abatement Act"); and

**WHEREAS**, the proposed development is a logistics facility, which meets the definition of a Target Industry project pursuant to the City's Public/Private Partnership Program - Guidelines and Criteria; and

**WHEREAS**, the proposed development site is located in an existing Texas Enterprise Zone; and

**WHEREAS**, pursuant to Section 312.2011 of the Texas Tax Code, the Property Redevelopment and Tax Abatement Act provides that the designation of an area as an enterprise zone under the Texas Enterprise Zone Act constitutes designation of an area as a reinvestment zone without further hearing or other procedural requirements; and

September 26, 2018

**WHEREAS**, consistent with the authority granted under the Tax Abatement Act and the City's Public/Private Partnership Program - Guidelines and Criteria, it is in the best interest of the City to enter into a real property tax abatement agreement and provide this incentive as a part of the City's ongoing program to promote local economic development and to stimulate business and commercial activity in the city.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Manager is hereby authorized to sign a real property tax abatement agreement with Commerce 30 Building C, Inc. or an affiliate thereof, approved as to form by City Attorney, for added value to the real property in accordance with the Property Redevelopment and Tax Abatement Act and the City's Public/Private Partnership Program - Guidelines and Criteria.

**SECTION 2.** That at least seven days prior to the execution of the tax abatement agreement, notice of the City's intention to enter into the tax abatement agreement shall be delivered to the governing bodies of each other taxing unit that includes in its boundaries the real property that is the subject of this agreement.

**SECTION 3.** That the approval and execution of the tax abatement agreement by the City is not conditional upon approval and execution of any other tax abatement agreement by any other taxing entity.

**SECTION 4.** That the real property subject to the tax abatement agreement is depicted on the attached site map **Exhibit A (Map)** and is more particularly described by **Exhibit B (Metes and Bounds Legal Description)**.

**SECTION 5.** That the tax abatement agreement shall provide, among other provisions, the following:

- (a) The property subject to tax abatement shall be located entirely within the City of Dallas, Texas.
- (b) None of the property subject to tax abatement is owned or leased by a member of the City Council of the City of Dallas or by a member of the City Plan Commission.
- (c) Development of the property shall conform to all requirements of the City's zoning ordinance and that the use of the Property is consistent with the general purpose of encouraging development or redevelopment in the Enterprise Zone during the period the tax abatement is in effect.

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- (d) The City of Dallas shall provide Commerce 30 Building C, Inc. a ten-year abatement of fifty percent (50%) of the added value to the real property within the area of land particularly described by **Exhibit B (Metes and Bounds Legal Description)**.
- (e) Amazon.com Services, Inc. or an affiliate thereof shall execute a lease with the Commerce 30 Building C, Inc. on or before December 31, 2019 to cause the construction of an approximately 855,000 square foot e-commerce distribution center ("Facility") at 1301 Chalk Hill Road in Dallas, Texas. The lease shall have a minimum ten-year term. Real property improvement expenditures by Commerce 30 Building C, Inc. of a minimum \$32,800,000 in related hard and soft project costs shall be substantially completed after the effective date of this resolution but no later than December 31, 2020. Soft costs shall not include attorney fees or developer fees or profit. The Director of the Office of Economic Development ("Director") may, at his sole discretion, extend this deadline for a period up to one year for just cause.
- (f) Amazon.com Services, Inc. shall invest a minimum \$72,000,000 in business personal property at the Facility on or before December 31, 2020. This amount shall not include: (i) any installation costs undertaken before this resolution's effective date, (ii) attorney fees, (iii) Amazon.com Services, Inc. fees, developer's fees, or profit associated with the business personal property investments. The Director may, at his sole discretion, extend this deadline for a period up to one year for just cause.
- (g) Amazon.com Services, Inc. shall take occupancy of the Facility on or before December 31, 2020 and shall continually occupy the entire Facility during the terms of both abatements.
- (h) On or before December 31, 2021, Amazon.com Services, Inc. shall create and retain a minimum of 1,200 FTEs at the Facility. For purposes of this agreement, FTE shall mean a permanent full-time position, and full-time shall mean an employee working at least 35 hours per week and receiving a benefits package.
- (i) At all times during the term of the abatements, Amazon.com Services, Inc. shall: (i) maintain a minimum 1,200 FTEs, (ii) provide an average annual FTE salary of \$26,000 for the required minimum 1,200 FTEs, and (iii) ensure that a minimum of 35% (420 FTEs) of the required minimum 1,200 FTEs are residents of the city of Dallas. Failure to create and maintain the required city of Dallas residents as FTEs throughout the terms of both abatement agreements shall subject Amazon.com Services, Inc. to a prorated repayment requirement.

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- (j) Amazon.com Services, Inc. shall participate in the U.S. Department of Labor Federal Bonding Program (“FBP”). The FBP provides fidelity bonding for the first six months of employment for hard-to-place job applicants. Within 120 days of City Council approval of an incentive for this project, Amazon.com Services, Inc. shall execute the following and provide copies of such executed documents to the Director: (i) any documentation necessary to participate in the FBP and (ii) an agreement to partner with one or more local reentry agencies acceptable to the Director for job training and hiring programs in furtherance of Amazon.com Services, Inc.’s good faith efforts to hire reentry candidates and other hard-to-place job applicants.
- (k) On or before December 31, 2021, Amazon.com Services, Inc. shall hold a minimum of two (2) recruitment fairs in coordination with Workforce Solutions Greater Dallas and/or any reentry partner approved by the Director at locations in the city of Dallas approved by the Director to facilitate the hiring of city of Dallas residents, reentry candidates, and/or other hard-to-place job applicants.
- (l) Commerce 30 Building C, Inc., in coordination with Amazon.com Services, Inc., shall report to the Director quarterly on their progress in satisfying each of the conditions listed above. Amazon.com Services, Inc. shall additionally report quarterly to the Director regarding the number of net new jobs created on the site in the previous quarter. The reports will be in a form acceptable to Director in his sole discretion and must be signed by an authorized signatory of each company. The progress reports shall be submitted to the Director within 30 days after the end of each quarter.
- (m) If the required space is not occupied during a given year within the ten-year tax abatement period, the abatement shall be lost for that year. Furthermore, if the abatement is lost for two years in a row, then the real property tax abatement agreement shall be terminated.
- (n) A description of the kind, number, location, and costs of all proposed real property improvements to the Property shall be provided to the Director by Commerce 30 Building C, Inc.
- (o) Access to the Property shall be provided to allow for inspection by City inspectors and officials to ensure that the improvements are made and occupancy is achieved according to the specification and terms of the tax abatement agreement.
- (p) The owner of the property shall certify annually to the City that the owner is compliant with each applicable term of the tax abatement agreement.

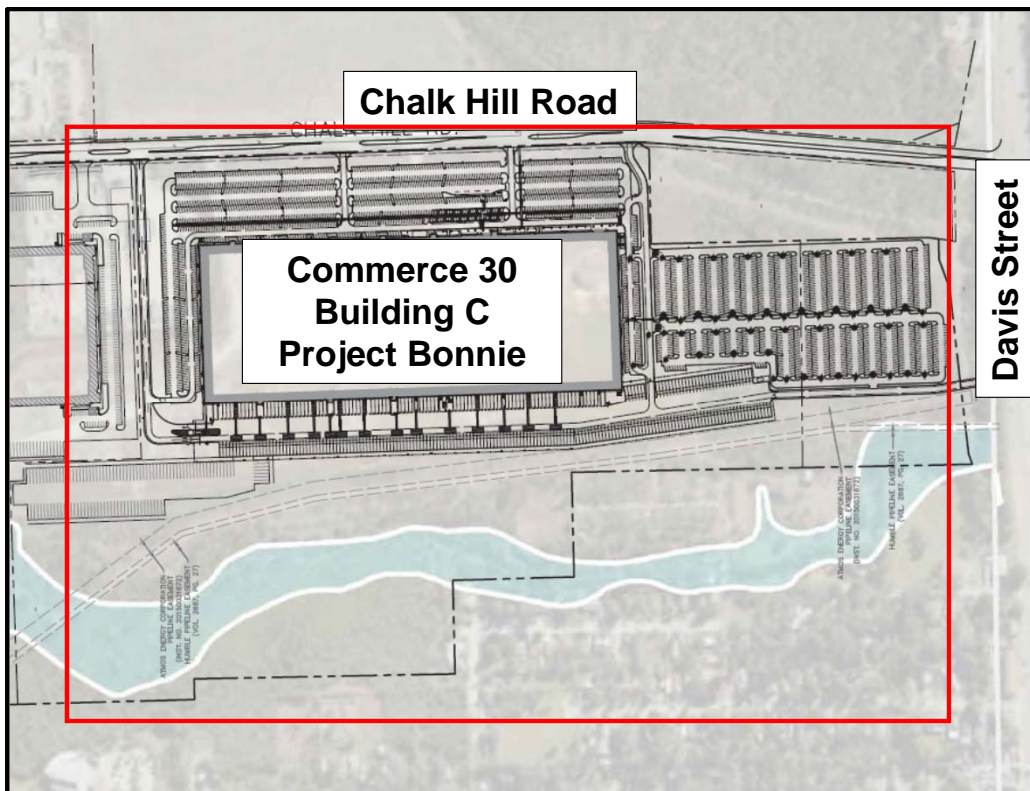
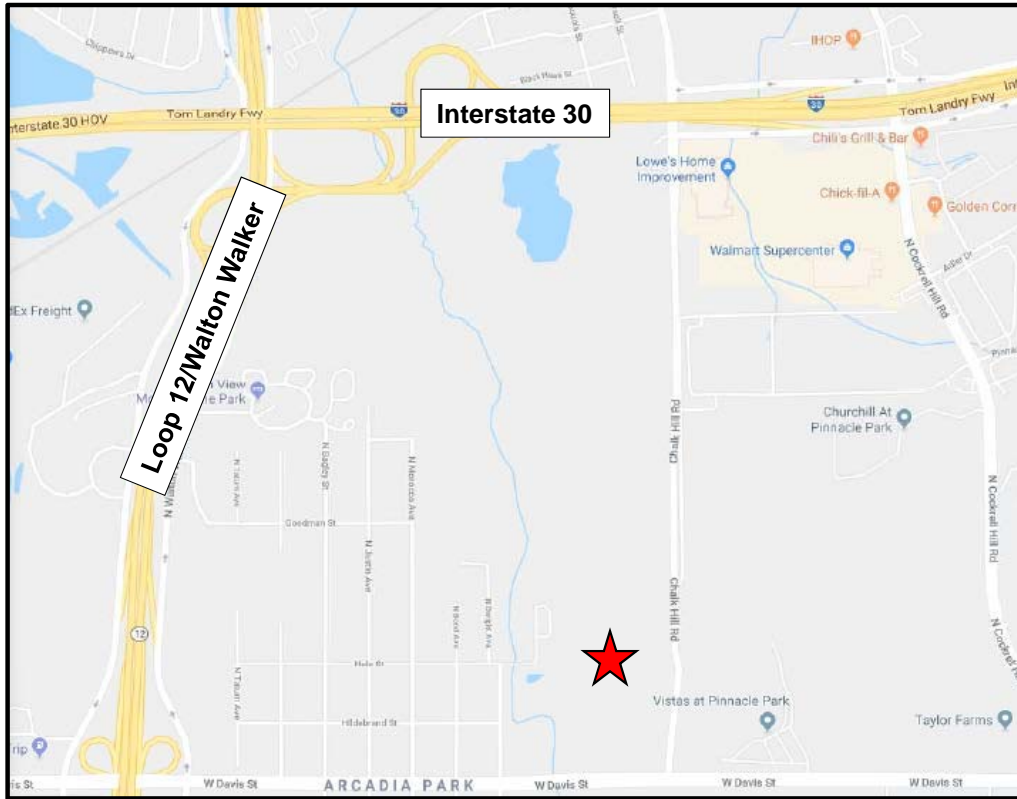
September 26, 2018

- (q) The Dallas City Council may terminate or modify the tax abatement agreement if the property owner fails to comply with the tax abatement agreement.
- (r) The real property tax revenue foregone by the City because of the tax abatement agreement shall be recaptured by the City if improvements to real property are not made and maintained as provided by the tax abatement agreement.
- (s) The abatement agreement shall only be assignable upon written approval of the assignment by the Director.
- (t) The abatement agreement shall be executed no later than December 31, 2019.
- (u) If either Amazon.com Services, Inc. or Commerce 30 Building C, Inc. fails to perform any condition listed above and/or otherwise breaches its abatement agreement and fails to cure such breach during any year of the term of such agreement, each party shall forfeit the relevant abatements for that year. If any condition is not performed, either party breaches either agreement, and/or any existing breach remains uncured in the subsequent year, each party shall again forfeit the relevant abatements for the subsequent year and both agreements shall terminate.

**SECTION 6.** That the tax abatement agreement is identified by the City as Contract No. ECO-2018-00007706.

**SECTION 7.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

### Location Map Commerce 30 – Building C 1301 Chalk Hill Road



## LEGAL DESCRIPTION

FUTURE Lot 4, Block A/7192:

DESCRIPTION, of a 90.559 acre tract of land situated in the Thomas M. Archer Survey, Abstract No. 12, and the James Mclaughlin Survey, Abstract No. 847, City of Dallas, Dallas County, Texas and in Block 7192, Official Block Numbers of the City of Dallas, Texas; said tract being part of that certain tract of land referred to in Limited Warranty Deed to TXI OPERATIONS, LP recorded in Volume 98087, Page 8888; part of that certain tract of land described as Tract 1 in Warranty Deed to NORTH TEXAS LIGHTWEIGHT AGGREGATE COMPANY recorded in Volume 5069, Page 189; and part of that certain tract of land described as Tract No. 1 (Part One) in General Warranty Deed to TEXAS INDUSTRIES, INC. recorded in Volume 69168, Page 1190, all of the Deed Records of Dallas County, Texas; said 90.559 acre tract being more particularly described as follows:

COMMENCING, at an angle point in the apparent west right-of-way line of Chalk Hill Road (a variable width right-of-way); said point being in the north line of that certain tract of land described as Tract 2 in Special Warranty Deed to the City of Dallas recorded in Instrument No. 201500024923 of the Official Public Records of Dallas County, Texas and the southeast corner of Lot 1, Block N7192, Stewart & Stevenson Addition, an addition to the City of Dallas, Texas according to the plat recorded in Volume 2001174, Page 15, of said Deed Records;

THENCE, South 88 degrees, 02 minutes, 45 seconds West, along an offset in the said west line of Chalk Hill Road and the said north line of the City of Dallas Tract 2, a distance of 1.89 feet to a point; said point being an angle point in the said west line of Chalk Hill Road and the northwest corner of said City of Dallas Tract 2;

THENCE, along the said west line of Chalk Hill Road and the west line of said City of Dallas Tract 2, the following three (3) calls:

South 01 degrees, 59 minutes, 57 seconds East, along the west line of said City of Dallas Tract 2, a distance of 1,560.51 feet to the POINT OF BEGINNING;

South 01 degrees, 59 minutes, 57 seconds East, a distance of 1,766.63 feet to a point at the beginning of a non-tangent curve to the right;

In a southerly direction, along said curve to the right, having a central angle of 02 degrees, 53 minutes, 41 seconds, a radius of 1,495.00 feet, a chord bearing and distance of S 00 degrees, 33 minutes, 45 seconds East, 75.52 feet, an arc distance of 75.53 feet to a point for corner in the northwest line of that certain tract of land described as "a 7.665 acre tract" in Special Warranty Deed to the City of Dallas recorded in Instrument No. 20070127330 of said Official Public Records and a non-tangent curve to the left;

## LEGAL DESCRIPTION

THENCE, departing the said west line of Chalk Hill Road and the said west line of the City of Dallas Tract 2 and along the said northwest line of the last said City of Dallas tract (Instrument No. 20070127330) and said curve to the left, having a central angle of 00 degrees, 24 minutes, 34 seconds, a radius of 2,914.93 feet, a chord bearing and distance of South 28 degrees, 49 minutes, 21 seconds West, 20.83 feet, an arc distance of 20.83 feet to a point for corner; said point being a reentrant corner of the last said City of Dallas tract (Instrument No. 20070127330);

THENCE, South 88 degrees, 55 minutes, 59 seconds West, along the north line of the last said City of Dallas tract (Instrument No. 20070127330), a distance of 339.33 feet to a point for corner; said point being the northwest corner of the last said City of Dallas tract (Instrument No. 20070127330);

THENCE, South 01 degrees, 18 minutes, 08 seconds East, along the west line of the last said City of Dallas tract (Instrument No. 20070127330), a distance of 535.79 feet to a point for corner;

THENCE, South 89 degrees, 24 minutes, 02 seconds West, departing the said west line of the last said City of Dallas tract (Instrument No. 20070127330), and into, through and across said TXI OPERATIONS tract (Volume 98087, Page 8888), a distance of 816.29 feet to a point for corner in the east line of Block 19, Arcadia Gardens, an addition to the City of Dallas, Texas according to the plat recorded in Volume 1, Page 451 of the Map Records of Dallas County, Texas;

THENCE, North 01 degrees, 07 minutes, 50 seconds West, along the said east line of Block 19, a distance of 829.13 feet to a point for corner; said point being the easternmost northeast corner of said Block 19;

THENCE, South 88 degrees, 37 minutes, 32 seconds West, along the easternmost north line of said Block 19, a distance of 374.50 feet to a point for corner in the east line of a called 10-foot wide alley situated on the east side of Block B, Arcadia Gardens Annex Addition, an addition to the City of Dallas, Texas according to the plat recorded in Volume 35, Page 81 of said Map Records; said point also being an angle point in said alley east line;

THENCE, North 01 degrees, 38 minutes, 28 seconds West, departing the said north line of Block 19 and along the said alley east line, a distance of 435.30 feet to a point for corner; said point being the east corner of the north terminus of said alley;

THENCE, South 88 degrees, 37 minutes, 32 seconds West, along the said alley north terminus, the north line of Lot 7, of said Block A, the north terminus of Dwight Ave. (a 50-foot wide right-of-way) and the north line of Lot 8, of said Block A, a distance of 334.98 feet to a point for corner; said point being the northernmost southeast corner of that certain tract of land described as Tract IV in Warranty Deed with Vendor's Lien to Jose Garcia, Jr. and wife, Felicitas Garcia recorded in Volume 89207, Page 303 of said Deed Records;



## LEGAL DESCRIPTION

THENCE, North 01 degrees, 05 minutes, 08 seconds West, departing the said north line of Lot 8, Block A and along the northernmost east line of said Garcia tract, a distance of 936.66 feet to a point for corner; said point being the northeast corner of said Garcia tract;

THENCE, South 88 degrees, 37 minutes, 32 seconds West, along the north line of said Garcia tract, a distance of 74.10 feet to a point for corner in the east line of Lot 15, Block 1, Anderson & Goodman's Interurban Acre Farm, an addition to the City of Dallas, Texas according to the plat recorded in Volume 2, Page 295 of said Map Records; said point being the northwest corner of said Garcia tract;

THENCE, North 01 degrees, 38 minutes, 28 seconds West, along the said east line of Lot 15, Block 1, a distance of 94.35 feet to a point for corner; said point being the northeast corner of said Lot 15, Block 1 and the southeast corner of Lot 1, Block 2/8329, North Arcadia Park Addition, an addition to the City of Dallas, Texas according to the plat recorded in Volume 2004079, Page 54 of said Official Public Records;

THENCE, North 01 degrees, 30 minutes, 48 seconds West, along the east line of said Lot 1, Block 2/8329, a distance of 550.61 feet to a point for corner;

THENCE, departing the said east line of Lot 1, Block 2/8329, and into, through and across said TXI OPERATIONS tract (Volume 98087, Page 8888), the following five (5) calls:

North 88 degrees, 00 minutes, 03 seconds East, a distance of 808.06 feet to a point for corner;

South 01 degrees, 59 minutes, 57 seconds East, a distance of 49.98 feet to a point for corner;

North 88 degrees, 00 minutes, 03 seconds East, a distance of 55.00 feet to a point for corner;

South 01 degrees, 59 minutes, 57 seconds East, a distance of 434.07 feet to a point for corner;

North 88 degrees, 00 minutes, 03 seconds East, a distance of 1,059.40 feet to the POINT OF BEGINNING;

CONTAINING, 3,944,752 square feet or 90.559 acres of land, more or less.

## LEGAL DESCRIPTION

FUTURE Lot 5, Block A/7192:

DESCRIPTION, of a 10.387 acre tract of land situated in the James Mclaughlin Survey, Abstract No. 847, City of Dallas, Dallas County, Texas and in Block 7192, Official Block Numbers of the City of Dallas, Texas; said tract being part of that certain tract of land referred to in Limited Warranty Deed to TXI OPERATIONS, LP recorded in Volume 98087, Page 8888, part of that certain tract of land described as Tract 1 in Warranty Deed to NORTH TEXAS LIGHTWEIGHT AGGREGATE COMPANY recorded in Volume 5069, Page 189 and part of that certain tract of land described as Tract No. 1 (Part One) in General Warranty Deed to TEXAS INDUSTRIES, INC. recorded in Volume 69168, Page 1190, all of the Deed Records of Dallas County, Texas; said 10.387 acre tract being more particularly described as follows:

BEGINNING, at a point on the east line of Lot 4, Block 20,; said point being North 01 degrees, 07 minutes, 50 seconds West, a distance of 243.05 feet from the southeast corner of said Lot 4, Block 20 and the north corner of the east terminus of Hildebrand Street (a 50-foot wide right-of- way);

THENCE, North 89 degrees, 24 minutes, 02 seconds East, departing the said east line of Lot 4, Block 20 and into, through and across said TXI OPERATIONS tract, a distance of 816.29 feet to a point for corner in the west line of that certain called "7.665 acre" tract of land described in Special Warranty Deed to the City of Dallas recorded in Instrument No. 20070127330 of the Official Public Records of Dallas County, Texas;

THENCE, along the said west line of the City of Dallas tract, the following two (2) calls:

South 01 degrees, 18 minutes, 08 seconds East, a distance of 459.50 feet to a point for corner; said point being a reentrant corner of said City of Dallas tract and the beginning of a non-tangent curve to the left;

In a southerly direction along the southernmost northwest line of said City of Dallas tract and said curve to the left, having a central angle of 00 degrees, 44 minutes 11 seconds, a radius of 2,914.93 feet, a chord bearing and distance of South 07 degrees, 07 minutes, 31 seconds West, 37.46 feet, an arc distance of 37.46 feet to a point for corner; said point being an angle point in the northwest right-of-way line of West Davis Street (U.S. Highway 80, a variable width right-of-way);

THENCE, along the said northwest line of West Davis Street, the following four (4) calls:

South 88 degrees, 43 minutes, 04 seconds West, a distance of 74.71 feet to an angle point in the said northwest line of West Davis Street;

South 69 degrees, 25 minutes, 41 seconds West, a distance of 105.95 feet to an angle point in the said northwest line of West Davis Street;

## LEGAL DESCRIPTION

South 83 degrees, 28 minutes, 49 seconds West, a distance of 602.52 feet to an angle point in the said northwest line of West Davis Street;

South 70 degrees, 03 minutes, 03 seconds West, a distance of 39.91 feet to a point for corner in the east line of Block 21, of said Arcadia Gardens;

THENCE, North 01 degrees, 07 minutes, 50 seconds West, departing the said northwest line of West Davis Street and along the said east line of Block 21, the said east terminus of Hildebrand Street and the said east line of Block 20, a distance of 609.06 feet to the POINT OF BEGINNING;

CONTAINING, 452,439 square feet or 10.387 acres of land, more or less.



Agenda Information Sheet

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**File #:** 18-957

**Item #:** 12.

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**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality  
**AGENDA DATE:** September 26, 2018  
**COUNCIL DISTRICT(S):** 6  
**DEPARTMENT:** Office of Economic Development  
**EXECUTIVE:** T.C. Broadnax

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**SUBJECT**

Authorize a business personal property tax abatement agreement with Amazon.com Services, Inc. or an affiliate thereof for the purpose of granting a five-year abatement of 50 percent of the taxes on the added value to the business personal property in conjunction with the proposed build-to-suit development of an e-commerce facility situated on approximately 100 acres of property located at 1301 Chalk Hill Road in Dallas, Texas, in accordance with the City's Public/Private Partnership Program - Estimated Revenue Foregone: \$1,056,349.00 over five years

**BACKGROUND**

This item is being placed on the addendum per the City Manager's Office. Note: the previous agenda item is related to this agenda item. Both items must be considered collectively.

Since April 2018, City staff has been in discussions with Hillwood Investment Properties ("Hillwood") and Amazon.com Services, Inc. ("Amazon" or "Company") regarding the potential development of a new e-commerce fulfillment center ("Facility") of approximately 855,000 square feet situated on approximately 100 acres of property located at 1301 Chalk Hill Road in Dallas, Texas.

Hillwood is ranked as one of the top commercial real estate investors and developers in the country. Hillwood's industrial experience spans 38 markets in North America and Europe, and to date, more than 153 million square feet of industrial properties have been developed or acquired. Hillwood's developments currently house facilities for more than 85 companies listed on the Fortune 500, Global 500, or Forbes List of Top Private Firms. Amazon is an e-commerce and cloud computing company based in Seattle, Washington and is the largest internet retailer in the world as measured by revenue and market capitalization.

Hillwood will develop the Facility through an entity called Commerce 30 Building C, Inc. ("Owner"). Situated in City Council District 6, the Facility will encompass a total real property improvement investment of approximately \$41,000,000 (inclusive of hard and soft costs for the construction of site improvements, shell building, and tenant improvements). Amazon, as the tenant ("Tenant"),

anticipates approximately \$90,000,000 in business personal property expenditures.

Additionally, Amazon expects to create approximately 1,500 new permanent jobs as part of the project, of which 1,200 are anticipated be full-time equivalents (“FTEs”). Amazon defines FTE jobs as any permanent job working at least 35 hours per week and receiving a full range of health, financial, retirement, and work/life benefits (“benefits”) for the employee and eligible family members.

Of the estimated 1,200 FTEs, approximately 1,104 FTEs are anticipated to be designated as Tier 1 Associates (i.e. entry-level, minimal skill/experience positions); approximately 60 FTEs are anticipated to be designated as Tier 3 Associates (i.e. more skilled/experienced employees usually with two years or more of work experience with the Company); and approximately 36 FTEs are anticipated to be designated as Facility Management (i.e. salaried staff such as on-site managers, human resource, and finance employees).

To facilitate the project, Amazon is requesting City Council’s consideration of a business personal property tax abatement for a period of five years in an amount equal to the City taxes assessed on 50 percent of the added value of Amazon’s business personal property placed in service at the Facility.

The requested incentive will help secure new investment and job opportunities at this southern Dallas location. The business property tax abatement will allow the Tenant to make a cost-competitive and substantial investment in e-commerce equipment and machinery.

As conditions to receipt of this incentive, the following provisions shall be met (among other related contractual terms):

- (a) The Company shall execute a lease with the Owner on or before December 31, 2019 to cause the construction of an approximately 855,000 square foot e-commerce distribution center (“Facility”) at 1301 Chalk Hill Road in Dallas, Texas. The lease shall have a minimum ten-year term.
- (b) The Company and/or Owner shall invest a minimum \$32,800,000 in real property improvements and a minimum \$72,000,000 in business personal property on or before December 31, 2020. These amounts shall not include land costs, attorney’s fees, or any party’s fees or profit.
- (c) A build-to-suit e-commerce distribution center of a minimum 855,000 square feet shall be completed on or before December 31, 2020. The Company shall take occupancy of the facility on or before December 31, 2020 and shall continually occupy the entire facility during the terms of both abatements.
- (d) On or before December 31, 2021, the Company shall create and retain a minimum of 1,200 FTEs at the Facility. For purposes of this agreement, FTE shall mean a permanent full-time position, and full-time shall mean an employee working at least 35 hours per week and receiving the benefits package as previously described.
- (e) At all times during the term of the abatements, the Company shall: (i) maintain a minimum 1,200 FTEs, (ii) provide an average annual FTE salary of \$26,000 for the required minimum 1,200 FTEs, and (iii) ensure that a minimum of 35% (420 FTEs) of the required minimum 1,200 FTEs are residents of the city of Dallas. Failure to create and maintain the required city of Dallas

residents as FTEs throughout the terms of both abatement agreements shall subject the Company to a prorated repayment requirement.

- (f) The Company shall participate in the U.S. Department of Labor Federal Bonding Program ("FBP"). The FBP provides fidelity bonding for the first six months of employment for hard-to-place job applicants. Within 120 days of City Council approval of an incentive package for this project, the Company shall execute the following and provide copies of such executed documents to the Director of the City's Office of Economic Development ("Director"): (i) any documentation necessary to participate in the FBP and (ii) an agreement to partner with one or more local reentry agencies acceptable to the Director for job training and hiring programs in furtherance of the Company's good faith efforts to hire reentry candidates and other hard-to-place job applicants.
- (g) On or before December 31, 2021, the Company shall hold a minimum of two (2) recruitment fairs in coordination with Workforce Solutions Greater Dallas and/or any reentry partner approved by the Director at locations in the city of Dallas approved by the Director to facilitate the hiring of city of Dallas residents, reentry candidates, and/or other hard-to-place job applicants.
- (h) If either the Company or Owner fails to perform any condition listed above and/or otherwise breaches its abatement agreement and fails to cure such breach during any year of the term of such agreement, each shall forfeit the relevant abatements for that year. If any condition is not performed, either party breaches either agreement, and/or any existing breach remains uncured in the subsequent year, each party shall again forfeit the relevant abatements for the subsequent year and both agreements will terminate.
- (i) The Company and Owner shall report to the Director quarterly on their progress in satisfying each of the conditions listed above. The Company shall additionally report quarterly to the Director regarding the number of net new jobs created on the site in the previous quarter. The reports will be in a form acceptable to Director in his sole discretion and must be signed by an authorized signatory of each company. The progress reports shall be submitted to the City of Dallas Office of Economic Development within 30 days after the end of each quarter.
- (j) The Company and Owner shall permit staff from the Office of Economic Development access to the site, the facility, and all records related to the abatement agreements and the obligations contained therein in order to monitor compliance with same.

Pursuant to the City's Public/Private Partnership Program (P/PPP) Guidelines and Criteria (effective for the period January 1, 2017 through December 31, 2018), the proposed project is located in a Non-Target Area but is immediately adjacent to a Target Area. With the project's private investment exceeding \$5 million and job creation exceeding 100 jobs, the project meets minimum eligibility criteria requirements of the P/PPP Guidelines and Criteria.

In the context of the City's Market Value Analysis (MVA), the proposed project is located in a non-residential tract and is generally surrounded by residential market types F, G, and H, which reflect middle to lower-middle residential real estate markets in Dallas. The proposed project will provide significant local employment opportunities to these surrounding residential areas.

The proposed project is located in a Texas Enterprise Zone. Pursuant to Section 312.2011 of the Texas Tax Code, designation of an area as a Texas Enterprise Zone constitutes designation of an

area as a reinvestment zone without further hearing or other procedural requirements.

Staff is recommending approval of the requested abatement.

**ESTIMATED SCHEDULE OF PROJECT**

Begin Construction            December 2018  
Complete Construction       December 2019

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

The Economic Development and Housing Committee was briefed in Executive Session on September 4, 2018, to discuss the offer of a financial incentive under Section 551.087 of the Texas Government Code.

The Economic Development and Housing Committee was briefed in Executive Session on September 17, 2018, to discuss the offer of a financial incentive under Section 551.087 of the Texas Government Code.

**FISCAL INFORMATION**

Estimated Revenue Foregone: \$1,056,349.00 over the five-year period of the business personal property tax abatement.

**TENANT**

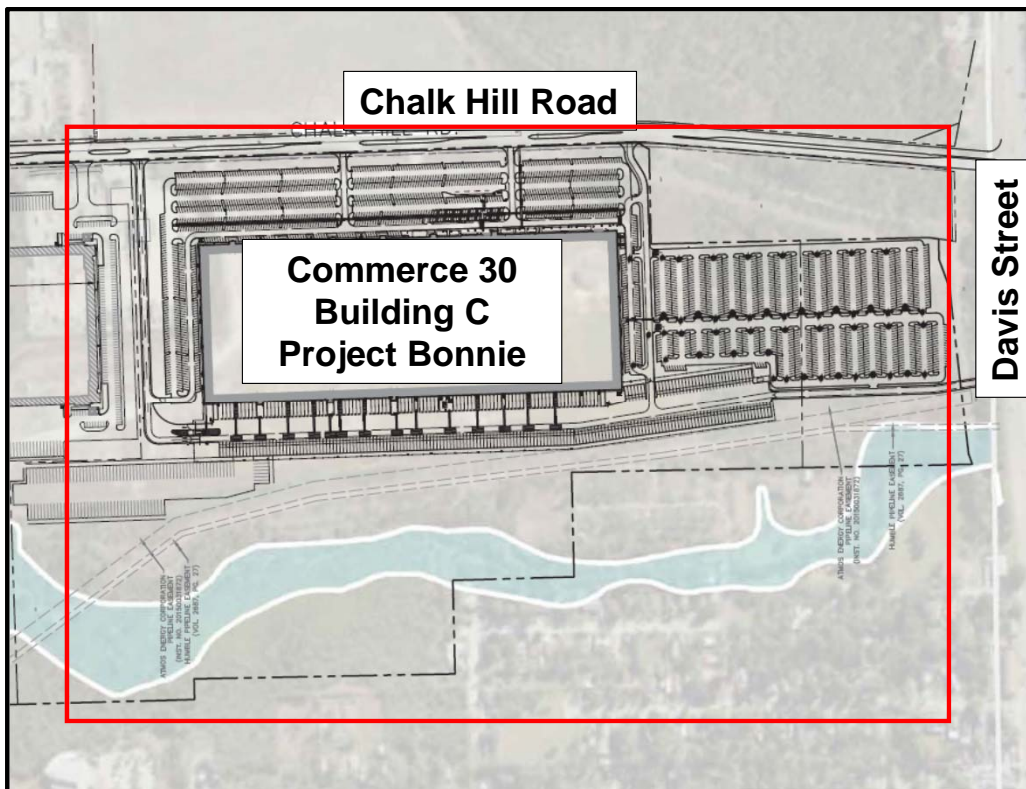
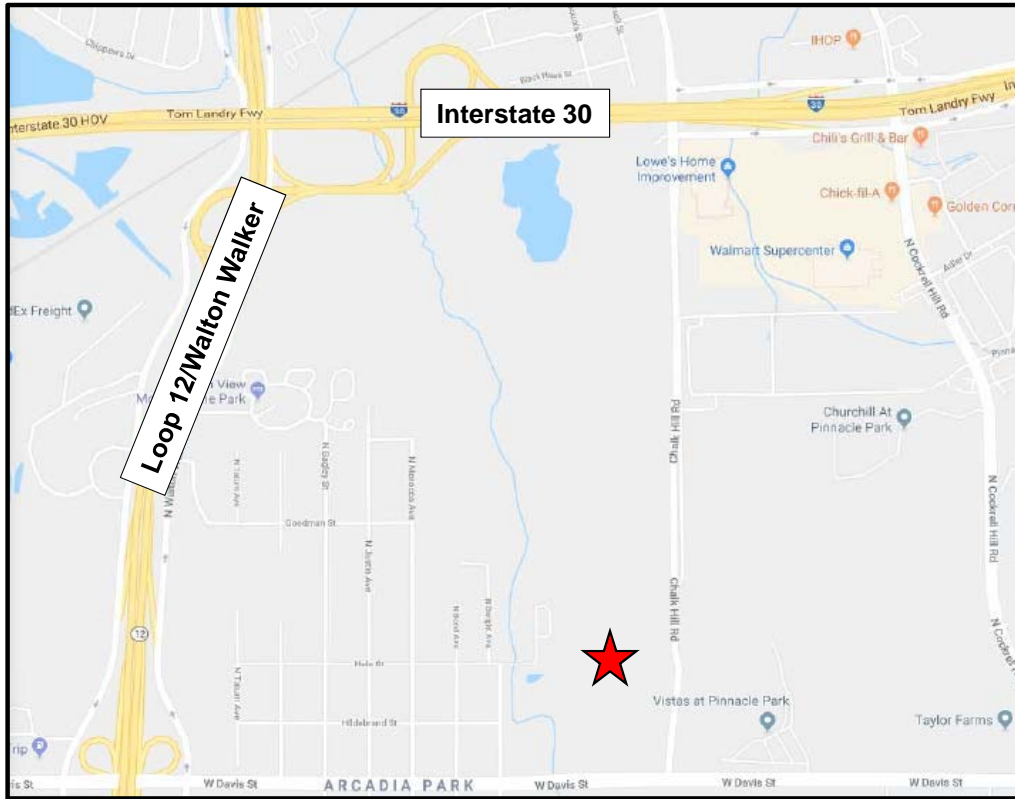
**Amazon.com Services, Inc.**

Braden Cox, Vice President

**MAP**

Attached

# Location Map Commerce 30 – Building C 1301 Chalk Hill Road





September 26, 2018

**WHEREAS**, the City recognizes the importance of its role in local economic development; and

**WHEREAS**, many municipalities within the Dallas-Fort Worth region have economic development programs to compete with the City for development of new logistics facilities; and

**WHEREAS**, site selection decisions made by developers and businesses are often significantly influenced by a municipality's ability to provide competitive economic development incentives; and

**WHEREAS**, the City desires to support and secure new employment opportunities and taxable revenue that new logistics facilities will bring for Dallas residents; and

**WHEREAS**, the proposed development will not occur within the city of Dallas without an offer of economic development incentives from the City; and

**WHEREAS**, pursuant to Resolution No. 16-1984, approved by the City Council on December 14, 2016, the City: (1) elected to continue its participation in economic development incentives and re-adopted its Public/Private Partnership Program - Guidelines and Criteria, which established certain guidelines and criteria for the use of City incentive programs for private development projects, (2) established programs for making loans and grants of public money to promote local economic development and to stimulate business and commercial activity in the City pursuant to the Economic Development Programs provisions under Chapter 380 of the Texas Local Government Code ("Economic Development Act"), and (3) established appropriate guidelines and criteria governing tax abatement agreements to be entered into by City as required by the Property Redevelopment and Tax Abatement Act, as amended, (V.T.C.A. Tax Code, Chapter 312) ("Tax Abatement Act"); and

**WHEREAS**, the proposed development is a logistics facility, which meets the definition of a Target Industry project pursuant to the City's Public/Private Partnership Program - Guidelines and Criteria; and

**WHEREAS**, the proposed development site is located in an existing Texas Enterprise Zone; and

**WHEREAS**, pursuant to Section 312.2011 of the Texas Tax Code, the Property Redevelopment and Tax Abatement Act provides that the designation of an area as an enterprise zone under the Texas Enterprise Zone Act constitutes designation of an area as a reinvestment zone without further hearing or other procedural requirements; and

September 26, 2018

**WHEREAS**, consistent with the authority granted under the Tax Abatement Act and the City's Public/Private Partnership Program - Guidelines and Criteria, it is in the best interest of the City to enter into a business personal property tax abatement agreement and provide this incentive as a part of the City's ongoing program to promote local economic development and to stimulate business and commercial activity in the city.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Manager is hereby authorized to sign a business personal property tax abatement agreement with Amazon.com Services, Inc. or an affiliate thereof, approved as to form by City Attorney, for added value to the business personal property in accordance with the Property Redevelopment and Tax Abatement Act and the City's Public/Private Partnership Program - Guidelines and Criteria.

**SECTION 2.** That at least seven days prior to the execution of the tax abatement agreement, notice of the City's intention to enter into the tax abatement agreement shall be delivered to the governing bodies of each other taxing unit that includes in its boundaries the real property that is the subject of this agreement.

**SECTION 3.** That the approval and execution of the tax abatement agreement by the City is not conditional upon approval and execution of any other tax abatement agreement by any other taxing entity.

**SECTION 4.** That the business personal property subject to the tax abatement agreement will be located on the real property depicted on the attached site map **Exhibit A (Map)** and as legally described by **Exhibit B (Metes and Bounds Legal Description)**.

**SECTION 5.** That the tax abatement agreement shall include the following terms, as applicable:

- (a) The property subject to tax abatement shall be located entirely within the City of Dallas, Texas.
- (b) None of the property subject to tax abatement is owned or leased by a member of the City Council of the City of Dallas or by a member of the City Plan Commission.
- (c) Development of the property shall conform to all requirements of the City's zoning ordinance and that the use of the property is consistent with the general purpose of encouraging development or redevelopment in the Enterprise Zone during the period the tax abatement is in effect.

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- (d) The City of Dallas shall provide Amazon.com Services, Inc. a five-year abatement of fifty percent (50%) of the added value to the business personal property located on the real property legally described by **Exhibit B (Metes and Bounds Legal Description)**.
- (e) The abatement shall only be applicable to the leased property. If the leased property is smaller than the entire platted parcel, then Commerce 30 Building C, Inc., or an affiliate thereof, must replat the site to reflect two or more parcels, one of which has a boundary limited to the real property that is the subject of the Amazon.com Services, Inc. lease. Any such replat must be completed prior to the effective date of this resolution, and in any event, must be completed no later than December 31, 2019.
- (f) Amazon.com Services, Inc. or an affiliate thereof shall execute a lease with the Commerce 30 Building C, Inc. on or before December 31, 2019 to cause the construction of an approximately 855,000 square foot e-commerce distribution center ("Facility") at 1301 Chalk Hill Road in Dallas, Texas. The lease shall have a minimum 10-year term. Real property improvement expenditures by Commerce 30 Building C, Inc. of a minimum \$32,800,000 in related hard and soft project costs shall be substantially completed after the effective date of this resolution but no later than December 31, 2020. Soft costs shall not include attorney fees or developer fees or profit. The Director of the Office of Economic Development ("Director") may, at his sole discretion, extend this deadline for a period up to one year for just cause.
- (g) Amazon.com Services, Inc. shall invest a minimum \$72,000,000 in business personal property at the Facility on or before December 31, 2020. This amount shall not include: (i) any installation costs undertaken before this resolution's effective date, (ii) attorney fees, (iii) Amazon.com Services, Inc. fees, developer's fees, or profit associated with the business personal property investments. The Director may, at his sole discretion, extend this deadline for a period up to one year for just cause.
- (h) Amazon.com Services, Inc. shall take occupancy of the Facility on or before December 31, 2020 and shall continually occupy the entire Facility during the terms of both abatements.
- (i) On or before December 31, 2021, Amazon.com Services, Inc. shall create and retain a minimum of 1,200 FTEs at the Facility. For purposes of this agreement, FTE shall mean a permanent full-time position, and full-time shall mean an employee working at least 35 hours per week and receiving a benefits package.

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- (j) At all times during the term of the abatements, Amazon.com Services, Inc. shall:
  - (i) maintain a minimum 1,200 FTEs, (ii) provide an average annual FTE salary of \$26,000 for the required minimum 1,200 FTEs, and (iii) ensure that a minimum of 35% (420 FTEs) of the required minimum 1,200 FTEs are residents of the city of Dallas. Failure to create and maintain the required city of Dallas residents as FTEs throughout the terms of both abatement agreements shall subject Amazon.com Services, Inc. to a prorated repayment requirement.
- (k) Amazon.com Services, Inc. shall participate in the U.S. Department of Labor Federal Bonding Program ("FBP"). The FBP provides fidelity bonding for the first six months of employment for hard-to-place job applicants. Within 120 days of City Council approval of an incentive for this project, Amazon.com Services, Inc. shall execute the following and provide copies of such executed documents to the Director: (i) any documentation necessary to participate in the FBP and (ii) an agreement to partner with one or more local reentry agencies acceptable to the Director for job training and hiring programs in furtherance of Amazon.com Services, Inc.'s good faith efforts to hire reentry candidates and other hard-to-place job applicants.
- (l) On or before December 31, 2021, Amazon.com Services, Inc. shall hold a minimum of two (2) recruitment fairs in coordination with Workforce Solutions Greater Dallas and/or any reentry partner approved by the Director at locations in the city of Dallas approved by the Director to facilitate the hiring of city of Dallas residents, reentry candidates, and/or other hard-to-place job applicants.
- (m) Amazon.com Services, Inc., in coordination with Commerce 30 Building C, Inc., shall report to the Director quarterly on their progress in satisfying each of the conditions listed above. Amazon.com Services, Inc. shall additionally report quarterly to the Director regarding the number of net new jobs created on the site in the previous quarter. The reports will be in a form acceptable to Director in his sole discretion and must be signed by an authorized signatory of each company. The progress reports shall be submitted to the Director within 30 days after the end of each quarter.
- (n) If the required space is not occupied during a given year within the five-year tax abatement period, the abatement shall be lost for that year. Furthermore, if the abatement is lost for two years in a row, then the business personal property tax abatement agreement shall be terminated.
- (o) A description of the kind, number, location, and costs of all proposed business personal property to be placed in service on the Property shall be provided to the Director by Amazon.com Services, Inc.

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- (p) Access to the Property shall be provided to allow for inspection by City inspectors and officials to ensure that the improvements are made according to the specification and terms of the tax abatement agreement.
- (q) The owner of the property shall certify annually to the City that the owner is compliant with each applicable term of the tax abatement agreement.
- (r) The Dallas City Council may terminate or modify the tax abatement agreement if the property owner fails to comply with the tax abatement agreement.
- (s) The business personal property tax revenue foregone by the City because of the tax abatement agreement shall be recaptured by the City if investment of business property is not made and maintained as provided by the tax abatement agreement.
- (t) The abatement agreement shall only be assignable upon written approval of the assignment by the Director.
- (u) The abatement agreement shall be executed no later than December 31, 2019.
- (v) If either Amazon.com Services, Inc. or Commerce 30 Building C, Inc. fails to perform any condition listed above and/or otherwise breaches its abatement agreement and fails to cure such breach during any year of the term of such agreement, each party shall forfeit the relevant abatements for that year. If any condition is not performed, either party breaches either agreement, and/or any existing breach remains uncured in the subsequent year, each party shall again forfeit the relevant abatements for the subsequent year and both agreements shall terminate.

**SECTION 6.** That the tax abatement agreement is identified by the City as Contract No. ECO-2018-00007708.

**SECTION 7.** That this resolution take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.



## LEGAL DESCRIPTION

FUTURE Lot 4, Block A/7192:

DESCRIPTION, of a 90.559 acre tract of land situated in the Thomas M. Archer Survey, Abstract No. 12, and the James Mclaughlin Survey, Abstract No. 847, City of Dallas, Dallas County, Texas and in Block 7192, Official Block Numbers of the City of Dallas, Texas; said tract being part of that certain tract of land referred to in Limited Warranty Deed to TXI OPERATIONS, LP recorded in Volume 98087, Page 8888; part of that certain tract of land described as Tract 1 in Warranty Deed to NORTH TEXAS LIGHTWEIGHT AGGREGATE COMPANY recorded in Volume 5069, Page 189; and part of that certain tract of land described as Tract No. 1 (Part One) in General Warranty Deed to TEXAS INDUSTRIES, INC. recorded in Volume 69168, Page 1190, all of the Deed Records of Dallas County, Texas; said 90.559 acre tract being more particularly described as follows:

COMMENCING, at an angle point in the apparent west right-of-way line of Chalk Hill Road (a variable width right-of-way); said point being in the north line of that certain tract of land described as Tract 2 in Special Warranty Deed to the City of Dallas recorded in Instrument No. 201500024923 of the Official Public Records of Dallas County, Texas and the southeast corner of Lot 1, Block N7192, Stewart & Stevenson Addition, an addition to the City of Dallas, Texas according to the plat recorded in Volume 2001174, Page 15, of said Deed Records;

THENCE, South 88 degrees, 02 minutes, 45 seconds West, along an offset in the said west line of Chalk Hill Road and the said north line of the City of Dallas Tract 2, a distance of 1.89 feet to a point; said point being an angle point in the said west line of Chalk Hill Road and the northwest corner of said City of Dallas Tract 2;

THENCE, along the said west line of Chalk Hill Road and the west line of said City of Dallas Tract 2, the following three (3) calls:

South 01 degrees, 59 minutes, 57 seconds East, along the west line of said City of Dallas Tract 2, a distance of 1,560.51 feet to the POINT OF BEGINNING;

South 01 degrees, 59 minutes, 57 seconds East, a distance of 1,766.63 feet to a point at the beginning of a non-tangent curve to the right;

In a southerly direction, along said curve to the right, having a central angle of 02 degrees, 53 minutes, 41 seconds, a radius of 1,495.00 feet, a chord bearing and distance of S 00 degrees, 33 minutes, 45 seconds East, 75.52 feet, an arc distance of 75.53 feet to a point for corner in the northwest line of that certain tract of land described as "a 7.665 acre tract" in Special Warranty Deed to the City of Dallas recorded in Instrument No. 20070127330 of said Official Public Records and a non-tangent curve to the left;

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THENCE, departing the said west line of Chalk Hill Road and the said west line of the City of Dallas Tract 2 and along the said northwest line of the last said City of Dallas tract (Instrument No. 20070127330) and said curve to the left, having a central angle of 00 degrees, 24 minutes, 34 seconds, a radius of 2,914.93 feet, a chord bearing and distance of South 28 degrees, 49 minutes, 21 seconds West, 20.83 feet, an arc distance of 20.83 feet to a point for corner; said point being a reentrant corner of the last said City of Dallas tract (Instrument No. 20070127330);

THENCE, South 88 degrees, 55 minutes, 59 seconds West, along the north line of the last said City of Dallas tract (Instrument No. 20070127330), a distance of 339.33 feet to a point for corner; said point being the northwest corner of the last said City of Dallas tract (Instrument No. 20070127330);

THENCE, South 01 degrees, 18 minutes, 08 seconds East, along the west line of the last said City of Dallas tract (Instrument No. 20070127330), a distance of 535.79 feet to a point for corner;

THENCE, South 89 degrees, 24 minutes, 02 seconds West, departing the said west line of the last said City of Dallas tract (Instrument No. 20070127330), and into, through and across said TXI OPERATIONS tract (Volume 98087, Page 8888), a distance of 816.29 feet to a point for corner in the east line of Block 19, Arcadia Gardens, an addition to the City of Dallas, Texas according to the plat recorded in Volume 1, Page 451 of the Map Records of Dallas County, Texas;

THENCE, North 01 degrees, 07 minutes, 50 seconds West, along the said east line of Block 19, a distance of 829.13 feet to a point for corner; said point being the easternmost northeast corner of said Block 19;

THENCE, South 88 degrees, 37 minutes, 32 seconds West, along the easternmost north line of said Block 19, a distance of 374.50 feet to a point for corner in the east line of a called 10-foot wide alley situated on the east side of Block B, Arcadia Gardens Annex Addition, an addition to the City of Dallas, Texas according to the plat recorded in Volume 35, Page 81 of said Map Records; said point also being an angle point in said alley east line;

THENCE, North 01 degrees, 38 minutes, 28 seconds West, departing the said north line of Block 19 and along the said alley east line, a distance of 435.30 feet to a point for corner; said point being the east corner of the north terminus of said alley;

THENCE, South 88 degrees, 37 minutes, 32 seconds West, along the said alley north terminus, the north line of Lot 7, of said Block A, the north terminus of Dwight Ave. (a 50-foot wide right-of-way) and the north line of Lot 8, of said Block A, a distance of 334.98 feet to a point for corner; said point being the northernmost southeast corner of that certain tract of land described as Tract IV in Warranty Deed with Vendor's Lien to Jose Garcia, Jr. and wife, Felicitas Garcia recorded in Volume 89207, Page 303 of said Deed Records;



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THENCE, North 01 degrees, 05 minutes, 08 seconds West, departing the said north line of Lot 8, Block A and along the northernmost east line of said Garcia tract, a distance of 936.66 feet to a point for corner; said point being the northeast corner of said Garcia tract;

THENCE, South 88 degrees, 37 minutes, 32 seconds West, along the north line of said Garcia tract, a distance of 74.10 feet to a point for corner in the east line of Lot 15, Block 1, Anderson & Goodman's Interurban Acre Farm, an addition to the City of Dallas, Texas according to the plat recorded in Volume 2, Page 295 of said Map Records; said point being the northwest corner of said Garcia tract;

THENCE, North 01 degrees, 38 minutes, 28 seconds West, along the said east line of Lot 15, Block 1, a distance of 94.35 feet to a point for corner; said point being the northeast corner of said Lot 15, Block 1 and the southeast corner of Lot 1, Block 2/8329, North Arcadia Park Addition, an addition to the City of Dallas, Texas according to the plat recorded in Volume 2004079, Page 54 of said Official Public Records;

THENCE, North 01 degrees, 30 minutes, 48 seconds West, along the east line of said Lot 1, Block 2/8329, a distance of 550.61 feet to a point for corner;

THENCE, departing the said east line of Lot 1, Block 2/8329, and into, through and across said TXI OPERATIONS tract (Volume 98087, Page 8888), the following five (5) calls:

North 88 degrees, 00 minutes, 03 seconds East, a distance of 808.06 feet to a point for corner;

South 01 degrees, 59 minutes, 57 seconds East, a distance of 49.98 feet to a point for corner;

North 88 degrees, 00 minutes, 03 seconds East, a distance of 55.00 feet to a point for corner;

South 01 degrees, 59 minutes, 57 seconds East, a distance of 434.07 feet to a point for corner;

North 88 degrees, 00 minutes, 03 seconds East, a distance of 1,059.40 feet to the POINT OF BEGINNING;

CONTAINING, 3,944,752 square feet or 90.559 acres of land, more or less.

## LEGAL DESCRIPTION

FUTURE Lot 5, Block A/7192:

DESCRIPTION, of a 10.387 acre tract of land situated in the James Mclaughlin Survey, Abstract No. 847, City of Dallas, Dallas County, Texas and in Block 7192, Official Block Numbers of the City of Dallas, Texas; said tract being part of that certain tract of land referred to in Limited Warranty Deed to TXI OPERATIONS, LP recorded in Volume 98087, Page 8888, part of that certain tract of land described as Tract 1 in Warranty Deed to NORTH TEXAS LIGHTWEIGHT AGGREGATE COMPANY recorded in Volume 5069, Page 189 and part of that certain tract of land described as Tract No. 1 (Part One) in General Warranty Deed to TEXAS INDUSTRIES, INC. recorded in Volume 69168, Page 1190, all of the Deed Records of Dallas County, Texas; said 10.387 acre tract being more particularly described as follows:

BEGINNING, at a point on the east line of Lot 4, Block 20,; said point being North 01 degrees, 07 minutes, 50 seconds West, a distance of 243.05 feet from the southeast corner of said Lot 4, Block 20 and the north corner of the east terminus of Hildebrand Street (a 50-foot wide right-of- way);

THENCE, North 89 degrees, 24 minutes, 02 seconds East, departing the said east line of Lot 4, Block 20 and into, through and across said TXI OPERATIONS tract, a distance of 816.29 feet to a point for corner in the west line of that certain called "7.665 acre" tract of land described in Special Warranty Deed to the City of Dallas recorded in Instrument No. 20070127330 of the Official Public Records of Dallas County, Texas;

THENCE, along the said west line of the City of Dallas tract, the following two (2) calls:

South 01 degrees, 18 minutes, 08 seconds East, a distance of 459.50 feet to a point for corner; said point being a reentrant corner of said City of Dallas tract and the beginning of a non-tangent curve to the left;

In a southerly direction along the southernmost northwest line of said City of Dallas tract and said curve to the left, having a central angle of 00 degrees, 44 minutes 11 seconds, a radius of 2,914.93 feet, a chord bearing and distance of South 07 degrees, 07 minutes, 31 seconds West, 37.46 feet, an arc distance of 37.46 feet to a point for corner; said point being an angle point in the northwest right-of-way line of West Davis Street (U.S. Highway 80, a variable width right-of-way);

THENCE, along the said northwest line of West Davis Street, the following four (4) calls:

South 88 degrees, 43 minutes, 04 seconds West, a distance of 74.71 feet to an angle point in the said northwest line of West Davis Street;

South 69 degrees, 25 minutes, 41 seconds West, a distance of 105.95 feet to an angle point in the said northwest line of West Davis Street;

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South 83 degrees, 28 minutes, 49 seconds West, a distance of 602.52 feet to an angle point in the said northwest line of West Davis Street;

South 70 degrees, 03 minutes, 03 seconds West, a distance of 39.91 feet to a point for corner in the east line of Block 21, of said Arcadia Gardens;

THENCE, North 01 degrees, 07 minutes, 50 seconds West, departing the said northwest line of West Davis Street and along the said east line of Block 21, the said east terminus of Hildebrand Street and the said east line of Block 20, a distance of 609.06 feet to the POINT OF BEGINNING;

CONTAINING, 452,439 square feet or 10.387 acres of land, more or less.