

February 24, 2021

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

**WHEREAS**, it is in the interest of the City of Dallas to support and secure the expansions and relocations of business operations within the City of Dallas and the economic vitality and employment opportunities that these business operations bring for Dallas residents; and

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

**WHEREAS**, pursuant to Resolution No. 20-1972 approved by the City Council on December 9, 2020, the City: (1) authorized the continuation of 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; and (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 of Dallas pursuant to the Economic Development Programs provisions under Chapter 380 of the Texas Local Government Code; and

**WHEREAS**, the proposed project complies with the City's Public/Private Partnership Program – Guidelines and Criteria; and

**WHEREAS**, consistent with the authority granted under the Tax Abatement Act and the City's Public/Private Partnership Program - Guidelines and Criteria, staff recommends that the City 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; and

**WHEREAS**, a notice to consider approval of a business personal property tax abatement agreement with Digital Realty Trust, L.P. ("Digital") was publicly posted at least 30 days prior to this resolution's date in accordance with Section 312.207 of the Texas Tax Code; and

**WHEREAS**, the City desires to enter into a business personal property tax abatement agreement with Digital for the added value to net new business personal property located within the City of Dallas as further described by the map attached as **Exhibit A (Map)** and by the metes and bounds legal description attached as **Exhibit B (Metes and Bounds - Legal Description)**; and

**WHEREAS**, the City desires to enter into a Chapter 380 Economic Development Grant Agreement with Digital to promote economic development, stimulate private sector investment, encourage job creation, and grow the tax base in the City of Dallas.

February 24, 2021

**Now, Therefore,**

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

**SECTION 1.** That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

**SECTION 2.** That the City Manager is hereby authorized to execute a business personal property tax abatement agreement and a Chapter 380 Economic Development Grant agreement in an amount not to exceed \$200,000.00 with Digital Realty Trust, L.P. or an affiliate thereof, approved as to form by the City Attorney, in consideration for job creation and a multiphase expansion and renovation of Digital's offices located at 2323 Bryan Street, Dallas, Texas.

**SECTION 3.** 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 business personal property that is the subject of this agreement.

**SECTION 4.** That the approval and execution of the business personal property 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 5.** 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 is more particularly described by **Exhibit B** (metes and bounds legal description).

**SECTION 6.** That the City of Dallas shall provide Digital a five-year abatement of the added value to business personal property in an amount equal to the City's taxes assessed on 50% of the value of Digital's new tangible business personal property investment at 2323 Bryan Street facility.

- (a) The business personal property abatement period will begin on or before January 1, 2026.
- (b) 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 City's Director of the Office of Economic Development ("Director") by Digital.
- (c) None of the property subject to the business personal property 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.

**SECTION 6.** (continued)

- (d) The business personal property tax abatement will only be applicable to the business personal property owned by Digital located entirely within City of Dallas

**SECTION 7.** That the Chapter 380 economic development job grant shall be valued at up to \$1,000.00 per net new permanent full-time Digital job that is created by December 31, 2023 in an amount not to exceed \$200,000.00.

**SECTION 8.** That the incentive agreement shall include, among other provisions, the following:

- (a) Digital shall relocate and/or create a minimum of 143 full-time jobs at the Dallas site by December 31, 2025 with a minimum average annual salary of \$120,000.00. The average annual salary does not include benefits, bonuses, overtime or other non-salary items. Additionally, once those jobs are created, Digital shall continually maintain at least 200 total jobs in Dallas earning the minimum average annual salary through December 31, 2030.
- (b) Digital shall invest a minimum of \$104 million in capital expenditures as follows:
- \$87.5 million for the data center upgrades;
  - \$14.7 million in office upgrades; and
  - \$2.4 million in updates to the common areas to include the parking garage, elevators, and lobby.
- (c) From the date of the payment of the grant through December 31, 2030, a minimum of 35% of all Digital employees at the 2323 Bryan Street property shall be residents of the City of Dallas. Digital shall provide a written report to the Director outlining the type of skills and jobs that will be available at Digital, so that the City may play an active role in coordinating with community partners to support filling the local jobs. Such communication shall be provided to the City no later than December 21, 2022.
- (d) Digital will conduct or participate in two job fairs by December 31, 2023, at locations in the City of Dallas approved by the Director to facilitate the recruitment and hiring of residents of the City of Dallas.

**SECTION 8.** (continued)

- (e) Digital shall make best efforts to execute agreements with Dallas Independent School District (DISD) and Richardson Independent School District (RISD) by December 31, 2021, to participate as an Industry Partner in the Pathway to Technology Early College High School (P-TECH) programs of each Independent School District.
- (f) Digital shall undertake a good-faith effort to comply with the City's Business Inclusion and Development goal of 32% participation by Minority/Women-owned Business Enterprises for construction and construction-related expenditures incurred by Digital or any affiliate thereof in Dallas.
- (g) Digital shall, upon request, provide staff from the Office of Economic Development access to its office to review all records and documents related to the obligations contained herein to monitor compliance with the City incentive agreement.
- (h) Digital shall provide written annual reports to the Office of Economic Development regarding compliance with the City incentive agreement.
- (i) Failure to comply with the terms of the incentive agreement may result in recapture and/or repayment of the incentives.
- (j) The Director, in his or her sole discretion, may extend any of the completion deadlines for up to six months.
- (k) In the event of a force majeure, Digital shall, in writing, notify Director of such an event. Director shall make a decision as to whether a force majeure event under the terms of this Agreement is occurring within 30 days of notice from Digital. A force majeure event pauses a party's performance obligation for the duration of the event, the termination of the event being determined solely by the Director, but does not excuse it. After the termination of the force majeure event, all deadlines occurring during the force majeure event shall be extended pursuant to the length of the force majeure event.

**SECTION 9.** That the incentive agreement is designated as Contract No. ECO-2021-00015619.

**SECTION 10.** That the Chief Financial Officer is hereby authorized to disburse Chapter 380 Economic Development grant funds to Digital Realty Trust, L.P. or an affiliate thereof in an amount not to exceed \$200,000.00 in accordance with all the terms and conditions of the grant agreement from the Public Private Partnership Fund, Fund 0352, Department. ECO, Unit W675, Object 3016, Activity PPPF, Contract/Encumbrance No. ECO-2021-00015619, Vendor VC22765.

February 24, 2021

**SECTION 11.** That the business personal property abatement and Chapter 380 grant are personal to Digital and cannot be sold or assigned to non-affiliated companies without written approval by the Director.

**SECTION 12.** 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.