

August 12, 2020

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, on December 11, 2019, City Council authorized 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 Resolution No. 19- 1959; and

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

WHEREAS, the proposed project 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

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 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; and

August 12, 2020

WHEREAS, a notice to consider approval of a real property tax abatement agreement with C5LC at Bonnie View, LLC, a Delaware limited liability company or an affiliate thereof and KeHE Distributors, LLC or an affiliate thereof 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 real property tax abatement agreement with C5LC at Bonnie View, LLC, a Delaware limited liability company or an affiliate thereof and KeHE Distributors, LLC or an affiliate thereof for the added value to real property located on approximately 80.897 acres at the southeastern corner of Bonnie View Road and Logistics Drive 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)**.

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 real property tax abatement agreement with C5LC at Bonnie View, LLC, a Delaware limited liability company ("C5LC", or "Owner") or an affiliate thereof and KeHE Distributors, LLC ("KeHE", or "Company") or an affiliate thereof (collectively referred to as "Parties"), approved as to form by the City Attorney, for a period of ten years in an amount equal to the City ad valorem taxes assessed up to 90 percent in connection with a build to suit distribution facility and in accordance with the Property Redevelopment and Tax Abatement Act and the Partnership Program - Guidelines and Criteria.

SECTION 3. That at least seven days prior to the execution of the real property 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 4. That the approval and execution of the real 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.

August 12, 2020

SECTION 5. That the real property subject to the real property tax abatement agreement will be located on the real property depicted on the attached site map **Exhibit A** (map) and more particularly described by **Exhibit B** (metes and bounds legal description) ("Bonnie View Site" or "Dallas site").

SECTION 6. That the City of Dallas shall provide C5LC a ten-year real property tax abatement ("Abatement") in an amount equal to the City ad valorem taxes assessed up to 90% upon C5LC's real property depicted on the attached site map **Exhibit A** (map) and more particularly described by **Exhibit B** (metes and bounds legal description) as follows:

- (a) **40% or greater** percentage of Company's full-time equivalent ("FTE") employees who are residents of the City of Dallas at the new facility, the Owner's real property tax abatement shall be ninety percent (90%) of the increased value of the Owner's real property for the year applicable.
- (b) **30% to 39%** of Company's FTE employees who are residents of the City of Dallas at the new facility, the Owner's real property tax abatement shall be seventy-five percent (75%) of the increased value of the Owner's real property for the year applicable.
- (c) **29% or lower** of Company's FTE employees who are residents of the City of Dallas at the new facility, the Owner's real property tax abatement shall be zero for the year applicable.

SECTION 7. That Owner is responsible for completing or ensuring all conditions and obligations passed on to Company in the real property tax abatement agreement are completed. Owner is ultimately responsible for completing all conditions and obligations in the real property tax abatement agreement.

SECTION 8. That the real property tax abatement agreement shall include, among other provisions, the following:

- (a) KeHE's lease of the 995,000 square foot fulfillment center ("Facility") on the Bonnie View Site by June 30, 2021.
- (b) Complete construction by Owner (as developer of the Facility) or at Company's direction on behalf of Company of a minimum 995,000 square foot fulfillment center on the Bonnie View Site no later than June 30, 2022, as evidenced by a certificate of occupancy.

SECTION 8. (continued)

- (c) Operation of the constructed fulfillment center shall commence no later than June 30, 2022, and Company shall continuously occupy and operate the entire facility during the term of the Abatement.
- (d) Minimum Employee Count: Company shall retain and/or create a minimum of 575 FTE Jobs at the Facility by June 30, 2023. The minimum employee count must be continuously maintained throughout the term of the Abatement.
- (e) Minimum Salary Requirement: All Company employees at the Dallas site shall be paid a minimum wage of \$15.00/hour. This amount does not include overtime, bonuses, benefits, or other non-salary items. The minimum salary requirement is applicable throughout the term of the Abatement.
- (f) Average Annual Wage: Company's employees at the Dallas site shall be paid an annual average wage not less than \$40,000.00. The minimum annual average wage requirement is applicable throughout the term of the incentive agreement.
- (g) Minimum Capital Investment: The Owner and/or Company shall document, to the satisfaction of the Director of the Office of Economic Development ("Director"), a total minimum capital investment of \$76 million of real property (building) capital investments. This investment shall not include any amounts spent on developer fees or other profit line items, attorney fees, or the purchase price of the real property depicted on the attached site map **Exhibit A** (map) and more particularly described by **Exhibit B** (metes and bounds legal description).
- (h) Job Fairs: Company shall conduct or participate in one job fair by December 15, 2022, at locations in the City of Dallas approved by the Director to facilitate the recruitment and hiring of residents of the City of Dallas for the Company's new Dallas facility. Company should coordinate with the Director on how to properly document this requirement (usual documentation includes on-line posting, newspaper ads, video, sign-in sheets, etc).
- (i) Minority/Women-owned Business Enterprises (M/WBE): Owner shall undertake a good faith/best effort to comply with the City's Business Inclusion and Development goal of 25% participation by M/WBE for construction and construction-related expenditures incurred by or on behalf of the Owner in Dallas, which includes construction of the facility to be leased to the Company.

SECTION 8. (continued)

Compliance will be coordinated with the City's Office of Business Diversity, and Company shall meet with the Office of Business Diversity prior to executing any incentive agreement.

- (j) Workforce Development: On or before December 31, 2021, the Company shall either (i) execute agreements with both the Dallas Independent School District and the Richardson Independent School District to participate as an Industry Partner in the Pathway to Technology Early College High School (P-Tech) programs of each school district, or (ii) negotiate another workforce training or educational program with one or more local high schools, community colleges, or universities that is acceptable to the Director. Office of Economic Development staff are available to make introductions to any such educational partners.
- (k) Company shall, upon request, permit staff from the Office of Economic Development access to the facility to review all records and documents related to the obligations contained herein to monitor compliance with the real property tax abatement agreement.
- (l) Company shall provide written annual reports to the Office of Economic Development regarding compliance with the real property tax abatement agreement.
- (m) None of the property subject to the tax abatement shall be owned or leased by a member of City Council of the City of Dallas or by a member of the City Plan Commission.
- (n) The tax abatement shall be personal to Owner and/or its affiliates and shall only be assignable upon written approval of the assignment by the Director.
- (o) The Dallas City Council may terminate or modify the real property tax abatement agreement if the Owner fails to comply with the tax abatement agreement.
- (p) Failure to comply with the terms of the real property tax abatement agreement may result in recapture and/or repayment of all or part of the incentives.
- (q) If a real property tax abatement agreement is not executed by the 30th day of July 2021, the incentives are revoked.

August 12, 2020

SECTION 8. (continued)

- (r) The Director may, at his or her sole discretion, extend the deadlines noted herein for a period of up to six months for just cause.
- (s) In the event of a force majeure, Owner 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 the real property tax abatement agreement is occurring within 60 days of notice from Owner. 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 shall be extended pursuant to the length of the force majeure event.

SECTION 9. That this tax abatement agreement is designated as Contract No. ECO-2020-00013671.

SECTION 10. 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.