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

WHEREAS, on June 27, 2018, City Council authorized revisions to the South Dallas Fair Park Opportunity Fund (“Opportunity Fund”), including establishing a purpose for the Opportunity Fund, which is to “provide loans and grants to promote economic development and support human development initiatives in the neighborhoods surrounding Fair Park” by Resolution No. 18-0922; Ordinance No. 30905; and

WHEREAS, on March 9, 2022, City Council **(1)** authorized transfer of the programmatic elements and funding of the Opportunity Fund from the Office of Economic Development (“OED”) to the Small Business Center (“SBC”); **(2)** authorized the Director of the SBC to take any actions necessary to administer those programs and related agreements that transferred from OED to SBC under Section 4(11) in the Operating and Capital Budgets’ Appropriations Ordinance (Ordinance No. 32000); and **(3)** created the SBC effective October 1, 2021, by Resolution No. 21-1950; and

WHEREAS, the purpose of the Opportunity Fund is to provide loans and grants to promote economic development and support human development initiatives in the neighborhoods surrounding Fair Park (“service area”) that create new jobs, retain existing jobs, or increase the service area tax base; and

WHEREAS, on May 22, 2019, the Southern Dallas Investment Fund (“Investment Fund”) was established to promote local economic development and to stimulate business and commercial activity in the City, pursuant to Chapter 380 of the Texas Local Government Code, by making grants of bond proceeds and otherwise providing assistance for private commercial, industrial, retail, residential and mixed-use development, neighborhood revitalization projects, and mixed income development; and

WHEREAS, MLK Kingdom Complex, LLC (“Developer”) seeks incentives from the Opportunity Fund and the Investment Fund to redevelop a vacant building located at 3101 Martin Luther King Boulevard into a neighborhood retail health and wellness complex that consists of a single-story building for a 3,000 sq ft fitness center, a 1,200 sq foot healthy food restaurant, and 863 sq ft of office space and a vacant unimproved lot at 2904 Meadow Street (the “Project”); and

WHEREAS, Developer estimates the total Project costs to be \$1,121,608.00 for construction costs, which consist of new flooring, framing, windows, doors, roofing, brick repair, electrical, plumbing, HVAC, drywall, painting, fencing, millwork, potential addition of solar panels, and parking/exterior improvements; and

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WHEREAS, the Developer has obtained \$511,150 in bank financing to acquire the real property and is providing \$160,458 in equity, but a project funding gap still remains; and

WHEREAS, the Developer will invest a minimum of \$671,608 of outside funding for the Project; and

WHEREAS, this Project meets the Economic Development program criteria for the Opportunity Fund as it creates taxable improvements and will potentially create 27 jobs as well as provide services to the service area; and

WHEREAS, the Project meets Investment Fund criteria as it will stimulate economic development, increase business activity, and promote commercial growth in southern Dallas.

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, upon approval as to form by the City Attorney, to execute a conditional agreement and all other necessary documents with MLK Kingdom Complex, LLC or an affiliate thereof (“Developer”) to provide an economic development grant to redevelop a vacant building located at 3101 Martin Luther King Jr. Blvd. and a vacant lot located at 2904 Meadow Street, each in Dallas, Texas (the “Project Site”) in a total amount not to exceed \$450,000 as follows: (a) a conditional loan agreement with Developer in an amount not to exceed \$350,000 from the City and (b) a Chapter 380 conditional grant agreement with Developer in an amount not to exceed \$100,000 (collectively, the “Agreement”).

SECTION 3. That the Agreement, including disbursement of the loan (“loan funds”) and the conditional economic development grant (“grant funds”), is hereby expressly made subject to all of the following contingencies, which Developer must perform or cause to occur:

- (a) The loan term will be for 10 years and the loan will be amortized over 25 years at a 1% fixed interest rate.

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- (b) For the loan funds, the compliance period shall commence on the date of the loan period and shall terminate upon payment (including refinance) of the loan (“Loan Compliance Period”).
- (c) For the grant funds, the compliance period shall commence on the date of grant payment and terminate upon the 5th anniversary of the grant payment (“Grant Compliance Period”).
- (d) The Developer shall make the following improvements to the Property: (i) convert the existing structure on the Property to a multi-tenant space in accordance with the scope of work and budget attached in **Exhibit A** (loan proceeds) and **Exhibit B** (grant proceeds) to allow for improvements and modernization to make the 5,063 square foot building functional for multiple tenants’ operations. Such improvements shall also consist of new flooring, framing, windows, doors, roofing, brick repair, electrical, plumbing, HVAC, drywall, painting, fencing, millwork, potential addition of solar panels, and parking/exterior improvements.
- (e) The Developer shall only use the loan funds to support the Project improvements specified in this resolution and as identified in Section 3, **Exhibit A**.
- (f) For the loan funds, in addition to the Agreement, Developer shall execute a loan agreement, promissory note, deed of trust, personal guarantee, and deed restriction, each upon approval as to form by the City Attorney, in favor of the City.
- (g) As consideration for the loan funds, Developer shall provide no less than 27 jobs prior to the termination of the Loan Compliance Period.
- (h) For the loan funds, the Developer shall permit the loan to be secured by a lien on the Property, which shall be subordinate only to the senior permanent lender. The loan shall be paid upon closing of the other required financing and Developer will be considered in compliance (after completion of the construction phase) if Developer: (i) completes construction of the Project improvements, (ii) obtains final certificates of occupancy (or equivalent evidence of completion issued by the City) by Dec. 31, 2022, (iii) opens to the public the retail and office space by Dec. 31, 2022, (iv) ensures that the 5,063 square foot unit of the retail center is fully leased and occupied by Nov. 30, 2022, and (v) satisfies all terms and conditions of the Agreement.

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- (i) The grant funds shall be payable after Developer: (i) constructs or causes to be constructed the Project improvements as defined in Section 3 of **Exhibit A**, (ii) obtains final certificates of occupancy (or equivalent evidence of completion issued by the City) during the Grant Compliance Period and (iii) satisfies all terms and conditions of the Agreement.
- (j) For the grant funds, Developer shall submit annual compliance reports, which shall include proof of operations and list of tenants, to the SBC by April 15th of each year during the Grant Compliance Period.
- (k) Prior to City's execution of the Agreement, Developer shall execute a lease with G3 Health Club, Jasz LLC, and Kingdom Sandwich for a minimum 5-year term.
- (l) For the loan funds, Developer shall obtain the SBC Director's prior written approval in order to sell the Property during the Loan Compliance Period.
- (m) During the Loan Compliance Period, if Developer fails to comply with the Agreement or causes or permits an uncured default to remain, including: (i) failure to maintain and operate the Property as an MLK Wellness Center during the Loan Compliance Period; (ii) failure to maintain the leaseholds and Property in compliance with all federal, state, and local laws and codes during the Loan Compliance Period; (iii) failure to timely submit complete and accurate annual compliance reports, which shall include proof of operations and a tenant list during the Loan Compliance Period; and (iv) failure to obtain SBC Director approval for the sale of the Property during the Loan Compliance Period, following notice and an opportunity to cure, the City may declare the Developer in default, terminate the Agreement, or pursue any remedies available to it at law or in equity, including, but not limited to, requiring Developer to convey fee simple title of the Property to the City, free of any liens or encumbrances, in a form acceptable to the City.
- (n) During the Grant Compliance Period, if Developer fails to comply with the Agreement or causes or permits an uncured default to remain, including: (i) failure to maintain and operate the Property as an MLK Wellness Center during the Grant Compliance Period; (ii) failure to maintain the leaseholds and Property in compliance with all federal, state, and local laws and codes during the Grant Compliance Period; (iii) failure to timely submit complete and accurate annual compliance reports, which shall include proof of operations and a tenant list during the Grant Compliance Period; and (iv) failure to obtain SBC Director approval for the sale of the Property during the Grant Compliance Period,

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following notice and an opportunity to cure, the City may declare the Developer in default, terminate the Agreement, or pursue any remedies available to it at law or in equity, including, but not limited to, requiring Developer to convey fee simple title of the Property to the City, free of any liens or encumbrances, in a form acceptable to the City.

- (o) Developer shall execute the Agreement with the City no later than August 1, 2022.

SECTION 4. That this resolution, once loan documents are signed and loan funds disbursed, that the Chief Financial Officer be and is hereby authorized to set up the respective notes receivable for the principal in the SBC South Dallas Fair Park Opportunity Fund, Fund 0443, Department MGT, Balance Sheet Account 023D notes receivable, and deferred revenue Balance Sheet Account 0898 in the amount of respective amount of the loan disbursement not to exceed \$350,000.00.

SECTION 5. That the Chief Financial Officer is hereby authorized to receive and deposit the principal amount not to exceed \$350,000.00 and estimated interest amount not to exceed \$45,672.62 in SBC South Dallas Fair Park Opportunity Fund, Fund 0443, Department MGT, Unit W830, Principal Revenue Source 847G, and Interest Revenue Source 847H. Late payments will be subject to late fees as defined in the Agreement. All late fees collected during the loan payment period shall be recorded in SBC South Dallas Fair Park Opportunity Fund, Fund 0443, Department MGT, Unit W830, Various Revenue Source.

SECTION 6. That this resolution, once the principal payments are received, the Chief Financial Officer be and is hereby authorized to reverse the notes receivable for the principal balance in the SBC South Dallas Fair Park Opportunity Fund, Fund 0443, Department MGT, Balance Sheet Account 023D notes receivable, and deferred revenue Balance Sheet Account 0898 in the amount of the loan disbursement not to exceed \$350,000.00.

SECTION 7. That this resolution, once loan documents are signed and loan funds disbursed, the Chief Financial Officer be and is hereby authorized to set up an interest receivable for the interest in the SBC South Dallas Fair Park Opportunity Fund, Fund 0443, Department MGT, Balance Sheet Account 028E interest receivable and deferred revenue Balance Sheet Account 0898 in the estimated amount of \$45,672.62 related to the loan.

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SECTION 8. That this resolution, once the interest payments on the loan are received, the Chief Financial Officer be and is hereby authorized to reverse the interest receivable for the interest in the SBC South Dallas Fair Park Opportunity Fund, Fund 0443, Department MGT, Balance Sheet Account 028E interest receivable and deferred revenue Balance Sheet Account 0898 in the estimated amount of \$45,672.62 related to the loan.

SECTION 9. That the Chief Financial Officer is hereby authorized to disburse funds to Developer from:

SBC South Dallas Fair Park Opportunity Fund Fund 0443, Department MGT, Unit W830, Object 3015 Activity #22-004 <u>SDFP</u> , Program 0443MLK Encumbrance/Contract No. CX-SBC-2022-00019558	<u>\$350,000.00</u>
2017 Proposition (I) Bond Funds Fund 1V52, Department MGT, Unit VI09, Object 3016 Activity #22-004 <u>SDIF</u> , Program EC17VI09 Encumbrance/Contract No. CX-SBC-2022-00019558	<u>\$100,000.00</u>
Total amount not to exceed	<u>\$450,000.00</u>

SECTION 10. That this resolution does not constitute a binding agreement upon the City or subject the City to any liability or obligation with respect to the grant or loan funds described herein, until such time as the Agreement and related documents are duly approved and executed by all parties.

SECTION 11. 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.