

June 22, 2022

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

WHEREAS, investment decisions made by businesses and developers are often influenced by a municipality’s ability to provide economic development incentives; and

WHEREAS, the City established Tax Increment Financing Reinvestment Zone Number Seventeen (“University TIF District” or “District”) and established a Board of Directors (“Board”) for the District to promote development or redevelopment in the District pursuant to by Resolution No.17-1941;Ordinance No. 30733, authorized by the City Council on December 13, 2017, as authorized by the TIF Act (“Act”), Chapter 311 of the Texas Tax Code, as amended; and

WHEREAS, on December 9, 2020, City Council authorized the Project Plan and Reinvestment Zone Financing Plan (“Plan”) for this District by Resolution No. 20-1894; Ordinance No. 31713; and

WHEREAS, on June 9, 2021, pursuant to Resolution No. 21-1052 approved by the City Council, the City: (1) elected to continue its participation in economic development incentives and approved an extension of its Public/Private Partnership Program (“PPP”) - 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, (Texas Tax Code, Chapter 312) (“Tax Abatement Act”); and

WHEREAS, on June 6, 2022, the Economic Development Committee was briefed regarding this matter; and

WHEREAS, on June 14, 2022, the Board reviewed the proposed University Hills Phase I catalyst project (“Project”) and recommended City Council authorization of a development agreement (“Agreement”) and all other necessary documents with I-20 Lancaster Development, LLC and/or its affiliates (“Developer”) for a City Subsidy in an amount not to exceed \$34,210,966.00 comprised of (1) an amount not to exceed \$2,800,000.00 in the form of an economic development grant payable from the City’s Public/Private Partnership Fund (“PPP Grant”) and (2) an amount not to exceed \$31,410,966.00 plus an additional grant in lieu of interest not to exceed 6% of this dedication payable from future University TIF District funds (“TIF Subsidy”); and

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WHEREAS, pursuant to the City's PPP – Guidelines and Criteria, effective for the period July 1, 2021 through June 30, 2022, this Project is located in a target area and in a non-target area and exceeds the minimum eligibility criteria requirements of the PPP – Guidelines and Criteria for a non-target area based on the anticipated Project investment totaling over \$60 million; and

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WHEREAS, consistent with the authority granted under the Economic Development Act, of the Texas Tax Code (the "Act") and the City's PPP – Guidelines and Criteria, staff recommends that the City Council authorize the PPP Grant as part of the City's ongoing program to promote local economic development and to stimulate business and commercial activity in the city of Dallas; and

WHEREAS, in furtherance of the Plan, as amended, and to promote within the University TIF District: (1) development and diversification of the economy, (2) elimination of unemployment and underemployment, and (3) development and expansion of commerce, the City desires to provide economic incentives to I-20 Lancaster Development, LLC and/or its affiliates to support the Project; and

WHEREAS, the expenditure of TIF funds supporting this Project is consistent with promoting development and redevelopment of the University TIF District in accordance with the purposes for its creation, the ordinance adopted by the City Council approving the Plan, and is for the purpose of making public investment expenditures consistent with and described in the Plan for the University TIF District; and

WHEREAS, improvements in the District will significantly enhance the value of all the taxable real property in the District and will be of general benefit to the City; and

WHEREAS, the proposed Project will not occur within the city of Dallas without an offer of economic development incentives from the City and complies with the Plan, the City's PPP – Guidelines and Criteria, and all applicable local, state, and federal laws.

Now, Therefore,

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

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SECTION 1. That the City Council hereby authorizes the City Manager to execute a development agreement (“Agreement”) and all other necessary documents, upon approval as to form by the City Attorney, with I-20 Lancaster Development, LLC and/or its affiliates (“Developer”) for a City Subsidy in an amount not to exceed \$34,210,966.00 comprised of (1) an amount not to exceed \$2,800,000.00 in the form of an economic development grant payable from the City’s Public/Private Partnership Fund (“PPP Grant”) and (2) an amount not to exceed \$31,410,966.00 plus an additional grant in lieu of interest payable from future University TIF District funds (“TIF Subsidy”) in consideration of the University Hills Phase I catalyst project (“Project”) on property generally bounded by Interstate Highway 20 (Lyndon B. Johnson Freeway), Lancaster Road, and the DART rail line in Tax Increment Financing Reinvestment Zone Number Twenty One (University TIF District), thereby confirming the University TIF District Board’s dedication of current and future tax increment revenues, in an amount not to exceed \$31,410,966.00 as shown in **Exhibit A.**

SECTION 2. That the facts and recitations contained in the preamble of this resolution are hereby found and declared to be true and correct.

SECTION 3. That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$2,800,000.00 to I-20 Lancaster Development, LLC, and/or its affiliates from the Public/Private Partnership Fund (subject to annual appropriations), as reimbursement for all fees incurred on or before December 31, 2026 for all permitting, plan review, and inspection fees, as follows:

Public/Private Partnership Fund
Fund 0352, Department ECO, Unit W831
Activity PPPF, Object 3016, Program UNVHILLS,
Encumbrance/Contract No. CX ECO-2022-00019601
Vendor VC25137 \$2,800,000.00

SECTION 4. That, upon Developer’s completion of all of the obligations set forth in the Agreement (including those terms and conditions set forth in Sections 8.A. through Section 8.I. of this resolution), the City Council hereby authorizes the Chief Financial Officer to disburse funds in an amount not to exceed \$31,410,966.00 plus an additional grant in lieu of interest payable from current and future University TIF District funds to I-20 Lancaster Development, LLC and/or its affiliates from the University TIF District Fund (subject to annual appropriations from tax increments), as follows:

University TIF District Fund
Fund 0051, Department ECO, Unit W831
Activity UVTD, Object 4599, Program UNVHILLS,
Encumbrance/Contract No. CX ECO-2022-00019601
Vendor VC25137 \$31,410,966.00

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SECTION 5. That the grant in lieu of interest in accordance with the University TIF District Grant Program (**Exhibit B**) shall be calculated based on conditions specified in the Agreement (pursuant to Section 8 of this resolution) and shall be set at a fixed rate equal to six percent (6%) interest rate per annum compounded semiannually. The interest shall accrue beginning when all conditions for payment of the TIF Subsidy are met including an audit of documentation supporting the request to begin payments. Such interest shall be compounded semi-annually based on the existing unpaid TIF Subsidy and shall cease to accrue under the Agreement when the unpaid balance, plus any previously accrued interest, is fully disbursed, or upon expiration of the term of the District as provided in the ordinance creating same, as may be amended.

SECTION 6. That the Developer shall design, fund and/or construct the Project and related infrastructure improvements on property generally bounded by Interstate Highway 20 (Lyndon B. Johnson Freeway), Lancaster Road, and the DART rail line in the University TIF District as described in the Agreement (pursuant to Section 8 of this resolution) and in substantial conformance with **Exhibit C**.

SECTION 7. That the City's payment of any portion of the TIF Subsidy is contingent upon the availability of District funds and nothing in the Agreement shall be construed to require the City to approve payment from any source of City funds other than the funds listed in the Agreement (pursuant to Section 3 and Section 4 of this resolution), or an amendment to the Agreement entered into pursuant to Section 14 of this resolution. Any TIF Subsidy funds dedicated to the Project under the Agreement that remain unpaid upon termination of the District, due to lack or unavailability of District funds, shall no longer be considered project costs of the District or the City, and the obligation of the District to pay the Developer shall automatically expire and the Agreement shall automatically terminate.

SECTION 8. That, in addition to the conditions set out in the Agreement (pursuant to Section 1 and Section 6 of this resolution), the TIF Subsidy is hereby expressly made subject to all of the following terms, conditions and obligations, which Developer must perform or cause to occur as described herein:

- A. Purchase of Land: On or before December 31, 2023, Developer shall purchase the entire assemblage of property (approximately 279 acres) from CADG Property Holdings I, LLC as shown in the overall conceptual master plan (**Exhibit C**) and provide evidence of such purchase to the Director of the Office of Economic Development ("Director").
- B. Construction Funding: On or before December 31, 2023, Developer shall secure and provide satisfactory evidence to the Director of construction funds or financing for the horizontal development of the Project.

SECTION 8. (continued)

- C. Minimum Investment: On or before December 31, 2026, Developer must document a minimum investment of \$60,000,000 in the horizontal development (e.g., environmental remediation; demolition; site preparation work; infrastructure) of the Project. The term "Invest" or "Investment" means the sum of all development costs for land acquisition, environmental remediation costs (if any); demolition costs (if any); site preparation costs (excavation; placement of fill; grading), and construction costs (hard and soft) for horizontal infrastructure improvements paid, payable, or actually incurred by or on behalf of the Developer, with respect to the Project (hereinafter defined) and the improvements thereon. Construction soft costs specifically include the following items: architecture, engineering, interior design (only if related to the building structure), and construction management fees. Construction management is solely intended to cover fees paid to an outside consultant or third party who confirms the quality of the work. Construction management fees must be invoiced with a detailed description of work performed. Developer fees, legal fees, marketing fees, leasing commissions, furniture/fixture/equipment costs, construction material testing costs, permit/inspection fees, builder's risk insurance, property insurance during construction, consultant fees, construction financing fees, construction loan interest, construction loan closing costs, carrying costs (e.g., interest costs on land; maintenance costs on land; ad valorem taxes, etc.), operating deficits through stabilization and other similar costs shall not be considered toward this definition of Investment. The Developer must provide documentation of all such expenditures in a form satisfactory to the Director in his or her sole discretion. Expenditures made towards the minimum investment requirement shall include only those eligible costs incurred on or after the date (June 3, 2022) of final execution of the Letter of Intent between the City and the Developer.
- D. Environmental Remediation/Demolition: Developer shall perform all legally required environmental remediation and any demolition necessary to construct the Project by December 31, 2025.
- E. Site Preparation Work: Developer shall perform all necessary site preparation work (e.g., excavation, placement of fill, grading) to prepare the site for the infrastructure improvements (e.g., new roads and utilities) necessary to support the planned vertical improvements included with the Project (as described in Section 8.L. and Section 8.M. of this resolution) and obtain the City's written final acceptance (if necessary) of such work by December 31, 2025.

SECTION 8. (continued)

- F. Infrastructure Construction and Acceptance: Developer shall construct the infrastructure improvements (e.g., new roads, utilities, and streetscape) necessary to support the planned vertical improvements included with the Project (as described in Section 8.K. of this resolution) and obtain the City's written final acceptance of same by December 31, 2026.
- G. Design Guidelines: By September 30, 2023, Developer shall submit traditional neighborhood design guidelines and/or a pattern book, for the development, for the University Hills Sub-District for review and approval by the City's Planning and Urban Design (PUD) staff. These specific guidelines, as special conditions for the University TIF District, shall be incorporated into a set of master design guidelines to be adopted by the Board (as approved, the "Design Guidelines").
- H. Real Estate Covenants: Developer shall establish covenants for all future vertical development in the Project. The set of covenants shall be provided for Director's review and approval by September 30, 2023. Once approved by Director, Developer shall file the approved covenants in the Real Property Records of Dallas County with Developer's filing of the final plat for the Project. Covenants shall address each of the following:
- i. Design Guidelines: A requirement that future vertical construction in the University Hills Sub-district conform with the Design Guidelines.
 - ii. Affordable Housing (Rental Multi-Family Residential): Deed restrictions ensuring that multi-family residential developments built on the Project site will comply with the TIF program mixed-income housing requirements (i.e., twenty percent (20%) of units set aside for households earning no more than 80% area median family income for 15 years); that such units will be marketed pursuant to an Affirmative Fair Housing Marketing Plan approved by Director; and that multi-family residential developers building on the Project site will abide by the City's voucher related Ordinance 30246; as amended by City Council on May 11, 2022.
 - iii. Homebuyer Assistance Program (For-Sale Single-Family Residential): A requirement that for-sale home builders constructing single-family homes on the Project site shall partner with the City to market and encourage homebuyers to participate in the City's to-be-developed homebuyer assistance program for the University Hills Sub-district, which would offer closing cost, down payment, and/or other financial assistance to certain income qualified households, as outlined in the homebuyer assistance program statement to be approved by the Board.

SECTION 8. (continued)

Homebuyers assistance funds will be funded from the first \$5,300,000.00 of District increment (less administrative costs), inclusive of the current cash balance. Staff estimates that the homebuyer assistance program will be fully funded in this amount by 2023, after which any additional funds for the homebuyer assistance program would come only from the 10% affordable housing line item in the Plan. The TIF Subsidy will be funded from increment accrued after the homebuyer assistance program is fully funded.

- I. Management Entity: On or before December 31, 2025, Developer shall establish a homeowner's association, public improvement district, or other management entity acceptable to Director to ensure upkeep of common areas including the green spaces and amenity center and to provide additional security and other neighborhood services.
- J. Repayment Obligation: Developer shall be eligible to begin receiving disbursement of the TIF Subsidy once Developer completes and documents its completion of each of the obligations set forth in the Agreement (pursuant to Section 8.A. through Section 8.I. of this resolution). Developer shall be liable for repayment of the TIF Subsidy (the "Repayment Obligation") until it completes the Minimum Vertical Related Items as provided in the Agreement (pursuant to the definition provided herein). Such Repayment Obligation will be documented in a form approved by the City Attorney, which may include deed restrictions, a deed of trust, or other documents to secure performance. The Repayment Obligation may be forgiven as provided in the Agreement (pursuant to section 8.M. of this resolution).
- K. Security: Any deed of trust, deed restrictions, or other security documents required by the City Attorney's Office to secure the Repayment Obligation shall be executed by Developer simultaneously with the Agreement in a form approved by the City Attorney's Office. Such documents shall be recorded in the Real Property Records of Dallas County against Grantee's interests in the property within fourteen (14) days of execution of the Agreement. Such documents shall be released upon expiration of and satisfaction of obligations under the Agreement, or upon Developer's sale of any portion of the property to an unaffiliated developer for completion of vertical construction. Such documents shall be subordinate to construction/permanent lenders during the term of this Agreement. Developer shall provide a title policy to the City prior to the execution of the Agreement.

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SECTION 8. (continued)

- L. Minimum Vertical Requirements: Developer shall complete the sale of all single-family lots to builders and multi-family/commercial pad sites to developers acceptable to Director in his or her reasonable discretion, such approval not to be unreasonably withheld, by December 31, 2026. Developer shall (i) prepare and sell sites to third-party builders for the construction of a minimum of 200 single-family attached townhomes, 250 single-family detached homes, and 30,000 square feet of non-residential space, and (ii) construct or cause the construction of a minimum of 200 units of multi-family (the “Minimum Vertical Related Items”). All construction must be completed in conformance with the Design Guidelines, covenants, affordable housing restrictions, and other requirements of the Agreement (as described herein).
- M. Forgiveness of Repayment Obligation: The Repayment Obligation will be forgiven in the following tranches so long as Developer is otherwise in compliance with the Agreement:
- i. Twenty-five percent (25%) upon the sale of 200 residential lots to third-party builders for construction of single-family attached townhomes, which sale must be completed no later than December 31, 2032.
 - ii. Twenty-five percent (25%) upon the sale of 250 residential lots to third-party builders sufficient for construction of single-family detached homes, which sale must be completed no later than December 31, 2032.
 - iii. Twenty-five percent (25%) upon the completion of construction of 200 units of multi-family residential evidenced by a certificate of occupancy or equivalent documentation received on or before December 31, 2032.
 - iv. Twenty-five percent (25%) upon the sale of land to a third-party builder sufficient for construction of at least 30,000 square feet of non-residential office or retail space, which sale must be completed no later than December 31, 2032.
- N. Operating and Maintenance Agreement: On or before December 31, 2025, the Developer shall execute and fund an Operating and Maintenance Agreement for all non-standard public infrastructure improvements associated with the Project. Compliance with the executed operating and maintenance agreement shall be required of all future owners for the entire period (20 years) of the operating and maintenance agreement. If Developer chooses to forgo the TIF Subsidy or defaults on its obligationse

SECTION 8. (continued)

Developer shall be responsible for maintenance of the non-standard public improvements through the term of the operating and maintenance agreement. Any assignment of Developer's maintenance obligations under the Agreement (and the operating and maintenance agreement) to another entity (e.g., new property owner, public improvement district, or property owner's association) shall require Director's prior written approval. If additional non-standard public improvements are constructed after initial execution of the operating and maintenance agreement, the agreement scope may be amended, or separate operating and maintenance agreements may be executed with other parties.

- O. Required Instruments: Developer shall provide public access easements, deed restrictions, or other instruments required by the Director in a form acceptable to the City Attorney if any street and utility infrastructure improvements as part of the Project remain privately owned in order to be considered for TIF Subsidy funding.
- P. Parkland Dedication: Developer shall comply with the City's Parkland Dedication Ordinance (Section 51A-4.1000 of the City's Code of Ordinances).
- Q. M/WBE Participation: Developer shall make good faith efforts to comply with the City's Business Inclusion and Development ("BID") goal of 32% participation by certified minority/women-owned business enterprises (M/WBE) for the hard construction costs of the horizontal development of the Project and meet all reporting requirements for each.
- R. Urban Design Peer Review Panel: The Urban Design Peer Review Panel ("UDPRP") is an independent group of professional designers selected by the City Manager with expertise in architecture, landscape architecture, engineering, and urban planning. The Project is scheduled to be reviewed by UDPRP on July 1, 2022, and the Developer shall be required to complete the UDPRP process for the overall conceptual master plan and the Project and respond to comments to the satisfaction of the City's Department of Planning and Urban Design (PUD) staff prior to execution of the Agreement for the Project. Conformance with the approved design plans shall be a material condition of TIF Subsidy payments. The Director may authorize minor modifications to the conceptual plans which may arise during the development process due to local, state, or federal regulatory requirements so long as the minor modifications are in substantial conformance with the spirit and intent of the UDPRP advice. Modifications to the conceptual plans, should the Director determine they are material, shall require review by the UDPRP. As the final step in the urban design process and prior to permit approval,

SECTION 8. (continued)

Developer shall provide a set of permit drawings for the Project to the City's Department of Planning and Urban Design (PUD) for internal review and approval to ensure compliance with UDPRP recommendations and responses. The Planning and Urban Design Department shall complete the review of the permit drawings within ten (10) business days of Developer's submission. All future phases of development as illustrated in the conceptual master plan shall be required to undergo the UDPRP process to review conformance with the approved conceptual master plan.

- S. Quarterly Reporting: Until the Developer has received full forgiveness of the Repayment Obligation, Developer shall submit to the Office of Economic Development quarterly status reports for ongoing work on the Project. Such status reports shall be due within 30 calendar days following the end of each calendar quarter after the Council approval date.
- T. Modifications and Extensions: The Director, after approval and recommendation of the Board, may authorize minor modifications to the Project so long as they are consistent with the Plan's goals and the Design Guidelines, including extensions of any of the Project deadlines up to 24 months.

SECTION 9. That payment of the TIF Subsidy portion of the City Subsidy is subject to the availability of tax increment. If the appraised value of the property in the District remains constant or decreases in value from the base year value, the TIF Subsidy for that year may be reduced or unpaid due to the lack of available increment. The TIF Subsidy shall be paid solely from the Tax Increment Fund, if and when tax increments are received and available for such purpose, during the remaining life of the District (including collection of the 2047 tax year increments in calendar year 2048), subject to the limitations on repayment of the TIF Subsidy provided in the Agreement.

SECTION 10. That assuming all other conditions for payment have been met, the City will administer the payment of the TIF Subsidy to the Developer for the Project annually, pursuant to the University TIF District Increment Allocation Policy attached hereto as **Exhibit D**.

SECTION 11. That Developer may not sell, lease, encumber, or otherwise transfer any portion of the property in the Project to a non-affiliated entity without the Director's prior written consent, which consent shall not be unreasonably withheld. Transfer without such consent shall be a default of the Agreement. If any of the property in the Project is planned to be transferred to non-affiliated entities (not related to Developer), at least 30 calendar days before a non-affiliated entity is proposed to take over any portion of the Project,

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SECTION 11. (continued)

Developer must submit financial and management background information for review by the Director to consider written consent. All of the terms, conditions and obligations of the Agreement shall be binding upon Developer's successors and assigns of any such transfer.

SECTION 12. That Developer's inability to meet any of the material conditions of the Agreement (as listed herein), if not cured within 365 calendar days (or if not reasonably susceptible of cure within such 365-day period, within a reasonable time for the curing of such default; such reasonable time shall be determined in the Director's sole discretion) after written notice of such failure is provided by the City to the Developer, shall be an event of default under the Agreement and shall nullify the TIF Subsidy commitment to this Project. If Developer fails to cause the Minimum Vertical Related Items or fails to comply with any terms contained within the Agreement, any portion of the TIF Subsidy paid to Developer pursuant to the Agreement will become a debt to the City and shall be due, owing and paid to the City within three hundred sixty-five (365) calendar days after notice of the default pursuant to Developer's Repayment Obligation.

SECTION 13. That the requirements and obligations of the Developer shall be subject to events of "force majeure," which shall mean the following contingencies or causes, if beyond the reasonable control of the Developer, upon Director's written confirmation: epidemic, pandemic, act of God, war, riot, civil commotion, insurrection, fire, explosion, or flood.

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SECTION 14. That the City and the Developer acknowledge that other public sources of funding such as Dallas Water Utilities or Coronavirus Local Fiscal Recovery Funds are being evaluated to support the Project. If, in the future, the Project is approved for funding from any other public sources which partially offset the cost of the necessary public infrastructure and/or reduce the amount of Developer's financial gap for the Project, then the TIF Subsidy portion of the City Subsidy shall be reduced commensurately. If the Project is approved for funding from any other public sources, then the City Manager is hereby authorized to execute an amendment of the Agreement, approved as to form by the City Attorney, to reduce the TIF Subsidy. For the avoidance of doubt, such amendment of the Agreement shall not require any further authorization by the City Council.

SECTION 15. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City, and it is accordingly so resolved.