

November 13, 2024

**WHEREAS**, the City of Dallas (“City”) recognizes the importance of its role in local economic development and the public purposes of fostering economic growth and prioritizing investment and economic progress for underserved areas with local job creation and equitable business and real estate development projects; and

**WHEREAS**, it is in the interest of the City to support and secure the development, redevelopment, establishment, expansion, and relocation of businesses within the City for the economic vitality and employment opportunities that these businesses bring for Dallas residents; and

**WHEREAS**, Southfair Community Development Corporation (Southfair) has proposed the construction of a new approximately 4,800 square foot retail project to be located at 2807 Al Lipscomb Way, Dallas, Texas 75215 to provide new retail, office and community space for the South Dallas Fair Park community; and

**WHEREAS**, in 1989, City Council created an advisory board to oversee administration of the South Dallas Fair Park Trust Fund, and recommended annual funding from Fair Park activities, amphitheater tickets sales, general fund contributions, and other sources; and

**WHEREAS**, the trust fund funding, policies, and purpose have been amended a number of times over the past 20 years, including a renaming of the South Dallas Fair Park Trust Fund to the South Dallas Fair Park Opportunity Fund, and with the last revision of the program statement approved by City Council on September 13, 2023 by Council Resolution 23-1245; and

**WHEREAS**, the purpose of the South Dallas/Fair Park Opportunity Fund (the “Opportunity Fund”) is to provide loans and grants to promote economic development and support human development initiatives in the neighborhoods surrounding Fair Park; and

**WHEREAS**, the Opportunity Fund board was briefed on the Malcolm’s Point retail project on September 30, 2024, and voted unanimously to recommend funding of a \$1,190,354 Opportunity Fund senior loan to support the development of the Malcolm’s Point Retail Project; and

**WHEREAS**, on January 25, 2023, the City Council authorized a new Economic Development Incentive Policy (Incentive Policy) effective for the period January 1, 2023, through December 31, 2024, by Resolution No. 23-0220, as amended; and

**WHEREAS**, the Incentive Policy established a Community Development Program as authorized by Chapter 373 of the Local Government Code to provide grants for qualified non-profit developers to support projects that improve arrangement of residential, commercial, industrial, recreational and other necessary activity centers and alleviate physical or economic distress through the stimulation of private investment and community revitalization; and

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**WHEREAS**, the Project is located in a Target Area per the City's Economic Development Incentives Policy, and will significantly advance the public purpose of economic development within the City; and

**WHEREAS**, on September 26, 2024, based on analysis and consultation with the City's independent outside underwriter, staff executed a Letter of Intent (LOI) with Southfair to make the proposed Project financially feasible. The LOI includes a senior loan of \$1,190,354 from the Opportunity Fund, and a community development grant; and

**WHEREAS**, on November 4, 2024, the Economic Development Committee was briefed regarding this Project; and

**WHEREAS**, the City finds that the Project is not financially feasible without an offer of economic development incentives from the City; and

**WHEREAS**, the City desires to enter into a development agreement with Southfair Community Development Corporation and/or its affiliates in an amount not to exceed \$1,502,854.00 payable from the South Dallas Fair Park Opportunity Fund and the Public Private Partnership Fund, in consideration of the Project on property to be addressed as 2807 Al Lipscomb Way.

**Now, Therefore,**

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

**SECTION 1.** That the City Manager is hereby authorized to execute (1) a Conditional Chapter 380 Economic Development Loan Agreement with SouthFair Community Development Corporation ("Borrower/Recipient" or "Developer") in an amount not to exceed \$1,190,354.00 sourced from the South Dallas/Fair Park Opportunity Fund; and (2) a Chapter 373 Conditional Grant Agreement with Borrower/Recipient in an amount not to exceed \$312,500.00 sourced from the Public Private Partnership Fund, for capital improvements and construction costs related to the development of the Malcolm's Point Retail Project to be located at 2807 Al Lipscomb Way, Dallas, Texas 75215 (Property) each approved as to form by the City Attorney, in accordance with the City's Economic Development Incentive Policy and the South Dallas Fair Park Opportunity Fund Program Statement.

**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 \$1,502,854.00 to SouthFair Community Development Corporation (Vendor No. VS0000014526) and/or its affiliates in accordance with the executed development agreement as follows:

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**SECTION 3** (continued)

South Dallas Fair Park Opportunity Fund  
Fund 0443, Department ECO, Unit X151, Object 3015  
Activity SDFPOF, Program MALCRETAIL,  
Encumbrance/Contract No.CX ECO-2025-00026394 \$1,190,354.00

Public Private Partnership Fund  
Fund 0352, Department ECO, Unit X151, Object 3016  
Activity PPPF, Program MALCRETAIL,  
Encumbrance/Contract No. CX ECO-2025-00026394 \$312,500.00

Total amount not to exceed \$1,502,854.00

**SECTION 4.** That the terms for the SDFPOF loan shall be as follows: Interest rate: 2.50%; term of the loan will be for 10 years; and amortization period over 25 years. In addition, during the construction period of the project, Interest shall be accrued at 2.50% interest rate.(amortization schedule attached in **Exhibit A**)

**SECTION 5.** 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 ECO South Dallas Fair Park Opportunity Fund, Fund 0443, Department ECO, 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 \$1,190,354.00.

**SECTION 6.** That the Chief Financial Officer is hereby authorized to receive and deposit the principal amount not to exceed \$1,190,354.00 and estimated interest amount not to exceed \$260,479.00 (includes an estimated amount of \$29,759.00 accrued interest during the project construction period) in the ECO South Dallas Fair Park Opportunity Fund, Fund 0443, Department ECO, Unit X151, 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 ECO, Unit X151, Various Revenue Source.

**SECTION 7.** 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 ECO South Dallas Fair Park Opportunity Fund, Fund 0443, Department ECO, Balance Sheet Account 023D notes receivable, and deferred revenue Balance Sheet Account 0898 in the amount of the loan disbursement not to exceed \$1,190,354.00.

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**SECTION 8.** 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 ECO South Dallas Fair Park Opportunity Fund, Fund 0443, Department ECO, Balance Sheet Account 028E interest receivable and deferred revenue Balance Sheet Account 0898 in the estimated amount of \$260,479.00 related to the loan.

**SECTION 9.** 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 ECO South Dallas Fair Park Opportunity Fund, Fund 0443, Department ECO, Balance Sheet Account 028E interest receivable and deferred revenue Balance Sheet Account 0898 in the estimated amount of \$260,479.00 related to the loan.

**SECTION 10.** That the Developer shall design, fund and/or construct the Project as in described in Section 11.

**SECTION 11.** That in addition to the conditions set out in the sections above, the development agreement is hereby expressly made subject to all of the following contingencies which must be performed or occur:

- A. Project Financing. Prior to or contemporaneously with the City's funding of the loan, Developer shall close construction financing for the Project. Developer shall provide evidence of binding commitments of all capital sources necessary to deliver the Project and shall execute the Agreement prior to any City funding being disbursed. The loan will be disbursed into a construction management account and disbursed through a construction management process in partnership with Texas Mezzanine Fund (subordinate lender) through a single draw process to Texas Mezzanine Fund.
- B. Loan Repayment. The Borrower/Recipient shall repay the SDFPOF the principal amount of \$1,190,354 I and accrued interest in accordance to the amortization schedule attached in **Exhibit A**
- C. Required Project Components. The Project shall include the construction of a new building to be located on the Property to create a minimum of 4,800 square feet of leasable commercial space to provide new retail, office and community space to the South Dallas Fair Park neighborhood; and
- D. Minimum Investment. Developer shall incur (or cause to be incurred) and provide documentation evidencing a minimum investment of \$1,650,000.00 in capitalized costs for real property and furniture, fixtures and equipment (FF&E) improvements. The minimum investment requirement shall not be satisfied by marketing costs, developer profit/fees, financing fees, reserves, operating deficits through stabilization, carrying costs, or legal fees. The minimum investment requirement shall be satisfied only by those eligible costs incurred after the date of execution of Incentive Offer (September 26, 2024).

**SECTION 11.** (continued)

- E. Substantial Completion Deadline. Construction of the Project, shall be complete, and all portions of the building shall be occupiable by December 31, 2026, as evidenced by certificate(s) of occupancy, letter(s) of acceptance, certificate(s) of completion, and/or similar documentation issued by the City (“Substantial Completion”).
- F. Reporting Requirements: Until the Project has passed final building inspection and all required paperwork documenting Project completion has been submitted to the Office of Economic Development, 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. Upon completion, Developer shall submit annual compliance reports, which shall include proof of operations and list of tenants, to OED by April 15 each year of the Compliance Period.
- G. Living Wage: Any jobs directly created by Project (projected to be 4) must pay a living wage (currently \$22.06)
- H. Loan Security: The Loan shall be secured by a first lien on the property. The Loan shall be disbursed contemporaneously with the closing of all other required financing into construction disbursement account as approved by the City and any other lenders and with the filing of the Deed of Trust occurring on the same day.

The Loan will be considered in compliance after the construction phase, provided the following terms are met: (1) construction of the Project improvements are completed, (2) Project has obtained final certificates of occupancy (or equivalent evidence of completion issued by the City) (3) retail and office space is open to the public, (4) the building is 60% leased and occupied, and (5) upon satisfaction of all terms and conditions in the executed incentive agreement.

The Loan shall be considered in compliance during the construction period provided that quarterly reporting is received, monthly interest-only payments are made, and construction is ongoing.

- I. Grant Payment. The grant is to be paid in two installments:
  - a. Installment #1: fifty percent (50%) of Grant (\$156,250) shall be payable: (1) after construction of the Project improvements are completed and verified, (2) after the Project has obtained final certificates of occupancy (or equivalent evidence of completion issued by the City) and (3) upon satisfaction of relevant Grant terms and conditions in the executed incentive agreement.

**SECTION 11** (continued)

- b. Installment #2: remaining 50% of the Grant (\$156,250) shall be payable: (1) after the retail and office space is open to the public, (2) after the building is 80% leased and occupied, and (3) upon satisfaction of relevant Grant terms and conditions in the executed incentive agreement.
  
- J. Compliance Period. The Compliance Period for the Grant shall commence on the date of payment of Grant Installment #2 and shall terminate upon the 5th anniversary of Grant Installment #2 or full repayment of loan, whichever is later. Failure to operate Malcolm's Point Retail Center and maintain 60% occupancy during the Compliance Period shall be a default of the incentive agreement. The Compliance Period for the Loan shall commence on the date of the Loan period and shall terminate upon payment (including refinance) of the Loan.
  
- K. Deadline Extension: Upon submission of a formal request by Developer, the Director of the Office of Economic Development may, at his/her sole discretion, extend any date or deadline for a period of up to nine (9) months.
  
- L. Force Majeure. In the event the OED Director determines the Project has been delayed as a result of force majeure, Developer shall have additional time to complete the Project as may be required if Developer is diligently and faithfully pursuing completion of the Project as determined by the OED Director. Extension of Project deadlines as a result of force majeure shall not require City Council approval. "Force majeure" shall mean any contingency or cause beyond the reasonable control of Developer including, without limitation, acts of nature or the public enemy, war, riot, civil commotion, insurrection, state, federal or municipal government, or de facto governmental action (unless caused by acts or omissions of Tenant), fires, explosions, and floods.

**SECTION 12.** That until completion of the Project, an assignment of the development agreement shall only be allowed to a direct affiliate of Developer with the prior written approval of the Director, not to be unreasonably withheld. After completion of the Project, Developer may assign its rights or obligations under the development agreement to any entity with the prior written approval of the Director.

Any receivables due under the development agreement may be assigned by Developer or assignee upon providing the Director with written notice within thirty (30) calendar days of such assignment. Developer and assignee have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, interest under the development agreement for the benefit of their respective lenders without the consent of, but with written notice to, the Director. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate the lender to perform any obligations or incur any liability under the development agreement unless the lender agrees in writing to perform such obligations or incur such liability.

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**SECTION 13.** That this resolution shall take effect immediately form and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.