

June 14, 2023

**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

**WHEREAS**, investment decisions made by business owners, developers, and property owners are often significantly influenced by a municipality’s ability to provide economic development incentives; and

**WHEREAS**, it is in the interest of the City to support and secure the development, 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**, on May 26, 2021, the City Council adopted an Economic Development Policy 2022-2032 (“Policy”) by Resolution No. 21-0927; and

**WHEREAS**, on January 25, 2023, the City Council adopted a revised Policy by Resolution No. 23-0220 to clarify action items for City staff, align the action items with ongoing plans, programs, policies, and other initiatives at the City, designate lead City departments to implement the action items, and consolidate and prioritize such action items; and

**WHEREAS**, on January 25, 2023, in furtherance of the new Policy goals, the City Council also 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; and

**WHEREAS**, on January 25, 2023, with Resolution No. 23-0220, the City Council approved the designation of City of Dallas Neighborhood Empowerment Zone No. 21 (“NEZ No. 21”) pursuant to Chapter 378 of the Texas Local Government Code (“Chapter 378”); and

**WHEREAS**, on May 11, 2023, a Letter of Intent (“LOI”) for the proposed economic development incentive agreement as described herein was executed by and between Pegasus Park, LLC and/or its affiliate (“Developer”) and the City’s Director of the Office of Economic Development securing the commitment of the Bridge Labs project, including renovation of an existing building (“Building 1”), demolition of an adjacent existing building (“Building 2”), and construction of a new two-story building (“Building 3”) to deliver approximately 135,000 square feet of new life science/biotech laboratories and associated facilities (“Project”) to be situated on approximately 1.8 acres addressed as 3000 Pegasus Park Drive (“Property”) on the Pegasus Park campus; and

**WHEREAS**, the Project is located in NEZ No. 21; and

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**WHEREAS**, the City finds that the Project will not be undertaken within the city without an offer of economic development incentives from the City; and

**WHEREAS**, the City finds that the Project will significantly advance the public purpose of economic development within the city by assisting with the creation of city's first life science/biotech campus; and

**WHEREAS**, on June 6, 2023, the Economic Development Committee was briefed regarding this Project; and

**WHEREAS**, the City desires to enter into an economic development incentive agreement ("Agreement") with Pegasus Park, LLC and/or its affiliates, to include (1) a real property tax abatement ("RP Tax Abatement") for a period of ten (10) years in an amount equal to: (a) from year (1) through year seven (7), the City's taxes assessed on ninety percent (90%) of the added taxable value of Property; and (b) from year eight (8) through year ten (10), the City's taxes assessed on seventy percent (70%) of the added taxable value of the Property; and (2) a Chapter 380 economic development grant ("Grant") in an amount not to exceed \$3,000,000.00, in consideration of the Bridge Labs project within the City of Dallas NEZ No. 21.

**Now, Therefore,**

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

**SECTION 1.** That the City Manager is hereby authorized, upon approval as to form by the City Attorney, to an execute economic development incentive agreement ("Agreement") with Pegasus Park, LLC and/or an affiliate thereof ("Developer") to include: (1) a real property tax abatement for a period of ten (10) years in an amount equal to: (a) from year (1) through year seven (7), the City's taxes assessed on ninety percent (90%) of the added taxable value of Property; and (b) from year eight (8) through year ten (10), the City's taxes assessed on seventy percent (70%) of the added taxable value of the Property; and (2) a Chapter 380 economic development grant in an amount not to exceed \$3,000,000.00, in consideration of the Bridge Labs project at Pegasus Park ("Project") to be situated on approximately 1.8 acres addressed as 3000 Pegasus Park Drive ("Property") in City of Dallas Neighborhood Empowerment Zone No. 21.

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

**SECTION 3.** That, pursuant to Section 7 of this Resolution, the Chief Financial Officer is hereby authorized to disburse Grant funds in an amount not to exceed \$3,000,000.00 to Pegasus Park, LLC and/or its affiliates (Vendor No. VC28224) from the funding source as listed and described below:

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**SECTION 3.** (continued)

Public/Private Partnership Fund

Fund 0352, Department ECO, Unit W997,

Activity PPPF, Object 3016, Program BRILABPPK,

Encumbrance/Contract No. CX ECO-2023-00022291

\$3,000,000.00

Total amount not to exceed

\$3,000,000.00

**SECTION 4.** At an estimated cost of \$97.4 million (excluding acquisition and carrying costs), the Developer will perform all necessary site improvements (including demolition, grading, utilities, lighting, landscaping), complete full renovation of the existing building, and complete construction of the new two-story building (including finish-out of speculative laboratory space and tenant improvements).

**SECTION 5.** That the Agreement shall include the following two components:

- A. Chapter 380 economic development grant (“Grant”) in an amount not to exceed \$3,000,000.00 and payable in three installments.
- B. Real property tax abatement (“RP Tax Abatement”) for a period of ten (10) years in an amount equal to:
  - i. the City’s taxes assessed on 90% of the added taxable value of the Property resulting from the real property investment in the Project for year one (1) through year seven (7) of the abatement, and
  - ii. the City’s taxes assessed on 70% of the added taxable value of the Property resulting from the real property investment in the Project for year eight (8) through year ten (10) of the abatement.

**SECTION 6.** That the Grant shall be payable in three (3) installments and subject to the following conditions:

- A. (“Grant Installment 1”): Developer shall be eligible for Grant Installment 1 in the amount of \$1,200,000.00, payable upon verification of the following:
  - i. Substantial Completion of the construction of the Required Project Components (as listed in Section 9.C of this Resolution).

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**SECTION 6.** (continued)

- B. ("Grant Installment 2"): Developer shall be eligible for Grant Installment 2 in the amount of \$1,000,000.00 payable after the first full year (12 months after Substantial Completion) and is further conditioned upon verification of the following:
- i. Minimum 50% of the net rentable area of the Project is leased and occupied.
- C. ("Grant Installment 3"): Developer shall be eligible for Grant Installment 3 in the amount of \$800,000.00 payable after the second full year (24 months after Substantial Completion) and is further conditioned upon verification of the following:
- i. Minimum 75% of the net rentable area of the Project is leased and occupied.

**SECTION 7.** That the RP Tax Abatement is subject to Developer's providing written documentation evidencing: (1) Substantial Completion of the construction of the Required Project Components (as listed in Section 9.C of this Resolution), and (2) compliance with all other terms and conditions of the Agreement.

The "added taxable value" of Developer's real property is the amount of the difference between the appraised value of the real property as shown on the tax rolls of the Dallas Central Appraisal District as of January 1, 2023 and the appraised value of the real property as shown on such tax rolls as of January 1 of the year of calculation. The value of the real property shall be as finally determined by Dallas Central Appraisal District ("DCAD").

Pursuant to Section 11.43 of the Texas Tax Code, it shall be the responsibility of Developer to file an annual exemption application form with the Chief Appraisal of the DCAD throughout the term of the RP Tax Abatement. In addition, Developer shall certify in a written annual report to the City (Director of the Office of Economic Development) by April 15 of each year throughout the term of the RP Tax Abatement that Developer is in compliance with the Agreement. The exemption application form and certification report shall be submitted to the City (Director of the Office of Economic Development) for review and approval prior to submission of the exemption application form to the DCAD. Failure of Developer to obtain City approval for the annual exemption application form may result in the loss of the RP Tax Abatement for the year. The exemption application form and form certification report will be attached to the Agreement for Developer's use.

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**SECTION 8.** That the real property subject to the RP Tax Abatement shall be located wholly on the Property and located within the City's Tax NEZ No. 21 as illustrated on the attached site map (**Exhibit A**).

**SECTION 9.** That the Agreement shall include the following specific terms and conditions:

- A. Project Financing. Developer shall close construction financing for the Project prior to or contemporaneously with the City's execution of the Agreement. Developer shall provide evidence of binding commitments of all capital sources necessary to deliver the Project.
- B. Deadline for Execution of Agreement. Developer shall execute an Agreement with the City by April 1, 2024.
- C. Required Project Components. The Project shall include the following Required Project Components ("Required Project Components"):
  - i. Environmental remediation;
  - ii. Demolition of Building #2 and selective interior demolition within Building #1
  - iii. Site improvements (e.g. utilities; demolition/reconstruction of surface parking lot; lighting; landscaping; signage)
  - iv. Renovation of existing Building #1: minimum 70,000 square feet (e.g. roof; façade; structural; mechanical; electrical; plumbing); and
  - v. Construction of a new Building #3: minimum 60,000 square feet
- D. Building Permit Deadline. Developer shall obtain a building permit from the City by June 30, 2024. A foundation permit may constitute satisfaction of this requirement. A demolition permit or grading permit does not constitute satisfaction of this requirement.
- E. Substantial Completion Deadline. Developer shall cause the construction of the Required Project Components described in Section 9.C to be ("Substantially Completed") by December 31, 2025 as evidenced by certificate(s) of occupancy, letter(s) of acceptance, certificate(s) of substantial completion, and/or similar documentation issued by the City.
- F. Required Minimum Private Investment by Developer. Developer shall invest (or cause to be invested) and provide documentation evidencing a minimum of \$70,000,000 in real property improvements, including the design, engineering and construction of site improvements and building improvements associated with the Project by December 31, 2025. Construction management costs may be included in the private investment calculation if the construction management services are performed by an independent and unaffiliated third-party.

**SECTION 9.** (continued)

Construction management costs must be evidenced by invoices with detailed descriptions of services performed. Developer fees, legal fees, marketing fees, financing fees, leasing commissions, carrying costs, reserves, operating deficits through stabilization and other similar costs shall not be included in the private investment calculation. With the exception of professional fees, environmental assessments, and other eligible due diligence costs, no expenditures made by Developer prior to the execution date of the Letter of Intent between the Developer and the City may be included in the private investment calculation.

- G. M/WBE Inclusion in Construction of Project. Developer shall make a good faith effort to comply with a goal of 40% participation by certified Minority/Women-owned Business Enterprises (“M/WBE”) for all hard construction expenditures (i.e. public and private improvements) for the Project and meet all process and reporting requirements of the City’s Business Inclusion and Development (“BID”) program. The BID reporting requirements and forms shall be attached to the Agreement. Compliance shall be coordinated with the City’s Small Business Center.
- H. Local Hiring Plan. Within six (6) months of the effective date of the Agreement, and prior to the payment of any Grant installment, Developer shall submit to the Director of the Office of Economic Development (“Director”) a written plan (“Local Hiring Plan”) describing: (i) how Developer shall use and document commercially reasonable efforts to recruit and hire residents of the city of Dallas, and (ii) how Developer shall cause all tenants to use and document commercially reasonable efforts to recruit and hire residents of the city of Dallas. At a minimum, the Local Hiring Plan shall describe how Developer will target local recruitment through local advertisement, community outreach, local engagement, participation in local job fairs, and/or coordination with local hiring sources. The Local Hiring Plan shall be subject to approval by the Director, which approval shall not to be unreasonably withheld, to ensure that employment opportunities are targeted to Dallas residents. Within thirty (30) calendar days of the City’s receipt of the Local Hiring Plan, the Director shall either (i) approve the Local Hiring Plan or (ii) in the event the Director disapproves the Local Hiring Plan, give written notification to the Developer of the Director’s disapproval, specifying the reasons for such disapproval. Compliance with the Local Hiring Plan shall be a material requirement for the Agreement.
- I. Public Access to Infrastructure Not Owned by City/Acceptance of Public Infrastructure Improvements. If applicable, prior to City’s payment of any portion of the incentive and at no cost to the City, Developer shall provide public access easements, deed restrictions, or other instruments reasonably acceptable to the Director if any street and utility infrastructure improvements associated with the

**SECTION 9.** (continued)

Project remain in non-City ownership but require public access. If applicable, Developer shall obtain final acceptance of any public infrastructure improvements associated with the construction of the Project, as evidenced by a letter of acceptance or similar documentation issued by the City by June 30, 2026.

- J. Operating and Maintenance Agreement. If applicable, and prior to Substantial Completion, Developer shall execute an Operating and Maintenance Agreement (defined below) for any Non-Standard Public Improvements (defined below) associated with the Project (“Operating and Maintenance Agreement”), and if necessary, obtain a license from City for the purpose of maintaining any improvements in the public right-of-way. (“Non-Standard Public Improvements”) shall be defined as those public infrastructure improvements which exceed the City’s standard design requirements, as determined by the City, including specially designed street/pedestrian lighting, brick pavers, bollards, public art, fountains, landscaping, and irrigation. If Developer fails to maintain such Non-Standard Public Improvements after notice from City, City may, at its sole option, perform such maintenance and invoice Developer for the costs, which costs Developer shall pay within thirty (30) days of notice. Developer shall submit documentation evidencing that an executed Notice of Operating and Maintenance Agreement specifying the existence of an executed Operating and Maintenance Agreement for the Non-Standard Public Improvements was recorded with the Dallas County Clerk’s Office. The term for the Operating and Maintenance Agreement shall be twenty (20) years. The terms and conditions of the Operating and Maintenance Agreement are binding upon the successors and assigns of all parties hereto and may be assignable, subject to Director approval (not to be unreasonably withheld, conditioned, or delayed), in whole or in part, to a new owner of all or a portion of the Project.
  
- K. Ongoing Compliance. Beginning on the date of City’s payment of Grant Installment 3, Developer shall maintain compliance with the following requirement, subject to annual verification for the remaining term of the RP Tax Abatement (“Compliance Period”):
  - i. Minimum 75% of the net rentable area of the Project is leased and occupied
  
- L. Default or Failure to Maintain Minimum Occupancy during Compliance Period. If Developer is in default under the terms of the Agreement or if the Project falls below the 75% minimum occupancy requirement described in Section 9.K during the Compliance Period for a continuous period of one-hundred (180) days (for reasons other than casualty, condemnation, or Force Majeure), and Developer fails to cure the default or fails to bring occupancy up to the required minimum of

**SECTION 9.** (continued)

75% within one-hundred eighty (180) days after written notice from the City, then Developer shall cease to remain eligible for the RP Tax Abatement and shall be required to repay the City the following amounts of the Grant: \$250,000 per year (prorated on a monthly basis for any partial years) for the remaining Compliance Period.

- M. Urban Design Review. 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.

Following a formal review of the entire Pegasus Park development plan and the Project’s preliminary conceptual drawings and renderings on December 16, 2022, the UDPRP provided urban design advice for the Developer. On March 30, 2023, Developer submitted to the City’s Planning and Urban Design (“PUD”) Department staff written responses and revised conceptual plans addressing the UDPRP’s design advice. On April 14, 2023, PUD staff provided written responses to the Developer and approved the revised conceptual plans for the Project submitted on March 30, 2023. Additionally, PUD staff indicated that all future phases of the Pegasus Park development shall be required to undergo UDPRP review.

Prior to the submittal of the Project’s construction plans to the City’s Development Services Department as part of a building permit application, Developer shall submit a set of the construction drawings to PUD for a final staff review to ensure that the Project will be constructed in substantial conformance with the conceptual plans accepted by PUD. PUD staff shall complete the final staff review of permit drawings within ten (10) business days of submission by Developer.

Allowable minor modifications to the Project’s design may include those required to comply with development regulations administered by the City’s Development Services Department or other City departments, federal, state, and local laws, codes, and regulations. Prior to making any Project design changes that would be considered minor in nature, Developer shall notify the Director and submit proposed changes to the Director and PUD for review and approval.

- N. Quarterly Reporting. Until the Project has passed final building inspection and all required paperwork documenting Substantial Completion pursuant to Section 9.E of this Resolution has been submitted to the Office of Economic Development, Developer shall submit to the Director quarterly status reports for ongoing work on the Project, in the form to be attached to the Agreement. Such status reports shall be due within thirty (30) calendar days following the end of each calendar quarter.



**SECTION 9.** (continued)

- O. Annual Reporting. After Grant Installment #1 is earned by Developer and paid by City, Developer shall submit an annual compliance report to the Director by April 15 of each year during the Compliance Period in the form attached to the Agreement.
- P. Minor Modifications. At Developer's written request, the Director may authorize one (1) extension of the Project deadlines by up to nine (9) months for just cause.
- Q. Force Majeure. In the event the Project has been delayed because of Force Majeure, after being provided written notice by Developer, Developer shall have additional time to complete the Project, as may be required in the event of Force Majeure, defined herein, so long as requesting entity is diligently and faithfully pursuing completion of the Project, as reasonably determined by the Director. Extension of Project deadlines because of Force Majeure shall not require City Council approval. ("Force Majeure") shall mean any contingency or cause beyond the reasonable control of the Developer, as reasonably determined by the Director including, without limitation, acts of nature or the public enemy, war, riot, civil commotion, insurrection, state, federal or municipal government (including, without limitation, timely issuance of permits need to complete the development of the Project), or de facto governmental action (unless caused by acts or omissions of Developer), fires, explosions, floods, pandemics, epidemics, or viral outbreaks other than the COVID-19 pandemic, shortages in labor or materials, and strikes. In the event of Force Majeure, Developer shall be excused from doing or performing the same during such period of delay, so that the completion dates applicable to such performance shall be extended for a period equal to the period of time Developer was delayed.
- R. Assignment. Until Developer achieves Substantial Completion, an assignment of the rights and/or the obligations under the Agreement in whole or in part shall only be allowed to an affiliate of Developer with the prior written approval of the Director, not to be unreasonably withheld.  
  
After Developer achieves Substantial Completion, Developer may assign its rights and/or obligations under the Agreement to any entity with the prior written approval of the Director, not to be unreasonably withheld.
- S. Survey of Bridge Labs Project Site. Developer shall provide a metes and bounds legal description and map of the Project site that depicts the separation of the Project site from the overall Pegasus Park parcel. The legal description and map shall be attached to the Agreement as exhibits.

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**SECTION 10.** City staff shall work in good faith with Developer to evaluate the overall master plan for Pegasus Park to consider the feasibility of the possible expansion of an existing tax increment financing (TIF) district or the creation of a new TIF district which may be necessary to facilitate public funding support for the development of future phases within the overall Pegasus Park master plan.

**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.