

January 12, 2022

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, Ford Next LLC or its affiliate (Ford) is planning to partner with Argo AI for a new autonomous vehicle facility (AVF) and has narrowed its final site locations to Dallas and two sites in California; 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, 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, pursuant to Resolution No. 21-1052, approved by the City Council on June 9, 2021, 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; and

WHEREAS, the proposed project complies with the City's Public/Private Partnership Program – Guidelines and Criteria provision requiring projects to create at least 100 jobs or provide at least \$5 million in investment; 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 business personal 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

January 12, 2022

WHEREAS, a notice to consider approval of a business personal property tax abatement agreement with Ford 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 business personal property tax abatement agreement with Ford for the added value to net new business personal property located 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)**.

WHEREAS, the City desires to enter into a Chapter 380 Economic Development Grant Agreement with Ford to promote economic development, stimulate private sector investment, encourage job creation, and grow the tax base in the City of Dallas; and

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 an economic development agreement with Ford or an affiliate which includes **(1)** a business personal property tax abatement exempting 50% of the taxes on the added value to the net new tangible personal property for a period of five years and **(2)** a Chapter 380 Economic Development Grant in an amount not to exceed \$250,000.00, for construction of an autonomous vehicle facility (AVF) and the creation of 250 new jobs at 2335 Burbank Street, Dallas, Texas. Of the total grant award, \$200,000.00 is conditioned on creating Grant-Eligible jobs (as described herein), and up to \$50,000.00 is for construction start-up costs associated with the AVF.

SECTION 3. That at least seven days prior to the execution of the 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 business personal property that is the subject of this agreement.

SECTION 4. That the approval and execution of the business personal 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.

January 12, 2022

SECTION 5. That the business personal property subject to the tax abatement agreement will be located on the real property depicted on the attached site map **Exhibit A** (map) and is more particularly described by **Exhibit B** (metes and bounds legal description).

SECTION 6. The City of Dallas shall provide Ford a five (5) year abatement of the added value to business personal property in an amount equal to the City's taxes assessed on fifty percent (50%) of the value of Ford's new tangible business personal property investment at the AVF facility.

- a) The business personal property abatement period will begin on or before January 1, 2028.
- b) A description of the kind, number, location, and costs of all proposed business personal property to be placed in service on the Property shall be provided to the City's Director of the Office of Economic Development (Director) by Ford.
- c) None of the property subject to the business personal property tax abatement is owned or leased by a member of the City Council of the City of Dallas or by a member of the City Plan Commission.
- d) The business personal property tax abatement will only be applicable to the business personal property owned by Ford located entirely within City of Dallas

SECTION 7. That \$200,000.00 of the Chapter 380 Economic Development Grant shall be paid to Ford or an affiliate at \$2,000 per net new permanent full-time Ford job that is Grant-Eligible (defined below) and created in Dallas by Ford by December 31, 2027 with a minimum salary of \$74,000.00.

SECTION 8. That up to \$50,000.00 of the Chapter 380 Economic Development Grant shall be paid to Ford or an affiliate on a reimbursement basis for construction start-up costs associated with the AVF F.

SECTION 9. That the incentive agreement shall include, among other provisions, the following:

- a) Ford will create a minimum of 250 Jobs (defined as full-time, permanent employees of Ford receiving full benefits), 100 of which shall be Grant-Eligible (as defined above) in Dallas by December 31, 2027 (the Job Creation Requirement).

SECTION 9. (continued)

- b) 80% of Grant-Eligible Jobs must be paid a minimum salary of \$74,00.000. The remaining 20% of Grant-Eligible Jobs will be paid a minimum salary of \$100,000.00. The remaining 150 Jobs that comprise the Job Creation Requirement shall be paid a minimum salary equal to or greater than the then-current living wage for an individual in Dallas County as determined by the Massachusetts Institute of Technology's Living Wage Calculator, as that figure may be adjusted throughout the Compliance Term. The rate in Dallas County is currently \$15.21 per hour. This wage figure does not include overtime, bonuses, or benefits. The grant must be repaid if the Job Requirements (Job creation, maintenance, salary, and residential hiring requirements) are not maintained five years from the date of grant payment, subject to notice and an opportunity to cure.
- c) A minimum of 50% of all Jobs created under the Job Creation Requirement, shall be residents of the City of Dallas, and Ford will make best efforts to ensure that at least half of the Grant Eligible jobs are filled by Dallas residents. Compliance monitoring for this requirement will occur when Ford notifies the City of Dallas that it has met the hiring and salary requirements above and will continue annually thereafter for five years after the date of the grant payment.
- d) Ford shall maintain in Dallas the minimum number of Grant-Eligible jobs for five years after the date of the grant payment.
- e) Ford shall invest a minimum of \$160 million in capital expenditures at 2335 Burbank St. by December 31, 2027, estimated to include \$2.5 million in tenant improvements and \$157.5 million in autonomous vehicles and technology.
- f) Ford shall make best efforts to execute a formal partnership with Dallas College and NCTCOG to develop an automated vehicle/transportation technology training program. Ford will partner with Dallas College to develop internships based on this program, or pursue a similar program developed by Ford and Dallas College and subject to approval by the Director. Ford must deliver to Director an agreement executed by Ford and Dallas College documenting the terms of the proposed program no later than December 31, 2023, or document why the agreement was unable to be executed, along with documented evidence of Ford's efforts to do so. At a minimum, Ford will continue this program through December 31, 2033.

January 12, 2022

SECTION 9. (continued)

- g) Ford shall make best efforts to execute formal agreements with the Dallas Independent School District and Richardson Independent School District by December 30, 2022 to participate as an Industry Partner in the Pathway to Technology Early College High School (P-TECH) Programs.
- h) Ford shall undertake a good faith effort to comply with the City's Business Inclusion and Development goal of 32% participation by Minority/Women-owned Business Enterprises for construction and construction-related expenditures incurred by Ford in Dallas.
- i) Ford shall, upon request and reasonable notice, (i) provide to the Office of Economic Development sufficient records and documents related to the obligations contained herein to demonstrate, and (ii) permit staff from the Office of Economic Development access to the AVF and Ancillary Facility, as applicable, to monitor, compliance with the City incentive agreement.
- j) Ford shall provide an annual report to the Director regarding documentation of all required compliance with the City incentive agreement. Of note, the annual reports shall include a summary regarding the status/outcomes of the workforce program regarding Dallas College, including number of participants, salaries or other benefits paid to participants, and race/gender/ethnicity of participants, and summary of P-TECH participation. The annual reports shall be due every April 15th to the Office of Economic Development starting in 2023 and concluding in 2034. As an example of an annual report's applicable deadline, the 2022 annual report will be due by April 15th, 2023. The annual report shall be provided to the City no later than April 15th of each year beginning in 2022 and ending in 2034
- k) Failure to comply with the terms of the incentive agreement may result in a partial recapture and/or repayment of incentives.

SECTION 10. That pursuant to Sections 7 and 8 of this resolution and, upon City approval of annual appropriations, the Chief Financial Officer is hereby authorized to encumber and disburse funds to Ford Next LLC and/or its affiliates from Public/Private Partnership Fund, Fund 0352, Department ECO, Unit W813, Object 3016, Activity PPPF, Program PPPF0019, Encumbrance/Contract No. ECO-2022-00018326, Vendor VS0000081009, in an amount not to exceed \$250,000.00.

SECTION 11. That the business personal property abatement and Chapter 380 grant are personal to Ford and cannot be sold or assigned to non-affiliated companies without written approval by the Director.

January 12, 2022

SECTION 12. 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.