

October 23, 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, 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, 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, the City established Tax Increment Financing Reinvestment Zone Number Three (“Oak Cliff Gateway TIF District” or “District”) and established a Board of Directors (“Board”) for the District to promote development or redevelopment in the Oak Cliff Gateway area pursuant to Ordinance No. 21466; as amended, authorized by the City Council on November 11, 1992, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, as amended (“TIF Act”); and

WHEREAS, on February 12, 1997, the City Council authorized the Project Plan and Reinvestment Zone Financing Plan (“Plan”) for the Oak Cliff Gateway TIF District by Ordinance No. 23033, as amended; and

WHEREAS, on September 6, 2024, a Letter of Intent (“LOI”) for the proposed TIF development agreement, as described herein, was executed by and between 900 E. Clarendon QOZB, LLC and/or its affiliates and the City’s Director of the Office of Economic Development (“Director”) securing the East Dock Redevelopment Project which includes the commitment of (1) the exterior and interior renovation and adaptive reuse of an approximately 62,000 square feet existing vacant building into leasable commercial space; (2) onsite improvements to include landscaping, publicly accessible green space, signage, site and pedestrian lighting; and (3) streetscape improvements along Viola Street frontage (altogether the “Project”); and

WHEREAS, on September 23, 2024, the Oak Cliff Gateway TIF District Board reviewed the East Dock Redevelopment Project and unanimously recommended City Council authorization of a development agreement with 900 E Clarendon QOZB, LLC and/or its affiliates in an amount not to exceed \$2,681,864.00; and

WHEREAS, on October 7, 2024, the Economic Development Committee was briefed regarding this Project and

October 23, 2024

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

WHEREAS, to further implement the Oak Cliff Gateway TIF District Project Plan and Reinvestment Zone Financing Plan, the City desires to enter into a development agreement with 900 E Clarendon QOZB, LLC and/or its affiliates in an amount not to exceed \$2,681,864.00 payable from current and future Oak Cliff Gateway TIF District Funds, in consideration of the Project on property currently addressed as 900 East Clarendon Drive.

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 a tax increment financing ("TIF") development agreement and all other necessary documents in an amount not to exceed \$2,681,864.00 ("TIF Subsidy"), as shown in **Exhibit A**, payable from current and future Oak Cliff Gateway TIF District funds, with 900 E Clarendon QOZB LLC and/or its affiliates, in consideration of the East Dock Redevelopment Project ("Project") on property currently addressed as 900 East Clarendon Drive in the Clarendon/Beckley/Kiest Sub-District of the Oak Cliff Gateway TIF District ("Property"), approved as to form by City Attorney.

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 upon Project completion and Developer's compliance with all terms and conditions in a development agreement executed pursuant to this resolution, the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$2,681,864.00 (subject to annual appropriations from tax increments) to 900 E. Clarendon QOZB LLC and/or its affiliates from the Oak Cliff Gateway TIF District Fund, as follows:

Oak Cliff Gateway TIF District Fund	
Fund 0034, Department ECO, Unit X148, Object 4599	
Activity TOAK, Program OCGTIF0012, Vendor	
Encumbrance/Contract No. CX-ECO-2024-00026203	\$365,000.00
Oak Cliff Gateway TIF District Fund	
Fund 0034, Department ECO, Unit X148, Object 3016	
Activity TOAK, Program OCGTIF0012, Vendor	
Encumbrance/Contract No. CX-ECO-2024-00026203	<u>\$2,316,864.00</u>
Total amount not to exceed	\$2,681,864.00

October 23, 2024

SECTION 4. That the Developer shall design, fund and/or construct the Project and any related public infrastructure improvements on and adjacent to the Property in the Oak Cliff Gateway TIF District as described in Section 6 and in substantial conformance with **Exhibits B1 and B2.**

SECTION 5. That nothing in this resolution shall be construed to require the City to approve payment of the TIF Subsidy from any source of City funds other than the Oak Cliff Gateway TIF District Fund and/or tax increment bonds. Any funds expended under the development agreement that remain unpaid upon termination of the Oak Cliff Gateway TIF District, due to lack or unavailability of the Oak Cliff Gateway TIF District funds, shall no longer be considered project costs of the Oak Cliff Gateway TIF District or the City, and the obligation of the Oak Cliff Gateway TIF District to pay any remaining amount of the TIF Subsidy to Developer shall automatically expire.

SECTION 6. 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 execution of the Agreement, Developer shall close construction financing for the Project. Developer shall provide evidence of binding commitments of all capital sources necessary to deliver the Project.
- B. Required Project Components. The Project shall include the following:
 - a. renovation of the entire building located on the Property to create a minimum of 55,000 square feet of leasable commercial space; and
 - b. site improvements (public and private) necessary to deliver the Project (e.g. utilities; selective demolition; lighting; landscaping; signage; publicly accessible green space).
- C. Minimum Investment. Developer shall invest (or cause to be invested) and provide documentation to the OED Director evidencing a minimum of \$7,000,000.00 in investment expenditures (**Exhibit C**) for delivery of the Project, including acquisition, environmental remediation, demolition, sitework, building renovation, tenant finish-out, and professional fees (e.g., architecture, engineering, landscape architecture, interior design, surveying, environmental remediation) associated with the Project ("Minimum Investment") by December 31, 2027. Construction management costs may be included in the Minimum Investment calculation if the construction management services are directly related to ensuring the quality of the construction of the Project and are performed by an independent and

SECTION 6. (continued)

unaffiliated third-party. 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 considered an eligible investment expenditure. With the exception of acquisition, professional fees, environmental assessments, other eligible due diligence costs, a life-safety roof repair, life-safety fire sprinkler repair, and/or franchise utility equipment and services, no expenditures made by Developer prior to execution of the Letter of Intent dated September 6, 2024 shall count towards the Minimum Investment calculation.

- D. Special Project Conditions. Per the Oak Cliff Gateway TIF District Plan, as amended, the Project incentive encourages the redevelopment of vacant/underutilized commercial properties east of the Southern Gateway Deck Park. The goal is to jump-start development within the Clarendon/Beckley/Kiest Sub-District of the Oak Cliff Gateway TIF District by finding productive uses for vacant land and stimulating job creation to spur economic revitalization and increase long-term quality of life for the area. While the Property will maintain its current Industrial Manufacturing (IM) zoning district designation, certain industrial, wholesale, storage, and warehouse uses are not compatible with the development goals of the Oak Cliff Gateway TIF District. Therefore, land use restrictions for the Property, as shown in **Exhibit D**, shall be secured by deed restrictions to be filed with the Dallas County Clerk's Office prior to any TIF Subsidy payment for the remaining term of the Oak Cliff Gateway TIF District, which is scheduled to sunset at the end of 2052.
- E. Building Permit Deadline. Developer shall obtain a building permit for the Project (including all buildings) by December 31, 2025. A grading permit does not constitute meeting this requirement.
- F. Substantial Completion Deadline. Construction of the Project, including any associated public improvements, shall be complete, and all portions of the building shall be occupiable by December 31, 2027, as evidenced by certificate(s) of occupancy, letter(s) of acceptance, certificate(s) of completion, and/or similar documentation issued by the City; and Developer shall obtain final acceptance of any public infrastructure improvements associated with the construction of the Required Project Components as evidenced by a letter(s) of acceptance or similar documentation issued by the City, by December 31, 2027 (altogether the "Substantial Completion").

SECTION 6. (continued)

- G. Public Access to Infrastructure Not Owned by City. Prior to City's payment of any portion of the TIF Subsidy and at no cost to the City, Developer shall provide public access easements, deed restrictions, or other instruments reasonably acceptable to the OED Director if any street and utility infrastructure improvements and/or public open space associated with the Project remain in non-City ownership but require public access.
- H. Property Management. The proposed property management group for the Project must be submitted at least three months prior to Project completion for review by the OED Director to consider acceptance based on the management entity's comparable experience managing other comparable properties, such approval not being unreasonably withheld. Notwithstanding any provision to the contrary, any affiliate of the Developer shall be considered an approved manager for any component of the Project.
- I. 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 that will be owned by the City but maintained by the Developer (the "Operating and Maintenance Agreement"). 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 located within the City's rights-of-way which exceed the City's standard design requirements, as determined by the City, including specially designed street/pedestrian lighting, brick pavers, bollards, sidewalks, public art, fountains, landscaping, and irrigation. If Developer fails to maintain such 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 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 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 OED Director's 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. Developer shall remain responsible for the maintenance of the Non-Standard Public Improvements for a term of 20 years even if Developer chooses to forgo the TIF Subsidy or is not paid the TIF Subsidy as a result of default.

SECTION 6. (continued)

- J. 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 (public and private improvements) for the Project and meet all process and reporting requirements of the City’s Business Inclusion and Development (“BID”) program. Compliance shall be coordinated with the City’s Office of Procurement Services.

- K. Quarterly Reporting. Until all Required Project Components have passed final building inspection and Developer has submitted all required paperwork documenting Substantial Completion to the OED Director, Developer shall submit to OED 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 30 calendar days following the end of each calendar quarter after the City Council authorization of the development agreement.

- L. Project Modifications. OED Director, after approval and recommendation by the TIF District Board, may authorize modifications to the Project and an extension of the Project’s material dates and deadlines by up to 12 months for just cause.

- M. Urban Design. The City’s 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. Review by the UDPRP is required for all projects seeking TIF subsidies. Following a formal review of the Project’s preliminary conceptual drawings and renderings on April 12, 2024, the UDPRP provided design advice (**Exhibit B1**) to the Developer. On April 30, 2024, Developer submitted a written response to the City’s Department of Planning and Development (“P&D”) staff and included updated plans (**Exhibit B2**). On May 6, 2024, P&D staff responded and acknowledged that the updated plans accommodated UDPRP’s recommendation. Prior to submitting construction plans to P&D as part of a building permit application, Developer shall submit a set of the construction plans to P&D staff for a final staff review to ensure that the Project will be constructed in substantial conformance with the revised conceptual drawings and renderings accepted by P&D on May 6, 2024. P&D staff shall complete the final review within 10 business days of submission by Developer.

SECTION 6. (continued)

- N. Local Hiring. For all permanent employment opportunities created by operation of the Project, Developer shall submit to the City a written plan describing (1) how Developer or its property management group shall use and document commercially reasonable efforts to recruit and hire residents of the city of Dallas and (2) how Developer or its property management group shall cause all tenants of all buildings in the Project to use and document commercially reasonable efforts to recruit and hire residents of the city of Dallas. At a minimum, the written plan shall describe how Developer, its property management group, and/or tenants will target local recruitment through local advertisement, community outreach, local

engagement, participation in local job fairs, and/or coordination with local hiring sources. The plan shall be subject to approval by the OED Director to ensure that employment opportunities are targeted to Dallas residents and that commercially reasonable efforts are made to promote the hiring of neighborhood residents for any new permanent jobs created. No portion of the TIF Subsidy shall be disbursed to Developer until the OED Director approves the local hiring plan. Within 30 calendar days of OED Director's receipt of the local hiring plan, the OED Director shall either approve the local hiring plan or give written notification to the Developer of the OED Director's disapproval, specifying the reasons for such disapproval. Compliance with the local hiring plan shall be a material requirement for the Agreement.

- O. Minimum Occupancy Requirement. Prior to the City's disbursement of any portion of the TIF Subsidy, a minimum of 50% of rentable building area shall be leased and occupied with active uses such as retail, office, and/or flex space. Any space used solely for warehouse storage will not count toward the minimum occupancy requirement.
- P. Force Majeure. Notwithstanding project modifications as described on Section 6L or any other provision of this resolution to the contrary, in the event the OED Director determines (which determination shall not be unreasonably withheld, conditioned, or delayed) the Project has been delayed as a result 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 Developer is diligently and faithfully pursuing completion of the Project, as determined by the OED Director (which determination shall not be unreasonably withheld, conditioned, or delayed). 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, as reasonably determined by the OED Director (which determination shall not be unreasonably withheld, conditioned, or delayed) including, without limitation, acts of nature or the public enemy, war, riot, civil

SECTION 6. (continued)

commotion, insurrection, state, federal or municipal government, or de facto governmental action (unless caused by acts or omissions of Developer), fires, explosions floods, pandemics, epidemics, or viral outbreaks, shortages in labor or materials, delays in damages caused by delivery of 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, or to the construction requirement shall be extended for a period equal to the period of time Developer was delayed, subject to OED Director's approval (which approval shall not be unreasonably withheld, conditioned, or delayed).

SECTION 7. That all payments of the TIF Subsidy are subject to the availability of tax increment in the Oak Cliff Gateway TIF District Fund. If the appraised value of the property in the Oak Cliff Gateway TIF District remains constant or decreases in value from the base year value, payment of the TIF Subsidy may be reduced or unpaid due to lack of available increment. The TIF Subsidy shall be paid solely from the Oak Cliff Gateway TIF District fund, if and when tax increments are received and available for such purpose, during the remaining life of the Oak Cliff Gateway TIF District (including collection of the 2052 tax year increment in calendar year 2053), subject to the limitations on payment provided in the Agreement authorized by City Council.

SECTION 8. That assuming all other conditions for payment have been met, City will administer the payment of the TIF Subsidy pursuant to the Oak Cliff Gateway TIF District Increment Allocation Policy (**Exhibit E**). Final project prioritization and payment terms, upon approval of the TIF Board and City Council, will be set in the Agreement.

SECTION 9. That until completion of the Project, an assignment of the Developer's duties and obligations under the Agreement shall only be allowed to a direct affiliate of Developer with the prior written approval of the OED Director, not to be unreasonably withheld, conditioned, or delayed.

After completion of the Project, Developer may assign its rights or obligations under the Agreement to any entity provided the assignee expressly assumes all of the obligations of the Developer under the Agreement for the balance of the term of such Agreement.

Any receivables due under the Agreement may be assigned by Developer or assignee upon providing the OED Director with written notice with 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 Agreement for the benefit of their respective lenders without the consent of, but with written notice to, the OED 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 Agreement unless the lender agrees in writing to perform such obligations or incur such liability.

October 23, 2024

SECTION 10. 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.