

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**, the City established Tax Increment Financing Reinvestment Zone Number Thirteen (“Grand Park South TIF District” or “District”) and established a Board of Directors (“Board”) for the District to promote development or redevelopment in the Grand Park South area pursuant to Ordinance No. 26147; as amended, authorized by the City Council on October 26, 2005, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, as amended (“TIF Act”); and

**WHEREAS**, on June 13, 2007, City Council authorized the Project Plan and Reinvestment Zone Financing Plan for the Grand Park South TIF District by Resolution No. 07-1738; Ordinance No. 26773; as amended; and

**WHEREAS**, on May 15, 2023, the Board reviewed the proposed Legacy of Hope DFW redevelopment project (“Project”) and unanimously recommended City Council authorization of a development agreement with Vector Studies, LLC (“Developer”) and/or its affiliates in an amount not to exceed \$2,308,210.00; and

**WHEREAS**, the scope of the Project is planned to generally include various interior improvements to the building including demolition of a one-story addition; structural repair; electrical; plumbing; lighting; heating, ventilation and air conditioning (HVAC); fire alarm/sprinkler; security system; common area enhancements; various exterior improvements to the building including windows, facade restoration, roof, etc.; site improvements including grading; paving (including Americans With Disabilities barrier free ramps); utilities; parking improvements; irrigation; landscape; hardscape; lighting; and streetscape improvements along the Project's Martin Luther King Jr Boulevard frontage; and

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

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**WHEREAS**, to further implement the Grand Park South TIF District Project Plan and Reinvestment Zone Financing Plan, the City desires to enter into a development agreement with Vector Studies, LLC and/or its affiliates in an amount not to exceed \$2,308,210.00 payable from current and future Grand Park South TIF District funds, in consideration of the Project on property currently located at 2516 Martin Luther King Jr. Boulevard.

**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 development agreement and all other necessary documents with Vector Studies, LLC and/or its affiliates in an amount not to exceed \$2,308,210.00, payable from current and future Grand Park South TIF District funds ("TIF Subsidy"), in consideration of the Legacy of Hope DFW redevelopment project ("Project") on property currently addressed as 2516 Martin Luther King Jr Boulevard in the Grand Park South TIF District, approved as to form by the City Attorney, thereby confirming the Board's dedication of current and future tax increment revenues in an amount not to exceed \$2,308,210.00 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 pursuant to Section 6 and Section 7 of this resolution the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$2,308,210.00 to Vector Studies, LLC and/or its affiliates from the Grand Park South TIF District Fund (subject to annual appropriations from tax increments), as follows:

**Grand Park South TIF District Fund**

Fund 0054, Department ECO, Unit W982, Object 3072, Activity GPST, Program LEGOFHOPE, VC28312, Encumbrance/Contract No.CX ECO-2023-00022178	\$88,613.00
Fund 0054, Department ECO, Unit W982, Object 4510, Activity GPST, Program LEGOFHOPE, VC28312, Encumbrance/Contract No.CX ECO-2023-00022178	\$100,000.00
Fund 0054, Department ECO, Unit W982, Object 3072, Activity GPST, Program LEGOFHOPE, VC28312, Encumbrance/Contract No.CX ECO-2023-00022178	\$233,945.00

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**SECTION 3.** (continued)

Fund 0054, Department ECO, Unit W982, Object 3016, Activity GPST, Program LEGOFHOPE, VC28312, Encumbrance/Contract No.CX ECO-2023-00022178	<u>\$1,885,652.00</u>
Total amount not to exceed	<u>\$2,308,210.00</u>

**SECTION 4.** That the Developer shall design, fund and/or construct the Project and any related public infrastructure improvements on and adjacent to property currently addressed currently addressed as 2516 Martin Luther King Jr. Boulevard in the Grand Park South TIF District as described in Section 6 and in substantial conformance with **Exhibit C1 and C2.**

**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 Grand Park South TIF District Fund and/or tax increment bonds. Any funds expended under the development agreement that remain unpaid upon termination of the Grand Park South TIF District, due to lack or unavailability of Grand Park South TIF District Funds, shall no longer be considered project costs of the Grand Park South TIF District or the City, and the obligation of the Grand Park South 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. Minimum Investment. Developer shall incur (or cause to be incurred) and provide documentation evidencing a minimum of \$3,000,000.00 in Investment Expenditures (**Exhibit B**) for construction of the Project, including the sum of all costs for site acquisition, environmental remediation, demolition, off-site infrastructure, on-site preparation, building construction/finish-out/furnishings, and professional fees (e.g. architecture, engineering, landscape architecture, interior design, surveying, environmental remediation). Construction management costs may be considered an Investment Expenditure if services are directly related to ensuring the quality of the construction of the Project and are performed by an independent and 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 Investment Expenditure. With the exception of site acquisition, professional fees, environmental assessments and other eligible due diligence costs, no expenditures made prior to City Council approval of this resolution shall count towards the required minimum investment.

**SECTION 6.** (continued)

- B. Minimum Project Requirements. The Project shall include the rehabilitation of a minimum of 15,000 square feet of commercial space, including all site improvements, public infrastructure improvements, and streetscape improvements required for the Project to obtain certificate(s) of occupancy and/or as described in **Exhibits C1 and C2** attached hereto. The Project shall also include the restoration or re-creation of the mural currently on the front façade of the building.
- C. Building Permit Deadline. Developer shall obtain a building permit for the Project components by **December 31, 2024**. A demolition permit or grading permit does not constitute meeting this requirement.
- D. Completion Deadline. Construction of the Project including any public infrastructure improvements 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 from the City.
- E. Public Access to Infrastructure not owned by City. Prior to completion of the Project and at no cost to City, Developer shall provide reasonable public access easements, deed restrictions, or other instruments reasonably acceptable to the Director if any street and utility infrastructure improvements associated with the Project remain in non-City ownership but require public access.
- F. 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 Director of the Office of Economic Development to consider acceptance based on the management entity's comparable experience managing other comparable properties, such approval not being unreasonably withheld.
- G. Operating and Maintenance Agreement. If applicable, and prior to Project completion, Developer shall execute an Operating and Maintenance Agreement for any Non-Standard Public Improvements associated with the Project (the "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, 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 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

**SECTION 6.** (continued)

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.

- H. Business Inclusion. Developer shall make a good faith effort 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 all hard construction expenditures (i.e. public and private improvements) on the Project and meet all reporting requirements.
- I. Quarterly Reporting. Until the Project has passed final building inspection and all required paperwork documenting Project completion for all components 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 (including any public improvements). Such status reports shall be due within 30 calendar days following the end of each calendar quarter after the City Council's approval of this resolution
- J. Design. 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. 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 28, 2023, the UDPRP provided advice (**Exhibit C1**). On May 19, 2023, Developer submitted a response to the City's Planning and Urban Design Department ("PUD") staff with updated conceptual drawings and renderings (**Exhibit C2**). Developer shall continue to collaborate with PUD staff to accommodate UDPRP's advice to the maximum extent practical.  
Prior to the submittal of 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 10 business days of submission by Developer.

**SECTION 6.** (continued)

- K. Local Hiring. For all permanent employment opportunities created by operation of the Project, Developer shall submit to the City a written plan describing how Developer or its property management group shall 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, or its property management group 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 Director of the Office of Economic Development (not to be unreasonably withheld, conditioned, or delayed) 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 Director approves the local hiring plan. Within 30 calendar days of Director's receipt of the local hiring plan, the Director shall either approve the local hiring plan or 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 of the TIF Subsidy.

- L. Modifications. If the Developer desires to make modifications to the Project which will prevent the Developer from substantially complying with the design requirements in Section 6.J, then the Developer shall request the approval from the Director of the Office of Economic Development for such design modifications prior to making them. In his or her sole discretion, the Director may refer any proposed design modifications to the Board and/or UDPRP if the proposed design modifications materially affect the Project. Notwithstanding any provision to the contrary, the Director shall approve any modifications to the Project necessitated by requirements imposed by applicable law or regulations administered by the City, including, but not limited to, those required for compliance with development regulations administered by the City. In addition, subject to TIF Board approval, the Director may extend all Project deadlines up to 12 months.

- M. Occupancy. Prior to the City's disbursement of any portion of the TIF Subsidy, Developer shall use commercially reasonable efforts to lease and occupy a minimum of 60% of the net rentable floor area of the building.

- N. Force Majeure. Notwithstanding Section 6.L or any other provision of this resolution to the contrary, in the event the Director of the Office of Economic Development 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

**SECTION 6.** (continued)

Project, as determined by the 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 Director (which determination shall not be unreasonably withheld, conditioned, or delayed) 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 Developer), fires, explosions, floods, pandemics, epidemics, or viral outbreaks, shortages in labor or materials, delays in or 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 Director's approval (which approval shall not be unreasonably withheld, conditioned, or delayed).

**SECTION 7.** That payment of the TIF Subsidy is subject to the availability of tax increment. If the appraised value of the property in the Grand Park South TIF 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 life of the Grand Park South TIF District (including collection of the 2035 tax year increments in calendar year 2036), subject to the limitations on repayment of the TIF Subsidy provided in the development agreement.

**SECTION 8.** That assuming all other conditions for payment have been met, the City will administer the payment of the TIF Subsidy for the Project annually, pursuant to the Grand Park South TIF District Increment Allocation Policy attached hereto as **Exhibit D**.

**SECTION 9.** Until completion of the Project, an assignment of the Developer's duties and obligations under the development agreement shall only be allowed to a direct affiliate of Developer with the prior written approval of the Director of the Office of Economic Development, not to be unreasonably withheld, conditioned, or delayed.

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

Any receivables due under the development agreement may be assigned by Developer or assignee upon providing the Director of the Office of Economic Development with written notice within thirty (30) calendar days of such assignment. Developer and

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**SECTION 9.** (continued)

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.

**SECTION 10.** 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.