

May 22, 2024

WHEREAS, WCWRD Inc, by and through its affiliates and subsidiaries, is redeveloping RedBird Mall located at 3662 West Camp Wisdom Road; and

WHEREAS, the Reimagine RedBird Mall Redevelopment Project ("Project") is supporting increased density and diversified uses in a more pedestrian-oriented development pattern to enhance economic vibrancy, improve quality of life, and provide permanent employment opportunities to southern Dallas; and

WHEREAS, the City of Dallas ("City") recognizes the importance of its role in local economic development; and

WHEREAS, the use of economic development incentives is a necessary tool to attract catalyst developments to southern Dallas; and

WHEREAS, on May 14, 2014, the City Council authorized the designation of the Mall Area Redevelopment TIF District in accordance with the Tax Increment Financing Act, as amended, V.T.C.A. Texas Tax Code, Chapter 311, by Resolution No. 14-0783; Ordinance No. 29340; and

WHEREAS, the Mall Area Redevelopment TIF District was created to stimulate private investment and sustain the orderly redevelopment and revitalization of two commercial core assets of the City while taking advantage of each area's strategic regional location at the crossroads of key transportation corridors; and

WHEREAS, the Mall Area Redevelopment TIF District comprises two non-contiguous sub-districts: (1) the Montfort-IH 635 Sub-District for the Valley View Center Mall area in northern Dallas and (2) the Westmoreland-IH 20 Sub-District for the RedBird Mall area in southern Dallas; and

WHEREAS, on June 17, 2015, the City Council authorized the Mall Area Redevelopment TIF District Project Plan and Reinvestment Zone Financing Plan by Resolution No. 15-1145; Ordinance No. 29771; and

WHEREAS, on January 13, 2016, the City Council authorized a Chapter 380 Grant Agreement ("2016 Chapter 380 Grant Agreement") to provide Developer with a \$2,400,000.00 grant for the Project, such grant being secured by a deed of trust ("Deed of Trust") encumbering the Project by Resolution No. 16-0103; and

WHEREAS, on June 13, 2018, the City Council authorized a first amendment to the 2016 Chapter 380 Grant Agreement to extend all dates by eighteen months by Resolution No. 18-0850; and

May 22, 2024

WHEREAS, on June 13, 2018, the City Council authorized a Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement ("2018 TIF/Chapter 380 Agreement") with Developer in consideration of the RedBird Mall Redevelopment Project, providing: (1) a conditional grant in an amount not to exceed \$10,000,000.00; (2) a 15-year interest-only subordinate loan in an amount not to exceed \$12,000,000.00 ("Loan"); (3) a development agreement awarding an amount not to exceed \$15,600,000.00 in tax increment funding from the Mall Area Redevelopment TIF District; and (4) an assignment of all tax increment payable under the 2018 TIF/Chapter 380 Agreement to the City, the Loan and performance obligations which are secured by the Deed of Trust and a guaranty provided by 3662 Investors, LP by Resolution No. 18-0850; and

WHEREAS, on January 8, 2020, the City Council authorized: (1) a New Markets Tax Credit transaction between the Dallas Development Fund and its subsidiaries, Capital One N.A. and its subsidiaries and Developer for improvements within the RedBird Mall Redevelopment Project; and (2) a second amendment to the 2016 Chapter 380 Grant Agreement, a first amendment to the 2018 TIF/Chapter 380 Agreement, and amendment or execution of any other documents necessary to: (A) release the property owned by OMRB LLC (being the Foot Locker) and the property owned by OMRB II LLC (being the Lawn) from the lien Deed of Trust and the indebtedness evidenced by the City's 15-year interest-only subordinate loan; (8) specifically remove the condition of the disbursement of the second loan installment that all 2017 General Obligation Bond Funds be fully disbursed and expended by Developer and allow the second loan installment to be disbursed on or before January 31, 2020; (C) increase the Developer's required total minimum investment for the Project by \$1,000,000.00 from \$115,000,000.00 to \$116,000,000.00 as consideration for (A) and (B); and (D) make such other modifications which may be necessary to effectuate the foregoing amendments by Resolution No. 20-0118; and

May 22, 2024

WHEREAS, on May 13, 2020, the City Council authorized: (1) a third amendment to the 2016 Chapter 380 Grant Agreement and a second amendment to the 2018 TIF/Chapter 380 Agreement, approved as to form by the City Attorney, related to the RedBird Mall Redevelopment Project to: (a) increase the amount of the 2018 Chapter 380 conditional grant by \$3,000,000.00 in bond funds; (b) remove the requirement that the Developer make any Distributable Cash Payments to the City pari passu with distributions of cash flow to the Project's equity investors; and (c) increase the minimum Investment Requirement for the Project by \$14,000,000.00; (2) placement of a deed of trust in favor of the City on the former Sears Property and, at the request of the Developer, any other future properties acquired by the Developer within the Westmoreland-IH 20 Sub-District of Tax Increment Reinvestment Zone Number Twenty; and (3) the City Manager to negotiate and execute any other documents, including but not limited to Subordination, Non-Disturbance, and Attornment agreements necessary to accommodate the Project in accordance with City Council approved terms, approved as to form by the City Attorney by Resolution No. 20-0763; and

WHEREAS, on June 23, 2021, the City Council authorized a fourth amendment to the 2016 Chapter 380 Grant Agreement, a third amendment to the 2018 TIF/Chapter 380 Agreement, and any amendments to any other documents, including but not limited to deeds of trust and promissory notes, necessary to accommodate the Project in accordance with the City Council-approved terms, approved as to form by the City Attorney, to: (a) modify Programmatic Requirements in the 2018 TIF/Chapter 380 Agreement to (i) reduce by 60,000 gross square feet (from a minimum of 100,000 gross square feet to a minimum of 40,000 gross square feet) the Developer's requirement to construct new retail, restaurant, and entertainment buildings and (ii) authorize the Developer to use reasonable efforts to prepare and convey property within the Project site to a hotel developer; (b) clarify authorization for the Developer to obtain mezzanine and preferred equity financing and authorization for the City to enter into intercreditor agreements and/or recognition agreements, as applicable; (c) extend the maturity date on the Loan authorized by the 2018 TIF/Chapter 380 Agreement by five years until June 2038; (d) authorize the release of a portion of the property within the Project site ("Sears Property") to a third-party purchaser upon completion of the initial phase of tenant improvements and prior to the Loan's maturity date; and (e) modify the Developer's ability to sell the Project prior to maturity of the Loan, subject to the Loan and assignment of the 2018 TIF/Chapter 380 Agreement; and as consideration for the amendments: (i) increase the Developer's minimum Investment Requirement by \$5,000,000.00 for the Project from \$130,000,000.00 to \$135,000,000.00, (ii) add a requirement to the Programmatic Requirements that the Developer make reasonable efforts to prepare and convey property within the Project site for a grocery store or renovate and lease space within an existing building within the Project site for a grocery store, (iii) require that the Developer pay interest current on the Loan to the extent that the TIF Subsidy does not fully repay the Loan during the extended term, and (iv) prohibit the Developer from distributing any net proceeds of the sale of the Sears

May 22, 2024

Property to equity shareholders and require the Developer to use the net proceeds to either repay debt that is senior to the City's lien in payment priority, pay for remaining Infrastructure Work, invest in additional building improvements on property secured by the City's lien, or acquire additional properties in the Project area to be added to the City's collateral by Resolution No. 21-1156; and

WHEREAS, since the 2018 TIF/Chapter 380 Agreement was authorized by the City Council in June 2018, Developer has made substantial progress on the Project; and

WHEREAS, in February 2024, Developer submitted a request for three relatively minor amendments to the 2018 TIF/Chapter 380 Agreement to address an issue arising over the past few years mostly due to the COVID-19 pandemic and its lasting impact on shifting market demand for certain Project elements that had been contemplated in 2017-2018 when the terms and conditions of the 2018 TIF/Chapter 380 Agreement were originally negotiated; and

WHEREAS, the requested amendments are also associated with the Developer's need for greater flexibility to creatively consummate private financing necessary to navigate the impacts of the pandemic and continue development of the Project (specifically redevelopment of the former Macy's building) without additional City funding; and

WHEREAS, on April 29, 2024, the Mall Area Redevelopment TIF District Board of Directors unanimously approved the proposed amendments and forwarded a recommendation of approval to City Council; and

WHEREAS, on May 6, 2024, the Economic Development Committee of City Council was briefed regarding this matter.

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 fourth amendment to the Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement ("2018 TIF/Chapter 380 Agreement") with WCWRD Inc and its affiliates or subsidiaries ("Developer"), approved as to form by the City Attorney, related to the Reimagine RedBird Mall Redevelopment Project ("Project"), now known as the Shops at RedBird, generally located at the southeast corner of Camp Wisdom Road and Westmoreland Road in the Mall Area Redevelopment TIF District, specifically including modifications to Section 2.C(7), Section 2.D(2), and Section 5.E as further described below, and any modifications to any other associated Project documents as may be necessary to effectuate the specific modifications described below; and as consideration for the fourth amendment, increase the Developer's minimum Investment Requirement by \$15,000,000.00 for the Project from \$135,000,000.00 to \$150,000,000.00.

May 22, 2024

SECTION 2. That the following amendments to the 2018 TIF/Chapter 380 Agreement shall be made, specifically including (deletions are shown as strikethroughs; additions are shown in italicized and underlined font):

a. amending Section 2.C(7) as follows:

“Renovating and modernizing existing mechanical, electrical and structural systems including lighting, HVAC, flooring, and ceilings to create an office environment on the second floor of the in-line portion of the Mall, and in ~~the former Macy's building and the former Dillard's building~~ as described on Exhibit A-1 and shown on Exhibit A-2 (the former Macy's, the former Dillard's, and the in-line Mall buildings but excluding the parking areas which are included within the parcels containing such buildings being referred to collectively herein as the "Main Mall Properties") by December 31, 2025;”

b. amending Section 2.D(2) as follows:

“Developer shall achieve a minimum occupancy of (i) at least 75% of ground floor retail space immediately surrounding the "green space" as noted in the Concept Plan and (ii) at least 60% on all other new construction and within the Main Mall Properties (excluding, if it has not yet been renovated and/or redeveloped, the former Macy's building) by the CO Date and these retail spaces must continue to be occupied at these levels throughout the term of the Agreement (the "Occupancy Requirement"), the initial achievement of which shall be subject to extension under Section 1.B.”

c. amending Section 5.E as follows:

“Partial Lien Releases. Prior to repayment of the Loan, the City shall execute partial releases of its lien and/or execute subordination agreements for portions of the Property that are contributed, sold or ground leased to unaffiliated third parties for vertical development of multi-family, hotel, or other commercial, residential, or mixed-use developments. Notwithstanding the foregoing, until the Loan is paid in full, Developer shall ensure that the Main Mall Properties remain under the direct ownership and control of the Loan Guarantor or under ownership and control of a subsidiary entity of which the Loan Guarantor is the sole member and/or holds a controlling interest in such subsidiary entity; provided, however, that, with the prior written consent of the Director of the Office of Economic Development, such consent not to be unreasonably withheld, the former Macy's building may be contributed to a joint venture in which the Loan Guarantor receives a percentage of the joint venture commensurate with the value of the Macy's property only if doing so will result in the redevelopment/adaptive reuse of the former Macy's building into a hotel or other use(s) acceptable to Director that is expected to increase the value of the former Macy's building.”

May 22, 2024

SECTION 2. (continued)

- d. as consideration to the City for the specific amendments listed above, amending Section 2.A to increase the Developer's minimum Investment Requirement by \$15,000,000.00 for the Project from \$135,000,000.00 to \$150,000,000.00; and
- e. making any modifications to any other associated Project documents as may be necessary to effectuate the specific amendments described herein.

SECTION 3. That this resolution does not constitute a binding agreement upon the City or subject the City to any liability or obligation with respect to the funds described herein, until such time as the documents are duly approved by all parties and executed.

SECTION 4. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City, and it is accordingly so resolved.