

January 8, 2020

**WHEREAS**, the City of Dallas (“City”) is committed to supporting enhanced economic development opportunities for low-income communities within the City and to low-income persons residing within those communities; and

**WHEREAS**, the United States Department of Treasury has established the New Markets Tax Credit (“NMTC”) Program to stimulate investments in predominately low-income communities; and

**WHEREAS**, the goals and purposes of the NMTC Program are consistent with and complementary to the economic development programs previously established by the City to support expanded economic development opportunities for low-income communities within the City and to low-income persons residing within those communities; and

**WHEREAS**, under the NMTC Program, tax credits are competitively awarded annually by the Treasury Department through its Community Development Financial Institutions Fund to qualified Community Development Entities (“CDEs”) after review and evaluation of applications submitted by CDEs, which are then made available to investors; and

**WHEREAS**, the City created the Dallas Development Fund (“DDF”) as a non-profit Texas corporation in order to apply for an award under the NMTC Program; and

**WHEREAS**, DDF was awarded a \$55 million NMTC allocation under the 2009 NMTC Program; and

**WHEREAS**, DDF was awarded a \$30 million NMTC allocation under the 2012 NMTC Program; and

**WHEREAS**, DDF was awarded a \$45 million NMTC allocation under the 2014 NMTC Program; and

**WHEREAS**, DDF was awarded a \$55 million NMTC allocation under the 2017 NMTC Program; and

**WHEREAS**, WCWRD Inc (“Developer”), by and through its affiliates and subsidiaries, is redeveloping and renovating Red Bird Mall located at 3662 West Camp Wisdom Road (“Red Bird Redevelopment Project” or “Project”); and

**WHEREAS**, 3662 Investors, LP is an affiliate of Developer; and

**WHEREAS**, the DDF board has approved the awarding of up to \$10 million in NMTC allocation to 3662 Investors, LP and/or its affiliates for improvements within the Red Bird Mall Redevelopment Project located at 3662 West Camp Wisdom Road; and

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**WHEREAS**, the City recognizes the importance of its role in local economic development; and

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

**WHEREAS**, on May 14, 2014, City Council authorized the designation of Tax Increment Reinvestment Zone Number Twenty (“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 Red Bird Mall area in southern Dallas; and

**WHEREAS**, on June 17, 2015, 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, City Council authorized entering into a Chapter 380 Grant Agreement (“Chapter 380 Grant Agreement”) providing Developer with a \$2,400,000.00 grant for the Project by Resolution No. 16-0103, such grant which is secured by a deed of trust encumbering the Project (“Deed of Trust”); and

**WHEREAS**, on June 13, 2018, City Council authorized an amendment to the Chapter 380 Grant Agreement to extend all dates in the Chapter 380 Grant Agreement by eighteen (18) months by Resolution No. 18-0850; and

**WHEREAS**, on June 13, 2018, City Council authorized entering into a Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement (“TIF/Chapter 380 Agreement”) with Developer in consideration of the Red Bird Mall Redevelopment Project, providing: (1) a conditional grant in an amount not to exceed \$10,000,000.00; (2) a 15-year interest only 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 Tax Increment Financing District; and (4) an assignment of all increment payable under the 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

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**WHEREAS**, on June 12, 2019, City Council authorized the re-adoption of the City of Dallas' Public/Private Partnership Program Guidelines and Criteria through December 31, 2019, which (1) established certain guidelines and criteria for the use of City incentive programs for private development projects; (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 pursuant to the Economic Development Programs provisions under Chapter 380 of the Texas Local Government Code; and (3) established appropriate guidelines and criteria governing tax abatement agreements to be entered into by City as required by the Property Redevelopment and Tax Abatement Act, as amended, (Texas Tax Code, Chapter 312) ("Tax Abatement Act") by Resolution No. 19-0891; and

**WHEREAS**, Developer, by and through one or more affiliates or subsidiaries, has or intends to: (i) redevelop a portion of the mall for the purpose of providing office space to Chime Solutions, Inc, (ii) develop and construct a new Foot Locker retail store ("Foot Locker") for the Project in the northern parking lot on a parcel owned by OMRB LLC, and (iii) develop and construct a central open space ("Lawn") as a tenant amenity for the entire Project in the northern parking lot on a parcel owned by OMRB II LLC, all through the assistance of an allocation of NMTCs to this portion of the Project from DDF and Capital One Community Renewal Fund ("NMTC Transaction"); and

**WHEREAS**, in order to address NMTC Transaction structuring issues as identified by NMTC tax counsel, Developer has requested that the City partially release the Deed of Trust with respect specifically to the Foot Locker and Lawn properties, confirm that the grants and loans provided by the City to Developer or reimbursed to Developer may be utilized as a source of leverage for the NMTC Transaction, and make other modifications to the Chapter 380 Grant Agreement and TIF/Chapter 380 Agreement which are necessary to accomplish the foregoing; and

**WHEREAS**, Developer has also requested amendment of the TIF/Chapter 380 Agreement to 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; and

**WHEREAS**, on January 6, 2020, the Mall Area Redevelopment TIF District Board of Directors will review and recommend approval of Developer's requested amendments to the Chapter 380 Grant Agreement and TIF/Chapter 380 Agreement and, as consideration for the requested amendments, increase the total minimum investment for the Project by \$1,000,000.00 from \$115,000,000.00 to \$116,000,000.00.

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**Now, Therefore,**

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

**SECTION 1.** That City Council hereby authorizes a New Markets Tax Credit (“NMTC”) transaction between the Dallas Development Fund (“DDF”) and its subsidiaries, Capital One N.A. and its subsidiaries (“Capital One”), and 3662 Investors, LP and/or its affiliates or subsidiaries for improvements within the Red Bird Mall Redevelopment Project (“Project”) located at 3662 West Camp Wisdom Road as further described in **Attachment A**.

**SECTION 2.** That the City Manager, approved as to form by the City Attorney, is hereby authorized to execute a second amendment to the Chapter 380 Grant Agreement (“Chapter 380 Grant Agreement”) with Developer, a first amendment to the Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement (“TIF/Chapter 380 Agreement”) with Developer, and amend or execute any other documents necessary to (i) 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 Loan as shown in **Attachment B**; (ii) 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; (iii) 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 (i) and (ii); and (iv) make such other modifications which may be necessary to effectuate the foregoing amendments.

**SECTION 3.** That City Council hereby confirms that the grant and loan proceeds disbursed to Developer under the TIF/Chapter 380 Agreement may be utilized by Developer, directly or indirectly, to provide a leverage source for the NMTC Transaction.

**SECTION 4.** 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 5.** 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.