<u>October 22, 2025</u>

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

WHEREAS, investment decisions made by business owners, developers, and property owners are often significantly influenced by a municipality's ability and willingness to provide economic development incentives; and

WHEREAS, on June 8, 2005, the City Council held a public hearing and authorized the establishment of Tax Increment Financing ("TIF") Reinvestment Zone Number Eleven, City of Dallas, Texas ("Downtown Connection TIF District" or "TIF District" or "Zone") in accordance with the Tax Increment Financing Act, as amended, Chapter 311 of the Texas Tax Code, Vernon's Texas Codes Annotated ("Act") to promote development and redevelopment in the uptown and downtown areas through the use of tax increment financing by Ordinance No. 26020; Resolution No. 05-1779, as amended; and

WHEREAS, on August 29, 2005, the City Council authorized the Downtown Connection TIF District Project Plan and Reinvestment Zone Financing Plan ("TIF District Plan" or "Plan") by Ordinance No. 26096; Resolution No. 05-2544, as amended; and

WHEREAS, on May 26, 2021, the City Council adopted an Economic Development Policy 2022-2032 ("Policy") by Resolution No. 21-0927, as amended; and

WHEREAS, on January 25, 2023, in furtherance of the Policy, the City Council authorized a new Economic Development Incentive Policy ("Incentive Policy") by Resolution No. 23-0220, as amended; and

WHEREAS, the Incentive Policy establishes certain guidelines and criteria for the use of City incentive programs for private development projects and establishes programs for making loans and grants of public to promote local economic development and to stimulate business and commercial activity in the City pursuant to Chapter 380 of the Texas Local Government Code; and

WHEREAS, on January 8, 2025, the City Council adopted an amended Incentive Policy effective for the period January 1, 2025 through December 31, 2026 by Resolution No. 25-0162; and

WHEREAS, on September 30, 2025, the Downtown Connection TIF District Board of Directors ("TIF District Board") unanimously recommended approval of a TIF development agreement ("Agreement") with 901 Main PAHG Partners LLC, a Texas limited liability company and/or its affiliates ("Developer") in an amount not to exceed $103,000,000.00 ("TIF Subsidy"), payable from existing and future Downtown Connection Sub-district funds, in consideration of the Developer's design, engineering, financing, and construction of the 901 Main Street Redevelopment Project ("Project") on real property currently addressed as 900 Main Street, 901 Main Street, and 909 Commerce Street; and

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WHEREAS, on October 6, 2025, the Economic Development Committee of City Council was briefed regarding this matter, and the Economic Development Committee voted to forward this matter to the full City Council on October 22, 2025 with a recommendation of approval; and

WHEREAS, on October 22, 2025, the City Council held a public hearing and authorized amendments to the TIF District Plan to: (1) increase the geographic area of the Downtown Connection Sub-district of the Zone by approximately two acres of real property to promote development or redevelopment of the Zone; and (2) make corresponding modifications to the Zone's boundary and Plan by Ordinance No. __________; Resolution No. _________;and

WHEREAS, the expenditure of TIF District funds supporting this Project is consistent with promoting development and redevelopment of the Zone in accordance with the purposes for its creation, the ordinance adopted by the City Council approving the TIF District Plan, as amended, and is for the purpose of making public investment expenditures consistent with and described in the TIF District Plan; and

WHEREAS, the City Council finds that the Project will not be undertaken within the city without an offer of economic development incentives from the City; and

WHEREAS, the City Council finds that the Project will significantly advance the public purpose of economic development within the city; and

WHEREAS, improvements in the TIF District will enhance the value of all taxable real property in the TIF District and will be of general benefit to the City; and

WHEREAS, consistent with the authority granted under the Incentive Policy, staff recommends that the City Council authorize the proposed Agreement with Developer to further implement the TIF District Plan and provide gap funding necessary to make the Project financially feasible; and

WHEREAS, the City Council finds that the City is: (i) acting in its governmental capacity and its performance hereunder is pursuant to authority granted by the State of Texas, its sovereign of for the benefit of the sovereign; (ii) authorizing this agreement to primarily benefit the public at large; or (iii) performing functions closely related to or essential to the performance of governmental activities.

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 a TIF development agreement ("Agreement") with 901 Main PAHG Partners LLC, a Texas limited liability company and/or its affiliates ("Developer") in an amount not to exceed $103,000,000.00 in accordance with **Exhibit A** ("TIF Subsidy"), payable from existing and future Downtown Connection Sub-district funds, in consideration of the Developer's design, engineering, financing, and construction of the 901 Main Street Redevelopment Project ("Project") on real property currently addressed as 900 Main Street, 901 Main Street, and 909 Commerce Street ("Project Site") in accordance with the Economic Development Incentive Policy and approved as to form by the City Attorney.

SECTION 3. That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed $103,000,000.00 to 901 PAHG Partners LLC and/or its affiliates, (VC0000034784) from the Downtown Connection TIF District Fund (subject to current and annual appropriations) as follows:

Fund 0044, Department ECO, Unit X259, Activity DTTI, Object 3072, Program 901MAINST, Encumbrance/Contract No.CX ECO-2026-00029004	$3,454,356.00
Fund 0044, Department ECO, Unit X259, Activity DTTI, Object 4550, Program 901MAINST, Encumbrance/Contract No.CX ECO-2026-00029004	$3,000,000.00
Fund 0044, Department ECO, Unit X259, Activity DTTI, Object 4510, Program 901MAINST, Encumbrance/Contract No.CX ECO-2026-00029004	$3,588,100.00
Fund 0044, Department ECO, Unit X259, Activity DTTI, Object 3016, Program 901MAINST, Encumbrance/Contract No.CX ECO-2026-00029004	$92,957,544.00
Total amount not to exceed	$103,000,000.00

Funds may be shifted among the budget categories so long as the total TIF Subsidy does not exceed $103,000,000.00. Additionally, the Economic Development Grant portion of the TIF Subsidy shall not exceed $92,957,544.00.

SECTION 4. That the Developer shall design, engineer, finance, and construct the Project and related public infrastructure improvements on and adjacent to the Project Site in the Zone.

SECTION 5. That, in addition to the conditions set out in the sections above, the Agreement is hereby expressly made subject to all of the following terms and conditions which must be performed or occur:

SECTION 5. (continued)

A. Project Site Acquisition and Financing. The Developer shall close acquisition of the Project Site on or before September 30, 2026 ("Acquisition Deadline") and provide evidence to the Office of Economic Development Director ("OED Director") of $240,000,000 in debt and equity commitments (an amount sufficient to deliver Substantial Completion of the Project) on or before December 31, 2026 ("Project Financing Deadline"). The Agreement and commitment of TIF Subsidy for the Project shall terminate if Developer does not meet the Acquisition Deadline and the Project Financing Deadline.

B. Hotel Flag. Developer shall secure and provide evidence of an executed hotel franchise agreement with a four-star or higher rated hotel brand acceptable to the OED Director prior to the Acquisition Deadline.

C. Building Permit Deadline. Developer shall obtain a building permit for the Project on or before September 30, 2029. A grading permit does not constitute satisfaction of this requirement.

D. Minimum Investment. Developer shall invest (or cause to be invested) and provide documentation to the OED Director evidencing a minimum of $394,990,335 in eligible investment expenditures for the delivery of the Required Project Components described in Section 5.E ("Minimum Investment") on or before September 30, 2032. See **Exhibit C** for a detailed list of investment expenditures eligible to be counted toward the Minimum Investment requirement. 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 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 (except hotel furniture, fixture and equipment reserves), operating deficits through stabilization and other similar costs shall not be considered an eligible Investment Expenditure. With the exception of site acquisition, professional fees, environmental assessments and other eligible due diligence costs, no expenditures made prior to execution of the letter of intent between OED Director and Developer on September 16, 2025 may be included in the Minimum Investment calculation.

E. Required Project Components. The Project shall include the following Required Project Components ("Required Project Components"):

   i. minimum 800,000 square feet of relocated and renovated office space in the tower leased or brought to a leasable condition ready for tenant finish-out (for informational purposes only, the remaining approximately 700,000

SECTION 5. (continued)

square feet of office space in the tower will also be marketed for lease over the first ten years, subject to normal market vacancy); and

ii. minimum 275,000 square feet of hotel and hotel amenity space in the tower (minimum 220 hotel rooms); and

iii. new construction of a predominately glass structure adjacent to the tower (minimum 14,000 square feet); and

iv. new construction of a parking garage (minimum 400,000 square feet and minimum 1,000 parking spaces) on the property addressed as 900 Main Street and 909 Commerce Street. The parking garage is required to be designed and constructed to support a design load equivalent to 200 residential units or 200 hotel rooms (to enable the potential construction of an additional hotel or residential building on top of the parking garage in a future development phase); and

v. minimum 10,000 square feet of street level retail/restaurant space integrated into the new parking garage; and

vi. completion of all necessary site work (e.g., excavation, placement of fill, grading) to prepare the Project site for the infrastructure improvements (e.g., new sidewalks and utilities) necessary to support the planned vertical improvements included with the Project; and

vii. construction of all public infrastructure improvements, including off-site public improvements (e.g., new sidewalks, utilities, and streetscape) necessary to support the planned vertical improvements included with the Project**.**

F. Substantial Completion Deadline. Developer shall construct or cause construction of the Required Project Components described in Section 5.E to be completed by September 30, 2032, as evidenced by certificate(s) of occupancy, letter(s) of acceptance, certificate(s) of substantial completion, and/or similar documentation issued by the City ("Substantial Completion"). Developer shall obtain final acceptance of any public infrastructure improvements associated with the construction of the Project, as evidenced by a letter of acceptance or similar documentation issued by the City by December 31, 2032.

G. Public Access to Infrastructure not owned by City. Prior to the 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, utility, or open space improvement

SECTION 5. (continued)

associated with the Project remains in non-City ownership but requires public access.

H. 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 ("Operating and Maintenance Agreement"). If necessary, Developer shall 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, and shall include specially designed street/pedestrian lighting, brick pavers, bollards, sidewalks, public art, fountains, landscaping and irrigation. With the exception of specially designed street/pedestrian lighting, brick pavers, bollards, public art work and fountains, City shall retain ownership of such public improvements and may at its sole option, if Developer fails to maintain such public improvements after notice from City, 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 Agreement for the Non-Standard Public Improvements was recorded in Official Real Property Records of Dallas County 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 OED Director approval, 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 twenty (20) years even if Developer chooses to forgo the TIF Subsidy or is not paid the TIF Subsidy as a result of default.

I. Quarterly Reporting. Until all Required Project Components have passed final inspection and Developer has submitted all required paperwork documenting Substantial Completion pursuant to Section 5.F. of this resolution 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 forty-five (45) calendar days following the end of each calendar quarter after City Council approval of the Agreement.

J. Urban 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.

SECTION 5. (continued)

Review by the UDPRP is required for all projects requesting economic development incentives in TIF districts. Following a formal review of the Project's conceptual design plans on January 17, 2025, the UDPRP provided written recommendations (see **Exhibit D**). On January 28, 2025, the Developer submitted responses to the UDPRP's written comments to which Planning and Development Department ("PDD") Urban Design staff provided additional guidance on January 29, 2025. On February 18, 2025, the Developer submitted a site sketch diagram and two additional renderings to address PDD Urban Design staff's guidance (see **Exhibit E**). On March 6, 2025, PDD Urban Design staff provided final comments to the Developer (see **Exhibit D**)

Prior to submitting construction plans as part of a building permit application for the Project to the City's PDD, Developer shall submit a set of construction drawings to PDD Urban Design staff and OED Director for a final staff review to ensure that the Project (public and private improvements) will be constructed in substantial conformance with the final approved conceptual drawings and renderings attached to the Agreement. PDD Urban Design staff and OED staff shall complete the final staff review within ten (10) business days of submission.

Allowable minor modifications to the Project's design may include those required to comply with development regulations administered by the City's PDD or other City departments, federal, state and local laws, codes and regulations and modification described in Section 5.L. Prior to making any Project design changes that would be considered minor in nature, Developer shall notify the OED Director and submit proposed changes to the OED Director for review and approval. OED staff shall complete the final review of any minor design changes to ensure compliance with approved design plans. within ten (10) business days of submission by the Developer.

K. Local Hiring. For all permanent non-construction employment opportunities created by operation of the hotel portion of the Project, Developer shall submit to the City a written plan ("Local Hiring Plan") describing (1) how Developer or its hotel 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 hotel management group shall use and document commercially reasonable efforts to recruit and hire residents of the city of Dallas. At a minimum, the Local Hiring Plan shall describe how Developer and/or its hotel 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 Local Hiring 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

SECTION 5. (continued)

any new permanent hotel jobs created. No portion of the TIF Subsidy shall be disbursed to the 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.

L. Minor Modifications. OED Director, after approval and recommendation by the TIF District Board, may authorize minor modifications to the Project and an extension of the Project's material dates and deadlines by up to twelve (12) months except as provided in Section 11.

M. Minimum Occupancy Requirement. Prior to the initial payment of the TIF Subsidy, Developer shall provide evidence that:

i. a minimum of 5,000 square feet of the street level retail/restaurant space created in the parking garage component of the Project is leased and occupied; and

ii. the hotel portion of the Project is open and operational.

N. Ongoing Minimum Occupancy Requirement. After initial payment of the TIF Subsidy and until December 31, 2035 ("Minimum Occupancy Compliance Period"), Developer shall immediately notify City in writing if occupancy falls below the minimum occupancy requirements described in Section 5.M. ("Ground Floor Occupancy Default" or "Hotel Occupancy Default"). Such notice shall specify the nature of the default, the period of existence thereof, and the action Developer is taking or proposes to take with respect to curing the Ground Floor Occupancy Default and/or the Hotel Occupancy Default. Failure of Developer to cure either default within the timeframe described in Section 7 shall constitute an uncured ground floor occupancy default ("Uncured Ground Floor Occupancy Default") and/or an uncured hotel occupancy default ("Uncured Hotel Occupancy Default").

In the event an Uncured Ground Floor Occupancy Default occurs during the Minimum Occupancy Compliance Period but after the entire TIF Subsidy has been disbursed, the Developer shall remit to the City a Ground Floor Occupancy Default Penalty Payment of $1 million per year (approximately 1% of the total TIF Subsidy, which is roughly commensurate with the proportion of restaurant and retail space to the total project floor area) for each year there is an Uncured Ground Floor Occupancy Default (prorated on a monthly basis for any partial years). Failure to

SECTION 5. (continued)

meet the requirements detailed in this section will result in the reduction or repayment of the TIF Subsidy but will not constitute a default under the Agreement.

In the event of an Uncured Hotel Occupancy Default and/or the hotel permanently ceases operation for more than twelve (12) consecutive months during the Minimum Occupancy Compliance Period but after the entire TIF Subsidy has been disbursed, Developer shall be required to repay to the City $4 million per year (prorated on a monthly basis for any partial years) for the remaining term of the Minimum Occupancy Compliance Period. Failure to meet the requirements detailed in this section shall constitute a default under the Agreement.

SECTION 6. That a precondition to the City's execution of the Agreement is approval by the TIF District Board and City Council of an amendment of the TIF District Plan to expand the boundary of the Downtown Connection Sub-district to include the real property addressed as 901 Main Street (See **Exhibit B**).

SECTION 7. That, in the event the Developer is unable to meet any of the material conditions listed in this resolution, if not cured within 120 calendar days (or if not reasonably susceptible of cure within such 120-day period, within a reasonable time for the curing of such default; such reasonable time shall be determined in the sole discretion of the OED Director) after written notice of such failure is provided by the City to the Developer, Developer shall be in default ("Uncured Default") under the Agreement which shall nullify the TIF District's financial commitments to this Project.

In the event of an Uncured Default, with the exception of an Uncured Ground Floor Occupancy Default, City shall have the right to elect any or all of the following actions in its sole discretion: (i) terminate the Agreement effective immediately upon written notice of such intent to Developer and demand immediate repayment by Developer of the TIF Subsidy and said TIF Subsidy shall be immediately due and payable by Developer without further or additional notice; and/or (ii) pursue any other legal remedies available at law or equity, including but not limited to specific performance. In the event of termination of the Agreement under (i), any TIF Subsidy funds available but unpaid to Developer shall be immediately rescinded and Developer shall have no further right to such TIF Subsidy and any amount due and owing after the demand date shall accrue interest at the maximum rate of interest allowed by law.

SECTION 8. That, following Substantial Completion of the Project and prior to disbursement of any portion of the TIF Subsidy, the City shall conduct a post-construction audit to review the Developer's total actual costs incurred to deliver the Project. For every $100,000 in eligible total costs incurred below the estimated total cost of $409,086,740, the City shall reduce the TIF Subsidy by $24,000. The City agrees to complete such audit within three (3) months of City's receipt of all necessary supporting documentation from Developer.

SECTION 9. That all payments of the TIF Subsidy are subject to the availability of sufficient tax increment in the Downtown Connection TIF District fund. If the appraised values of the properties in the Downtown Connection Sub-district remains constant or decreases in value, the TIF Subsidy for that year may be reduced or unpaid due to the lack of available tax increment, however the accrual of any part of the unpaid balance is allowed per the Downtown Connection TIF District Increment Allocation Policy (see **Exhibit F**). The TIF Subsidy shall be paid solely from the tax increment deposited into TIF District fund for the Downtown Connection Sub-district, if and when tax increments are received and available for such purpose, during the remaining term of the Downtown Connection Sub-district (including collection of the 2035 tax year increment in calendar year 2036), subject to the limitations on payment provided in the final Agreement authorized by City Council and executed by the City Manager, if any.

SECTION 10. 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 Developer's obligations under the Agreement for the balance of the term of the Agreement.

Any receivables due under the Agreement may be assigned by Developer or assignee upon providing the OED Director with written notice within thirty (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.

SECTION 11. That notwithstanding Section 5.L (Minor Modifications) 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

SECTION 11. (continued)

(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, strikes, and massively consequential capital markets disruptions, if any, attributable to the items in the preceding list. 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 12. That all payments of the TIF Subsidy are subject to the availability of sufficient tax increment in the TIF District fund. If the appraised values of the properties in the Downtown Connection Sub-district remain constant or decrease in value, the TIF Subsidy for that year may be reduced or unpaid due to the lack of available tax increment, however the accrual of any part of the unpaid balance is allowed per the Downtown Connection TIF District Increment Allocation Policy. The TIF Subsidy shall be paid solely from the tax increment deposited into TIF District fund for the Downtown Connection Sub-district, if and when tax increments are received and available for such purpose, during the remaining term of the Downtown Connection Sub-district (including collection of the 2035 tax year increment in calendar year 2036), subject to the limitations on payment, if any, provided in the Agreement authorized by City Council and executed by the City Manager.

SECTION 13. 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 funds listed in Section 3. Any TIF Subsidy funds dedicated to the Project under the Agreement that remain unpaid upon termination of the TIF District, due to lack or unavailability of TIF District funds, shall no longer be considered project costs of the TIF District or the City, and the TIF District's obligation to pay any remaining amount of the TIF Subsidy shall automatically expire.

SECTION 14. 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.