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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 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, 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, on June 13, 2007, City Council authorized the creation of Tax Increment Financing Reinvestment Zone Number Fifteen (“Fort Worth Avenue TIF District” or “TIF District” or “Zone”) in accordance with the Tax Increment Financing Act, as amended, Texas Tax Code Chapter 311 (“Act”) by Resolution No. 07-1805; by Ordinance No. 26798; and

WHEREAS, on March 26, 2008, City Council authorized the Project Plan and Reinvestment Zone Financing Plan (“TIF District Plan” or “Plan”) for the Fort Worth Avenue TIF District by Resolution No. 08-0926; Ordinance No. 27129; and

WHEREAS, on January 28, 2009, City Council approved amendments to the TIF District Plan to shift funds among budget categories, create an economic development grant budget category, and correct the 2007 base value by Resolution No. 09-0285; Ordinance No. 27463; and

WHEREAS, over approximately fifteen months, the Office of Economic Development negotiated an economic development incentive agreement with WD FW Avenue Partners, L.P. and Columbus Trail-94, Ltd. (collectively “Vista”) to secure Vista’s commitment to deliver the Vista at Kessler/Stevens Retail Redevelopment Project (“Project”), a grocery-anchored retail redevelopment project proposed on approximately 4.4 acres (“Property”) located at the northeast corner of Fort Worth Avenue and North Hampton Road; and

WHEREAS, on January 25, 2023, City Council authorized a new Economic Development Incentive Policy (“Incentive Policy”) effective for the period January 1, 2023 through December 31, 2024 by Resolution No. 23-0220; and

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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 money to promote local economic development and stimulate business and commercial activity in the City pursuant to Chapter 380 of the Texas Local Government Code; and

WHEREAS, pursuant to the Incentive Policy, the Project is located in a Target Area; and

WHEREAS, on October 10, 2023, the Fort Worth Avenue TIF District Board of Directors ("TIF Board") unanimously recommended City Council approval of proposed amendments to the Fort Worth Avenue TIF District Project Plan and Reinvestment Zone Financing Plan ("TIF District Plan"), consistent with the requirements and limitations of the Act, and included findings that (i) the vacant and underutilized property in the proposed expansion area substantially arrests or impairs the sound growth of the City, (ii) development or redevelopment in the proposed expansion area will not occur solely through private investment in the foreseeable future, and (iii) inclusion of the proposed expansion area will have an overall benefit to, and further the purposes of, the TIF District; and

WHEREAS, on October 10, 2023, the TIF Board unanimously recommended approval of the proposed incentive agreement to support the Vista at Kessler/Stevens Retail Redevelopment Project ("Project") on property currently addressed as 1340 North Hampton Road and 2045 Fort Worth Avenue; and

WHEREAS, on November 6, 2023, the Economic Development Committee of City Council was briefed regarding the proposed incentive agreement to support the Project; and

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

WHEREAS, to further implement the TIF District Plan and provide gap funding to make the Project financially feasible, the City desires to execute a tax increment financing ("TIF") development agreement and all other necessary documents in an amount not to exceed \$5,124,811.00 ("TIF Subsidy") payable from current and future Fort Worth Avenue TIF District funds and a Chapter 380 economic development grant agreement in an amount not to exceed \$1,175,189.00 ("Grant") payable from 2017 General Obligation Bond Funds (Proposition I City Council District 1 discretionary allocation) with WD FW Avenue Partners, L.P. and Columbus Trail-94, Ltd. (collectively "Developer") and/or its affiliates, in consideration of the Vista at Kessler/Stevens Retail Redevelopment Project ("Project") on property currently addressed as 1340 North Hampton Road and 2045 Fort Worth Avenue in Tax Increment Financing Reinvestment Zone Number Fifteen (Fort Worth Avenue TIF District); and

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WHEREAS, collectively, the TIF Subsidy and the Grant shall be referred as the City Subsidy (“City Subsidy”), and the City Subsidy shall be payable upon verification of completion of the Project and upon Developer’s compliance with all terms and conditions in the development agreement (specifically including the terms and conditions listed in Section 7 of this resolution); and

WHEREAS, the expenditure of TIF District funds supporting this Project is consistent with promoting development and redevelopment of the Fort Worth Avenue TIF District 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, improvements in the TIF District will enhance the value of all the taxable real property in the TIF District and will be of general benefit to the City.

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 \$5,124,811.00 (“TIF Subsidy”) as shown in **Exhibit A** payable from current and future Fort Worth Avenue TIF District funds and a Chapter 380 economic development grant agreement in an amount not to exceed \$1,175,189.00 (“Grant”) payable from 2017 General Obligation Bond Funds (Proposition I City Council District 1 discretionary allocation) with WD FW Avenue Partners, L.P. and Columbus Trail-94, Ltd. (collectively “Developer”) and/or its affiliates, in consideration of the Vista at Kessler/Stevens Retail Redevelopment Project (“Project”) on property currently addressed as 1340 North Hampton Road and 2045 Fort Worth Avenue (“Property”) in Tax Increment Financing Reinvestment Zone Number Fifteen (Fort Worth Avenue TIF District), approved as to form by the 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 in order to reimburse and finance the authorized disbursements described herein from General Obligation bonds, the City intends to issue one or more commercial paper notes as part of its General Obligation Commercial Paper Notes Series 2017A, and Series 2017B, and use the proceeds thereof to reimburse the disbursements described herein.

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SECTION 4. That, pursuant to this resolution, the Chief Financial Officer is hereby authorized to disburse the City Subsidy in an amount not to exceed \$6,300,000.00 to Developer (Vendor Nos. VC29702 and VC29704) and/or its affiliates from the funding sources as listed and described below:

Fort Worth Avenue TIF District Fund (subject to annual appropriations)

Fund 0058, Department ECO, Unit X058, Activity FWTI, Object 4599, Program FWATIF0008 Encumbrance/Contract No.CX ECO-2023-00023099	\$1,600,000.00
Fund 0058, Department ECO, Unit X058, Activity FWTI, Object 3072, Program FWATIF0008 Encumbrance/Contract No.CX ECO-2023-00023099	\$400,000.00
Fund 0058, Department ECO, Unit X058, Activity FWTI, Object 3016, Program FWATIF0008 Encumbrance/Contract No.CX ECO-2023-00023099	\$3,124,811.00
ECO (I) 2017 Bond Fund Fund 1V52, Department ECO, Unit VI38, Activity ECNR, Object 3016, Program EC17VI38, Encumbrance/Contract No. CX ECO-2023-00023099	<u>\$1,175,189.00</u>
Total amount not to exceed	\$6,300,000.00

SECTION 5. That the Developer shall design, fund and/or construct the Project and related public infrastructure improvements on and adjacent to property currently addressed currently addressed as 1340 North Hampton Road and 2045 Fort Worth Avenue in the Fort Worth Avenue TIF District as described in Section 7 and in substantial conformance with **Exhibit C1**.

SECTION 6. 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 Fort Worth Avenue TIF District Fund and/or Tax Increment Bonds. Any funds expended under the development agreement that remain unpaid upon termination of the Fort Worth Avenue TIF District, due to lack or unavailability of Fort Worth Avenue TIF District Funds, shall no longer be considered project costs of the Fort Worth Avenue TIF District or the City, and the obligation of the Fort Worth Avenue TIF District to pay any remaining amount of the TIF Subsidy to Developer shall automatically expire.

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SECTION 7. 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 \$15,000,000.00 in Investment Expenditures (see **Exhibit B**) for the Project, including site acquisition, site preparation including infrastructure, demolition and site amenities, building construction/finish-out, and professional fees (e.g. architecture, engineering, landscape architecture, testing, permits and surveys). 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 and professional fees which may include environmental assessments, no expenditures made prior to TIF Board approval on October 10, 2023 of the proposed incentive and agreement may count towards minimum investment.
- B. Minimum Project Requirements. The Project shall include (as described in **Exhibit C-1** attached hereto):
- i. environmental remediation and demolition of two existing buildings totaling approximately 36,889 square feet
 - ii. site improvements including grading, paving, utilities, parking improvements, irrigation, landscape, hardscape, lighting), and perimeter streetscape improvements
 - iii. new ground-up construction of Building #1 (minimum 23,000 square foot build-to-suit building to be leased by Sprouts Farmers Market Grocer)
 - iv. new ground-up construction of Building #2 (minimum 6,000 square foot speculative multi-tenant retail building)
 - v. new ground-up construction of Building #3 (minimum 2,500 square foot building to be constructed by others pursuant to a ground lease with Developer), and
 - vi. new construction of a minimum 3,500 square foot publicly accessible green space
- C. Building Permit Deadline. Developer shall obtain a building permit by December 31, 2024. A foundation permit may constitute meeting the obligation of this requirement. A demolition or grading permit does not constitute meeting the obligation of this requirement.

SECTION 7. (continued)

- D. Completion Deadline. Construction of the Project, including associated public improvements/streetscape improvements, shall be complete, and all portions of the buildings shall be occupiable by September 30, 2026, as evidenced by certificate of occupancy, letter of acceptance, certificate of completion, and/or similar documentation from the City.
- E. Deadline for Commencement of Grocery Store Operations. The Sprouts Farmers Market Grocery Store shall open to the public and commence daily operations by September 30, 2026.
- F. Minimum Lease. Prior to or contemporaneously with the City's execution of a development agreement, Developer shall execute a minimum 15-year lease to secure a Sprouts Farmers Market Grocery Store in Building #1.
- G. Minimum Occupancy. Prior to payment of any portion of the City Subsidy, Developer shall provide evidence of the following:
 - i. Building #1 is leased and occupied by Sprouts Farmers Market Grocer;
 - ii. Building #2 (net rentable area) is a minimum 51% leased and occupied; and
 - iii. Building #3 (net rentable area) is constructed and a minimum 100% occupied
- H. 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 of the Office of Economic Development ("Director") if any street and utility infrastructure improvements associated with the Project remain in non-City ownership but require public access.
- I. Specific Uses Not Allowed. Pawn shops, sexually oriented businesses, payday lenders, and indoor commercial amusement/recreation uses shall not be permitted in any of the buildings on the Property for the term of the development agreement.
- J. Property Management. The proposed management group for the Project shall be submitted at least three months prior to Project completion for review by the Director to consider acceptance based on the management entity's comparable experience managing other comparable properties, such approval not being unreasonably withheld.

SECTION 7. (continued)

- K. Operating and Maintenance Agreement. If applicable, and prior to Project completion, Developer shall execute an Operating and Maintenance Agreement (defined below) for any Non-Standard Public Improvements (defined below) associated with the Project (“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 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.
- L. Business Inclusion. Developer shall make a good faith effort to comply with City’s Business Inclusion and Development (“BID”) goal of 40% participation by certified Minority/Women-owned Business Enterprises (“M/WBE”) for all hard construction expenditures on the Project and meet all reporting requirements.
- M. 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 approval date.

SECTION 7. (continued)

- N. 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 requesting City subsidies in TIF districts. Following a final formal review of the Project’s preliminary conceptual drawings and renderings on May 26, 2023, the UDPRP provided advice (see **Exhibit C**). On June 12, 2023 and September 8, 2023, Developer submitted a response to the City’s Planning and Urban Design Department (“PUD”) staff with updated conceptual drawings and renderings (see **Exhibit C-1**) and such submittals satisfy PUD’s comments. Prior to building permit application submittal to the City’s Development Services Department, Developer shall submit a set of permit drawings to PUD for a final staff review to ensure that the Project (i.e. public and private improvements) will be constructed in substantial conformance with the approved conceptual drawings and renderings. Allowable minor modifications may include, but are not limited to, those required for compliance with development regulations administered by the City. PUD staff shall complete the final staff review of permit drawings within 10 business days of submission by Developer.
- O. Local Hiring. For all permanent employment opportunities created by operation of the Sprouts Farmers Market Grocery Store and within six months of the effective date of the development agreement, Developer shall submit or cause to be submitted to the Director a written plan (“Local Hiring Plan”) describing how Developer and Sprouts Farmers Market Grocery Store shall use and document commercially reasonable efforts to recruit and hire residents of the city of Dallas with a goal of 40% city of Dallas residents hired for the Sprouts Farmers Market Grocery Store’s opening and commencement of daily operations. At a minimum, the Local Hiring Plan shall describe how Developer and Sprouts Farmers Market Grocery Store 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 Director to ensure that employment opportunities are targeted to Dallas residents and that commercially reasonable efforts are made by Developer and Sprouts Farmers Market Grocery Store to promote the hiring of neighborhood residents. Within thirty (30) calendar days of the City’s receipt of the Local Hiring Plan, the Director shall either (i) approve the Local Hiring Plan or (ii) in the event the Director disapproves the Local Hiring Plan, 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 for the development agreement.

SECTION 7. (continued)

- P. Minor Modifications. The Director may authorize minor modifications to the Project, and, in his or her sole discretion, the Director may refer any proposed design modifications to the TIF Board and/or UDPRP if the proposed design modifications materially affect the Project. In addition, subject to TIF Board approval, the Director may extend all Project deadlines up to 12 months.
- Q. Force Majeure. Notwithstanding Section 7.P or any other provision of this resolution to the contrary, in the event the 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 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).
- R. Ongoing Compliance. Beginning on the date of the City's payment of the Grant portion of the City Subsidy, Developer shall maintain compliance with the following requirements ("Ongoing Occupancy Requirements"), subject to annual verification for an additional five (5) years ("Compliance Period"):
- i. Building #1 is leased and occupied by Sprouts Farmers Market Grocer;
 - ii. Building #2 (net rentable area) is a minimum 51% leased and occupied; and
 - iii. Building #3 (net rentable area) is constructed and a minimum 100% occupied

SECTION 7. (continued)

- S. Grant Security and Subordination. The Grant portion of the City Subsidy shall be secured by deed restrictions (or another security instrument approved by the City Attorney) in favor of the City and shall be recorded in the real property records of Dallas County within fourteen (14) business days of execution of the development agreement. The City's security instrument shall be subordinate to the liens of Developer's senior lenders on the Project, whether the loans are made for construction or permanent financing. The City's security instrument shall also be subordinate to any Property Assessed Clean Energy ("PACE") assessment lien providing financing for any portion of the Project. The City's security instrument shall be released upon expiration of the 5-year Compliance Period specifically described in Section 7.R unless an event of default under the development agreement occurs and continues beyond applicable notice and cure periods set forth therein. Developer shall also provide a title policy to the City prior to execution of the security instrument.

SECTION 8. That all payments of the TIF Subsidy portion of the City Subsidy, which may include an amount not to exceed \$3,124,811 as a TIF District Grant ("TIF Grant") pursuant to the Fort Worth Avenue TIF District Grant Program (**Exhibit D**), are subject to the availability of tax increment. If the appraised value of the property in the Fort Worth Avenue TIF District remains constant or decreases in value from the base year value, the TIF Subsidy payment 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 Fort Worth Avenue TIF District (including collection of the 2029 tax year increments in calendar year 2030), subject to the limitations on repayment of the TIF Subsidy provided in the development agreement.

SECTION 9. That, assuming all other conditions for payment have been met, the City will administer the payment of the TIF Subsidy portion of the City Subsidy annually pursuant to the Fort Worth Avenue TIF District Increment Allocation Policy attached hereto as **Exhibit E**.

SECTION 10. 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, 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 with the prior written approval of the Director.

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SESECTION 10. (continued)

Any receivables due under the development agreement may be assigned by Developer or assignee upon providing the 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 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 11. 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.