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CITY SECRETARY
DALLAS, TEXAS

City of Dallas

*1500 Marilla Street, Room 6ES
Dallas, Texas 75201*

Public Notice

210528

POSTED CITY SECRETARY
DALLAS, TX



Economic Development Committee

June 7, 2021

1:00 PM

2021 CITY COUNCIL APPOINTMENTS

COUNCIL COMMITTEE	
ECONOMIC DEVELOPMENT Atkins (C), Blewett (VC), Gates, McGough, Narvaez, Resendez, West	ENVIRONMENT AND SUSTAINABILITY Narvaez (C), West (VC), Atkins, Blackmon, Gates
GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT Mendelsohn (C), Gates (VC), Bazaldua, McGough, Thomas	HOUSING AND HOMELESSNESS SOLUTIONS Thomas (C), Mendelsohn (VC), Arnold, Blackmon, Kleinman, Resendez, West
PUBLIC SAFETY Gates (C), Kleinman (VC), Arnold, Bazaldua, Blewett, McGough, Medrano, Mendelsohn, Thomas	QUALITY OF LIFE, ARTS, AND CULTURE Medrano (C), Atkins (VC), Arnold, Blewett, Narvaez
TRANSPORTATION AND INFRASTRUCTURE McGough (C), Medrano (VC), Atkins, Bazaldua, Kleinman, Mendelsohn, West	WORKFORCE, EDUCATION, AND EQUITY Thomas (C), Resendez (VC), Blackmon, Kleinman, Medrano
AD HOC JUDICIAL NOMINATING COMMITTEE McGough (C), Blewett, Mendelsohn, Narvaez, West	AD HOC LEGISLATIVE AFFAIRS Kleinman(C), Mendelsohn (VC), Atkins, Gates, McGough
AD HOC COMMITTEE ON COVID-19 RECOVERY AND ASSISTANCE Thomas (C), Atkins, Blewett, Gates, Mendelsohn, Narvaez, Resendez	AD HOC COMMITTEE ON GENERAL INVESTIGATING AND ETHICS Mendelsohn (C), Atkins, Blackmon, Gates, Kleinman, McGough, Resendez

(C) – Chair, (VC) – Vice Chair

This Economic Development Committee meeting will be held by videoconference. The meeting will be broadcast live on Spectrum Cable Channel 16 and online at [bit.ly/cityofdallastv](https://cityofdallas.tv).

The public may also listen to the meeting as an attendee at the following videoconference link:

<https://dallascityhall.webex.com/dallascityhall/onstage/g.php?MTID=e6c09e1f3081ec3dcd0a298b8e89e0cc8>

Call to Order

MINUTES

1. [21-1051](#) Approval of the May 13, 2021 Special Called Economic Development Committee Meeting

Attachments: [Minutes](#)

BRIEFING ITEMS

- A. [21-1057](#) Authorize a development agreement with Circuit Trail Conservancy for the design and construction of the North Victory segment of the Hi Line Connector Trail Project located in the Sports Arena TIF District in an amount not to exceed \$11,562,124
[Kevin Spath, Assistant Director, Office of Economic Development]

Attachments: [Presentation](#)

BRIEFING MEMORANDUMS

- B. [21-1052](#) Building Permit Update
[Kris Sweckard, Director, Department of Sustainable Development and Construction]

Attachments: [Memo](#)

- C. [21-1054](#) Authorize a resolution extending the option period deadline concerning the development of 12000 Greenville Avenue
[Robin Bentley, Director, Office of Economic Development]

Attachments: [Memo](#)

- D. [21-1055](#) Authorize a fourth amendment to the Chapter 380 Grant Agreement with WCWRD Inc and its affiliate or subsidiaries (Developer) and a third amendment to the Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement (2018 TIF/Chapter 380 Agreement) with Developer approved as to form by the City Attorney, related to the Red Bird Mall Redevelopment Project located in the Mall Area Redevelopment TIF District
[Kevin Spath, Assistant Director, Office of Economic Development]

Attachments: [Memo](#)

ADJOURNMENT

EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]



City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1051

Item #: 1.

Approval of the May 13, 2021 Special Called Economic Development Committee Meeting

Economic Development Meeting Record

The Economic Development Committee meetings are recorded. Agenda materials are available online at www.dallascityhall.com. Recordings may be reviewed/copied by contacting the Economic Development Committee Coordinator at 214-671-8958

Meeting Date: May 13, 2021

Convened: 11:02 a.m.

Adjourned: 12:38 p.m.

Committee Members Present:

Tennell Atkins, Chair
David Blewett, Vice Chair
Jennifer S. Gates
B. Adam McGough
Omar Narvaez
Jaime Resendez
Chad West

Committee Members Absent:

Other Council Members Present:

Cara Mendelsohn

Presenters:

Dr. Eric Johnson, Chief Eco. Dev. & Neighborhood Services
Trey Bowels, Task Force Co-Chair, Co-Founder and
Executive Chairman of the DEC Network
Mandy Price, Task Force Co-Chair, CEO and Co-Founder of
Kanarys Inc

AGENDA

Call to Order (11:02 a.m.)

1. Approval of the May 3, 2021 Meeting Minutes

Presenter(s): Tennell Atkins, Chair

Action Taken/Committee Recommendation(s): A motion was made to approve the minutes for the May 3, 2021 Economic Development Committee meeting.

Motion made by: B. Adam McGough	Motion seconded by: Chad West
Item passed unanimously: X	Item passed on a divided vote: Chad
Item failed unanimously:	Item failed on a divided vote:

2. Mayor's Task Force on Innovation and Entrepreneurship Final Report

Presenter(s): Trey Bowels, Task Force Co-Chair, Co-Founder and Executive Chairman of the DEC Network;
Mandy Price, Task Force Co-Chair, CEO and Co-Founder of Kanarys Inc

Action Taken/Committee Recommendation(s): No action taken

Motion made by:	Motion seconded by:
Item passed unanimously: X	Item passed on a divided vote:
Item failed unanimously:	Item failed on a divided vote:

Adjourn (12:38 p.m.)

APPROVED BY:

**Tennell Atkins, Chair
Economic Development Committee**

ATTESTED BY:

**Tenna Kirk, Coordinator
Economic Development Committee**



City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1057

Item #: A.

Authorize a development agreement with Circuit Trail Conservancy for the design and construction of the North Victory segment of the Hi Line Connector Trail Project located in the Sports Arena TIF District in an amount not to exceed \$11,562,124
[Kevin Spath, Assistant Director, Office of Economic Development]



City of Dallas

Hi Line Connector Trail Project in the Sports Arena TIF District

**Economic Development
Committee
June 7, 2021**

Kevin Spath, AICP, EDFP, HDFP
Assistant Director
Office of Economic Development

Presentation Overview



- Background: Circuit Trail Conservancy and The LOOP
- Proposed Project: Hi Line Connector Trail
- TIF District Board Recommendation
- Staff Recommendation
- Next Steps
- Appendix



Background: Circuit Trail Conservancy



- **The Circuit Trail Conservancy (CTC)** is the 501(c)(3) partnering with the City of Dallas to build The LOOP. CTC and the City's partnership was established to create a comprehensive, alternative transportation solution funded by a combination of public and generously donated private dollars. By strategically building new trails linked to existing ones, the CTC is leading the formation of a walkable circuit in the heart of urban Dallas.
- **Executive Director**
 - Philip Hiatt Haigh
- **Board of Directors**
 - Jeff Ellerman, Chair
 - Philip Henderson, President
 - Rick Perdue, Treasurer
 - Larry Dale
 - Terrence Maiden
 - Linda Owen
 - Vana Hammond-Parham
 - Mike Terry
- **Website**
 - <https://theloopdallas.org/>



THE LOOP



Background: The LOOP



- The LOOP is **11 miles of new trail and alternative transportation projects** that will connect to an existing 39-mile system to create a 50-mile Citywide loop.
- The LOOP **connects 9 City Council districts**, over 180 miles of completed Dallas trail system, the Trinity River and Fort Worth-to-Dallas Trail to the Metroplex.
- “The LOOP is **intended to serve as a catalyst for mobility and economic opportunity**, making Dallas more vibrant and pedestrian-friendly, creating a sense of community across our city and making abundant green space part of our identity. By **bringing connection to more neighborhoods** and creating a stronger, more united Dallas, The LOOP’s urban trail system is the single most important investment Dallas can make for our residents for generations to come.”



Background: The LOOP



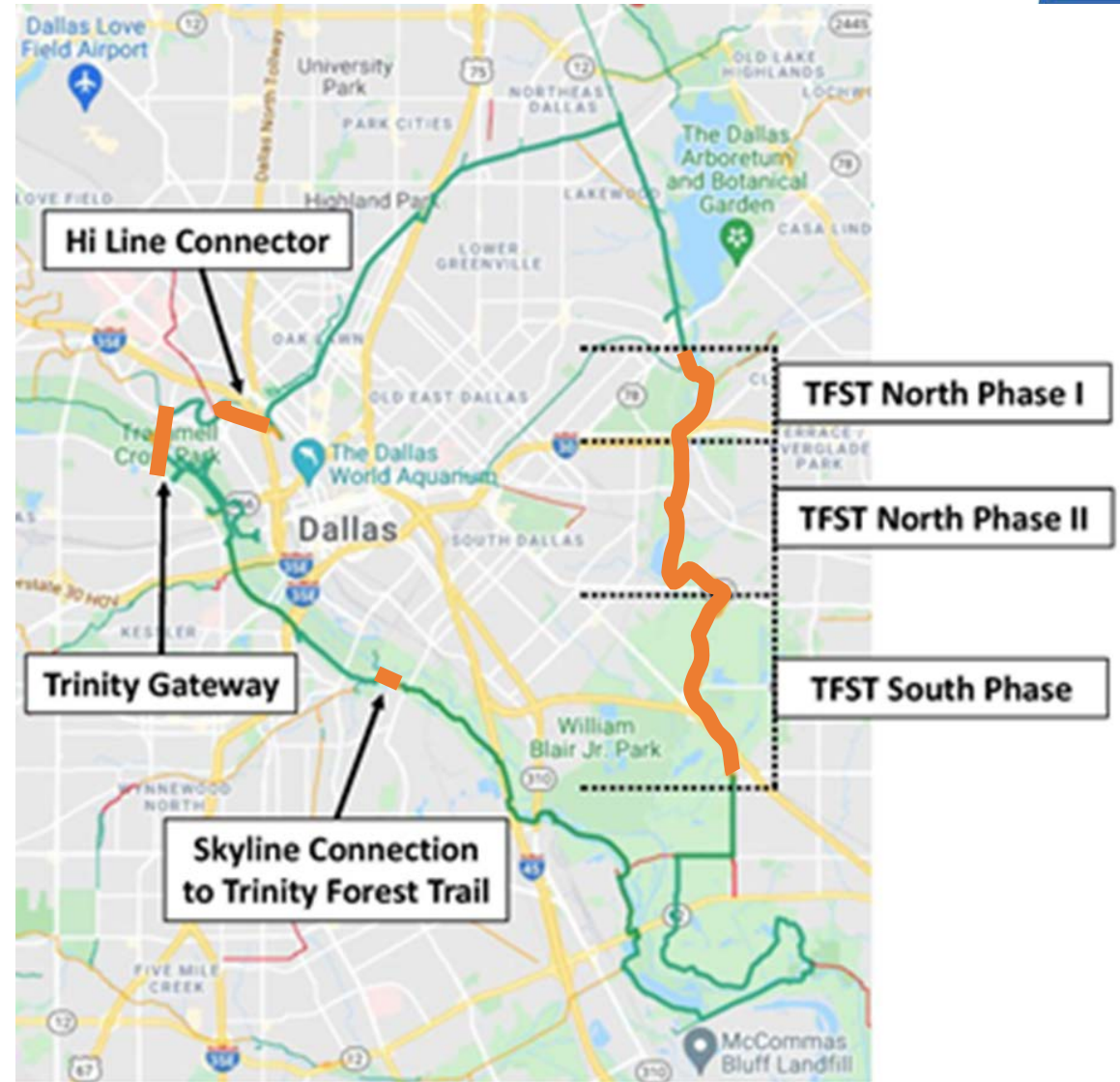
The LOOP consists of the following component projects:

Hi Line Connector Trail: connects KATY Trail to Trinity Strand Trail

Trinity Gateway Trail: connects Trinity Strand Trail to Trinity Skyline Trail and West Dallas

Trinity Skyline Trail Link: connects Trinity River Skyline Trail to southern Dallas' Audubon Center and Trinity Forest

Trinity Forest Spine Trail (North and South): 8.7 mile trail connecting southern Dallas and the Trinity Forest Trail System to White Rock Lane and East Dallas



Background: The LOOP



- **\$43 million** has been secured through public/private partnership to design and construct The LOOP
 - **City of Dallas: \$20 million** in 2017 Proposition B (Parks proposition) GO bond funding
 - **Dallas County: \$5 million** dedicated specifically to the Trinity Forest Spine Trail - North
 - **TxDOT through North Central Texas Council of Governments (NCTCOG): \$8 million** dedicated specifically to the Hi Line Connector Trail
 - **Circuit Trail Conservancy: \$10 million private match**
- **Circuit Trail Conservancy (CTC):** a non-profit organization created to raise funds and partner with City to design and construct The LOOP. In 2019, CTC entered into a funding agreement with City to provide a \$10 million private match. The 2019 Funding Agreement:
 - contemplated that the CTC would seek alternative funding if the costs of The LOOP exceed the \$43 million already committed
 - established that City will procure, award, administer and manage construction contracts for The LOOP trail segments. If the City chooses, administration of any construction contract may be assigned to CTC
- **City bond funds and CTC funds can be shifted between the component trail segments of The LOOP**

The LOOP	City of Dallas	Dallas County	NCTCOG	CTC	Total Funds Committed 2019 Funding Agreement
Hi Line Connector Trail	\$8,000,000	-	\$8,000,000	\$800,000	\$16,800,000
Trinity Gateway Trail	\$5,000,000	-	-	\$3,200,000	\$8,200,000
Trinity Forest Spine Trail - North	\$3,500,000	\$5,000,000	-	\$2,500,000	\$11,000,000
Trinity Forest Spine Trail - South	\$3,500,000	-	-	\$3,500,000	\$7,000,000
Total Funds Committed	\$20,000,000	\$5,000,000	\$8,000,000	\$10,000,000	\$43,000,000



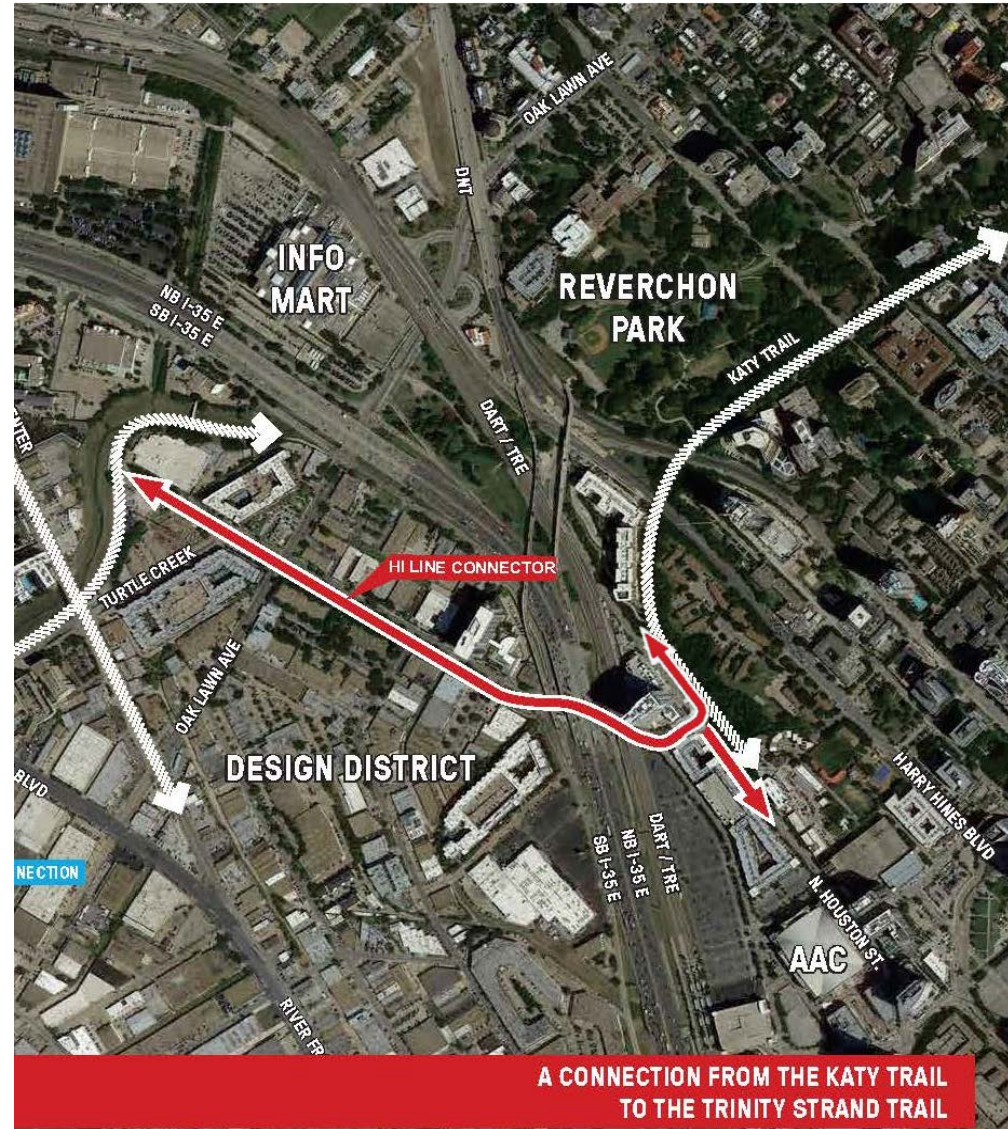
Proposed Project: Hi Line Connector Trail



- In May 2020, CTC submitted application to Office of Economic Development seeking alternative funding for the Hi Line Connector Trail project for the purpose of redistributing City bond funds and CTC private funds to other LOOP segments
- **Project:** Construction of approximately 1 mile of a pedestrian and bicycle trail that will connect the KATY Trail in the Sports Arena TIF District to the Trinity Strand Trail in the Design District
 - approximately 1/3 of the trail (North Victory segment) is located in the Sports Arena TIF District
- **Project Cost:** approximately \$22.2 million
- **Urban Design Review:** City's Urban Design Peer Review Panel reviewed the Project on June 28, 2019 and August 23, 2019
- **Anticipated Construction Start Date:** June 2023
- **Anticipated Construction Completion Date:** June 2025



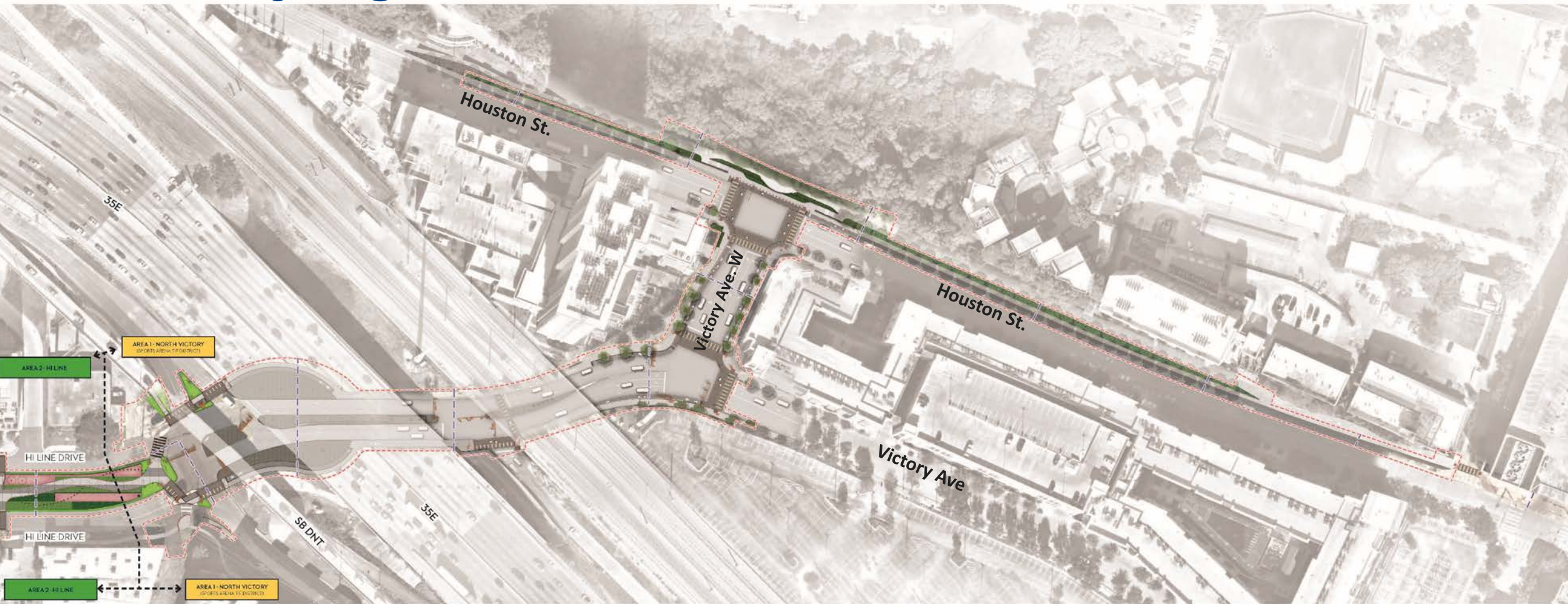
Proposed Project: Hi Line Connector Trail



Proposed Project: Hi Line Connector Trail



North Victory Segment



OVERALL PROJECT PLAN IN SPORTS TIF DISTRICT
PLAN N.T.S.



Proposed Project: Hi Line Connector Trail

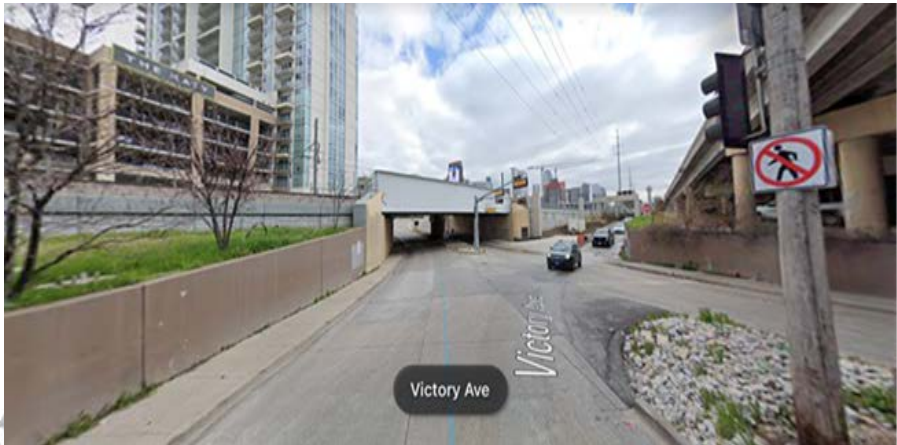


On Victory Ave in Victory Park – headed to the Design District



existing condition

On Hi Line in the Design District – headed to Victory



existing condition



Proposed Project: Hi Line Connector Trail



Current Estimated Budget

- Project costs are subject to change. Final project cost will be based on bidding of the project.
- Current estimated Project costs for the Hi Line Connector Trail (\$22.2 million) exceeds the \$16.8 million allocated to the project in the 2019 development and funding agreement between the City and CTC

HI LINE CONNECTOR TRAIL PROJECT BUDGET (BY SEGMENT)			
BUDGET LINE ITEM	PROJECT TOTAL	HI LINE SEGMENT	N. VICTORY SEGMENT (Sport Arena TIF District)
BASE TRAIL (TRAIL, PAVERS, STRIPING)	\$4,969,013	\$ 2,932,956	\$ 2,036,057
CONCRETE STREET PAVING	\$1,343,998	\$ 664,516	\$ 679,482
DESIGN DISTRICT I BEAMS	\$169,000	\$ 169,000	\$ -
TRAFFIC SIGNALLING	\$1,638,084	\$ 1,344,757	\$ 293,327
TRAIL LIGHTING	\$3,552,099	\$ 1,806,119	\$ 1,745,980
SITE FURNISHINGS	\$215,618	\$ 193,408	\$ 22,210
BRIDGE WALL MURAL ALLOWANCE	\$450,000	\$ -	\$ 450,000
TRAFFIC CONTROL	\$350,000	\$ 125,000	\$ 225,000
POLICE RENTAL	\$275,000	\$ 125,000	\$ 150,000
GENERAL CONDITIONS (10%)	\$1,296,281	\$ 736,076	\$ 560,206
CONSTRUCTION MANAGEMENT	\$1,037,025	\$ 588,860	\$ 448,164
FINANCING FEE	\$264,417	\$ -	\$ 264,417
DESIGN CONTINGENCY (5%)	\$648,141	\$ 368,038	\$ 280,103
ESCALATION CONTINGENCY - 1 YR @ 3%	\$388,884	\$ 220,823	\$ 168,062
MARKETING & ADVERTISING	\$30,000	\$ 15,000	\$ 15,000
ARCHITECTS/ENGINEERS/CONSULTANTS	\$2,151,036	\$ 1,269,111	\$ 881,925
LEGAL & ACCOUNTING	\$14,352	\$ -	\$ 14,352
CTC PROJECT MANAGEMENT FEE (NOT TO EXCEED 3%)	\$120,000	\$ 70,800	\$ 49,200
TRAIL TOTAL	\$18,912,948	\$ 10,629,463	\$ 8,283,484

KATY TRAIL HEAD	PROJECT TOTAL	HI LINE SEGMENT	N. VICTORY SEGMENT (Sports Arena TIF District)
KATY TRAIL HEAD COST OF WORK	\$ 2,591,000	NA	\$ 2,591,000
ARCHITECTS/ENGINEERS/CONSULTANTS	\$ 380,000	NA	\$ 380,000
SOFTCOSTS - PROGRAM MANAGER	\$ 125,000	NA	\$ 125,000
CONSTRUCTION MANAGEMENT	\$ 50,000	NA	\$ 50,000
DESIGN CONTINGENCY	\$ 29,000	NA	\$ 29,000
FINANCING FEE	\$ 103,640	NA	\$ 103,640
KATY TRAIL HEAD TOTAL	\$ 3,278,640	NA	\$ 3,278,640

TOTAL PROJECT COSTS	\$ 22,191,588	\$ 10,629,463	\$ 11,562,124
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Proposed Project: Hi Line Connector Trail



Funding Sources

Hi Line Connector Trail	2019 Funding Agreement	Now
City Bond Funds	\$ 8,000,000	\$ 1,274,552
NCTCOG (TxDOT)	\$ 8,000,000	\$ 8,000,000
CTC	\$ 800,000	\$ 3,667,445
Bank Financing (CTC will secure)	\$ -	\$ 9,249,591
Total	\$ 16,800,000	\$ 22,191,588

- If the requested TIF funding is approved:
 - CTC will be able to secure bank financing to reduce the amount of City bond funds allocated to the Hi Line Connector Trail Project and increase CTC private investment
 - allows 2017 City park bond funding (approx. \$6.7 million) and CTC private funding to be shifted to the other component trail projects of The LOOP (i.e. Trinity Forest Spine Trail)



Proposed Project: Hi Line Connector Trail



Benefits of Project

- trail will reduce the barrier created by I-35 and the DART/TRE, providing a critical pedestrian/bicycle connection between Victory Park and the Design District
- trail conditions are proposed to be **grade-separated from vehicular traffic** providing safe and reliable pedestrian and bicycle infrastructure
- trail will **connect the Katy Trail with the Trinity Strand Trail**
- **supports the TIF District's goal** to improve connections to City trails and open space system in the Sports Arena TIF District, especially the Trinity River, Trinity Strand Trail, Katy Trail, and Continental Pedestrian Bridge
- *use of TIF funding for the North Victory segment of the Hi Line Connector Trail project allows 2017 City park bond funding and CTC private funding to be shifted to other component trail projects of The LOOP (i.e. Trinity Forest Spine Trail)*



Proposed Project: Hi Line Connector Trail



Implications for Trinity Forest Spine Trail (North and South phases)

TFST North & South Phases	2019 Funding Agreement	Now
City Bond Funds	\$ 7,000,000	\$ 18,310,448
Dallas County	\$ 5,000,000	\$ 5,335,000
CTC	\$ 6,000,000	\$ 10,354,552
Total	\$ 18,000,000	\$ 34,000,000

- If the requested TIF funding is approved:
 - Hi Line Connector Trail unused City bond funds can be reallocated to the Trinity Forest Spine Trail (approx. \$6.7 million)
 - CTC will be able to increase private investment in the Trinity Forest Spine Trail
- If the requested TIF funding is not approved, completion of the Trinity Forest Spine Trail would likely be delayed to:
 - Allow additional time for CTC to seek and/or raise additional funds to complete the Trinity Forest Spine Trail as designed and approved by the Park Board
 - Allow additional time to value engineer the design of the Trinity Forest Spine Trail to reduce costs
 - Reduce elevation of trail (will reduce the number of days the trail can be used each year)
 - Reduce thickness and width of concrete slab for the trail
- If CTC is able to secure additional funding for the Trinity Forest Spine Trail, any unused City bond funds will be reallocated to the Trinity Gateway Trail (See Slide 24)



TIF District Board Recommendation



- On June 2, 2021, the Sports Arena TIF District Board of Directors unanimously recommended execution of a development agreement and all other necessary documents with Circuit Trail Conservancy and/or its affiliates for the design and construction of the North Victory segment of the Hi Line Connector Trail Project located in the Sports Arena TIF District **in an amount not to exceed \$11,562,124** (subject to appropriations from current and future tax increments)



Staff Recommendation



- Authorize execution of a development agreement and all other necessary documents with Circuit Trail Conservancy and/or its affiliates for the design and construction of the North Victory segment of the Hi Line Connector Trail Project located in the Sports Arena TIF District **in an amount not to exceed \$11,562,124** (subject to appropriations from current and future tax increments)



Staff Recommendation



Recommended TIF funding includes reimbursement of costs (i.e. actual expenditures) for design and construction costs associated with the North Victory segment of the Hi Line Connector Trail Project located in the Sports Arena TIF District in an amount not to exceed \$11,562,124:

- demolition activities;
- infrastructure/utility improvements which includes TIF-eligible expenditures for design and engineering, street paving and resurfacing, infrastructure construction/upgrades/relocation (water, wastewater, storm sewer, traffic signals), and relocation and/or burial of overhead electric, cable television and phone lines throughout the site, design, engineering, and construction of streetscape improvements, including lighting, sidewalk, bike/pedestrian improvements; street furnishings; landscaping and irrigation of public areas, wayfinding and signage, murals and public art, water features, and other streetscape features related to the Project;
- all labor and materials related to such construction, including costs for traffic control and security;
- soft costs and professional fees for design and environmental consultants, architects, and engineers, developer fees, legal fees, general contractor and construction management fees, and administrative costs charged by the above described third party entities; and
- financing costs including interest or other obligations issued to pay for Project costs, which shall not exceed \$370,000

Victory Sub-district Budget Category	Amount
Tier Two Improvements – Open Space Connectivity	
North Victory Trail Segment	\$8,283,484
Victory Park Katy Trail Head	\$3,278,640
Total TIF Funds	\$11,562,124



Staff Recommendation: Funding Conditions



- CTC shall incur (or cause to be incurred) and provide documentation evidencing a minimum of \$16,000,000 ("Minimum Investment") in expenditures for design, installation of, construction and construction funding for the Project ("Project Expenditures"), including, but not limited to construction costs (such as but not limited to labor, materials, traffic control, and security related to the same), construction-related soft costs (including but not limited to general contractor and construction management fees), infrastructure improvements, the cost of obtaining easements or licenses, site amenities (including but not limited to site and street furnishings, lighting, signage, water features, murals, and public art), and professional fees (e.g. architecture, engineering, landscape architecture, design consultants, environmental consultants and assessments), permitting fees, insurance costs and fees, and financing costs and fees, including interest.
- Any actual costs that qualify as Project Expenditures will be counted towards the Minimum Investment regardless of whether CTC is a party to any construction contract for the Project.
- CTC shall close construction financing for the North Victory Trail Segment prior to, or contemporaneously with, the City's execution of a development agreement with CTC.
- CTC shall provide documentation that a notice to proceed was issued by the City and start construction of the Project by June 30, 2023.
- CTC shall submit documentation of completion of construction of the Project by June 30, 2025.
- CTC shall submit certificates of completion, and/or similar documentation issued by the Project's architectural firm and/or general contractor.
- CTC shall submit a letter of acceptance or similar documentation issued by the City for the Project, which may include a green tag issued by the Public Works Department for public infrastructure improvements associated with the Project by June 30, 2025.



Staff Recommendation: Funding Conditions



- CTC shall execute an Operating and Maintenance Agreement for any Non-Standard Public Improvements associated with the Project, and if necessary, obtain a license from City for the purpose of maintaining any Non-Standard Public Improvements in the public right-of-way.
- For any construction contract for the Project (or portion thereof) awarded by CTC, CTC shall make a good faith effort to comply with the City's Business and Workforce Inclusion's goal of 32% participation by certified Minority/Women-owned Business Enterprises ("M/WBE") for all hard construction expenditures on the portion of the Project included in a construction contract awarded by CTC (if applicable) and meet all reporting requirements.
- CTC shall submit to OED quarterly status reports for all ongoing work on the Project.
- Prior to submitting construction plans to the Sustainable Development and Construction Department as part of a building permit application, CTC shall submit a set of the construction plans to the Planning and Urban Design Department for a final staff review.
- The Director may authorize minor modifications to the Project without City Council or TIF Board approval.
- CTC is not required to be a party to any construction contract as a condition to reimbursement.
- If CTC cannot reasonably meet the Project deadlines due to the City's delay in procuring and/or awarding the construction contract for the Project and/or in reviewing plans or issuing permits or similar approvals, Director may extend the Project deadlines equal to the period of the City's delay without requiring City Council or TIF Board approval.
- Upon request by CTC, the Director may authorize an extension of the Project deadlines for any other reason for up to twelve (12) months without requiring City Council or TIF Board approval.



Next Steps



- An agenda item will be placed on the June 23, 2021 City Council voting agenda



Appendix



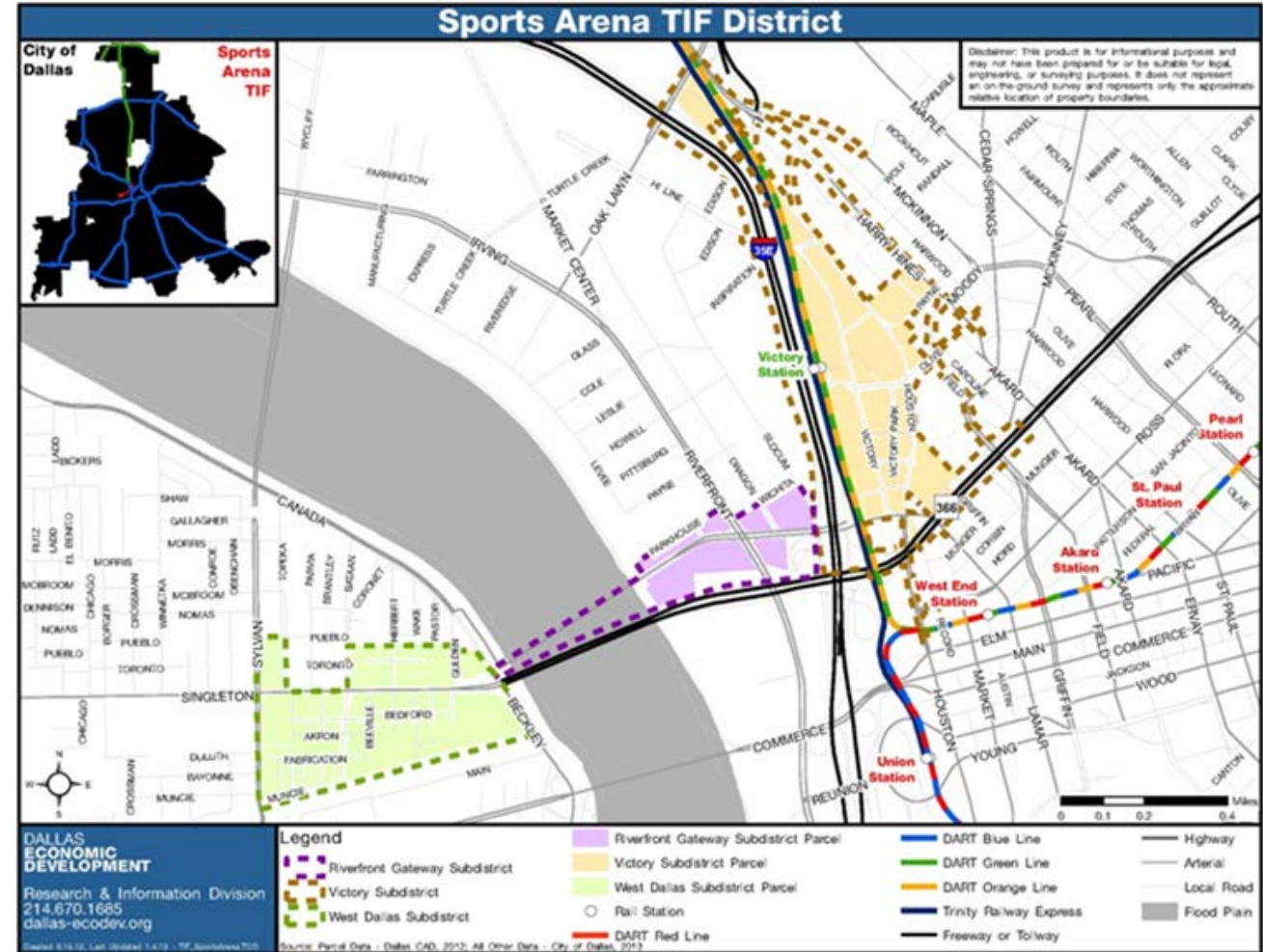
- Sports Arena TIF District
- Prior Board and City Council Actions
- Trinity Gateway Trail



Sports Arena TIF District



- Created in 1998
- Amended in 2012
 - Created Riverfront Gateway and West Dallas Sub-districts
- Extended term of Victory Sub-district to December 31, 2028
- Created 10% set-aside of Victory Sub-district increment for West Dallas Sub-district
- Increased District's budget to \$303 million



Sports Arena TIF District Budget



Sports Arena TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	Budget	Total Committed or Spent	Total Remaining
Original Improvements			
Total Original Improvements	\$38,588,359	\$38,389,665	\$198,694
Victory Sub-district Amended Budget			
West Dallas Set-Aside	\$11,881,796	\$4,519,963	\$7,361,833
Tier One Improvements	\$47,679,815	\$47,679,815	\$0
North Parking Garage			
South Parking Garage			
Economic Development TIF Grants			
Tier Two Improvements	\$63,172,215	\$17,603,582	\$45,568,633
Additional North Parking Garage			
Additional South Parking Garage			
Other District Improvements:			
Open Space/Connectivity, Special Studies			
Infrastructure Improvements and Retail			
Total Victory Sub-District¹	\$161,322,185	\$108,193,025	\$53,129,160
Category	Total Budget	Total Committed or Spent	Total Remaining
West Dallas Sub-district			
Economic Development Grants, Retail Incentives, Infrastructure Improvements, Technical Studies			
Environmental/Demolition			
Total West Dallas Sub-District	\$91,287,567	\$17,455,000	\$73,832,567
Riverfront Gateway Sub-district			
Economic Development Grants, Infrastructure Improvements, Environmental/Demolition			
Open Space, Connectivity and Retail			
Total Riverfront Gateway Sub-district	\$10,088,933	\$0	\$10,088,933
Administration and Implementation²	\$1,983,921	\$1,013,418	\$970,503
Total Amended Budget	\$303,270,965	\$165,051,108	\$138,219,857
Original Sports Arena TIF District Budget	\$46,961,785		

¹ Victory Sub-district's Total Budget includes original improvements and amended budgets.

² Administration and Implementation costs for FY 2019-2020 are included in the allocation above.

* Revenues shown above are estimated current dollars to be collected over the life of the TIF, as of May 2020.



Prior Board and City Council Actions



- **2005:** City of Dallas Park and Recreation Board (the “Board”) approved the Dallas Trails Network Plan, which identified existing and proposed trails to be developed within the City of Dallas
- **2008:** Trails Network Plan was updated, the City documented its intent to create a City-wide circuit trail loop encompassing various existing and proposed trails, totaling approximately 53.5 miles (The LOOP)
- **November 15, 2016:** City Council was briefed on The LOOP and the Circuit Trail Conservancy
- **March 15, 2018:** City entered into an agreement with the CTC for the concept and schematic design phase of the development of The LOOP and on May 3, 2018, the City issued to the CTC a Notice to Proceed Schematic Design Phase of the remaining undeveloped 10 miles of The LOOP by Administrative Action No. 18-5537
- **January 10, 2019:** Park and Recreation Board authorized a development and funding agreement with the CTC
- **February 27, 2019:** City authorized (1) a development and funding agreement (the “Original Funding Agreement”) with the Circuit Trail Conservancy (CTC), a Texas non-profit organization, for the purpose of assisting with the funding, land acquisition, design and construction of hike and bike trails on the remaining undeveloped 10 miles of The LOOP, comprised of the Circuit Trail Connection (now called the Hi Line Connector Trail), Trinity Forest Spine Trail, the Trinity Gateway and Trinity Skyline Trail Links (collectively hereinafter referred to as “Project”); (2) the receipt and deposit of funds in an amount not to exceed \$10,000,000 from the CTC in the Circuit Trail Conservancy Fund; (3) establishment of appropriations in an amount not to exceed \$10,000,000 in the Circuit Trail Conservancy Fund; (4) a match in the amount of \$10,000,000 from the Park and Recreation Facilities (B) Fund (2017 Bond Funds); (5) execution of the development and funding agreement and all terms, conditions and documents required by the agreement; and (6) the disbursement of funds to the U.S. Army Corps of Engineers for work on the Trinity Forest Spine Trail South in an amount not to exceed \$3,500,000 from the Circuit Trail Conservancy Fund and in an amount not to exceed \$3,500,000 from the Park and Recreation Facilities (B) Fund (2017 Bond Funds) for a total not to exceed \$20,000,000 by Resolution No. 19-0340



Trinity Gateway Trail



- 1.5 mile trail connects Trinity Strand Trail to Trinity Skyline Trail, Dallas-to Fort Worth Trail and the Trinity River
- Trinity Gateway Trail alignment along Sylvan Avenue and across the Sylvan Ave bridge connects the Design District to West Dallas



Hi Line Connector Trail Project

Economic Development
Committee
June 7, 2021

The logo of the City of Dallas, featuring a stylized white 'D' on a dark blue background. Inside the 'D' is a white three-leaf plant. To the left of the 'D' is a white square with a smaller square inside it.

City of Dallas

Kevin Spath, AICP, EDFP, HDFP
Assistant Director
Office of Economic Development



City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1052

Item #: B.

Building Permit Update

[Kris Sweckard, Director, Department of Sustainable Development and Construction]

Memorandum



CITY OF DALLAS

DATE June 4, 2021

TO Honorable Members of the Economic Development Committee

SUBJECT **Comprehensive Building Permits Update**

This memo provides a comprehensive summary, status, and path forward on building permits in Dallas. Much discussion has taken place on the subject and shared previously, but it is a good time to reset where we have been, where we are, and where we are going.

Background/Context

In the Fall of 2018, Sustainable Development & Construction implemented an electronic plan review system, ProjectDox by Avolve, with an eye toward the future and increased efficiency. Reduction of paper plans being received by in-person drop-offs and serial routing of those documents to various review disciplines were the main objectives. Concurrent reviews would speed the overall plan review process.

ProjectDox was chosen as the “best of breed” solution, offering an off-the-shelf solution with minimal configuration for Dallas. The known shortfall was ProjectDox would have to be integrated with the 15+ year old Posse system, the backbone permitting system from which permits are issued, records are kept, fees are calculated, etc. It was known there would not be 100% integration between these systems, that manual steps by staff would be required to move information between the systems.

Following a “soft launch,” in the Spring of 2019 staff began conducting training classes for applicants on the new ProjectDox system. The benefits became clear and staff was able to successfully process the volume of electronic submissions being received. The number of electronic submissions plateaued at approximately 20% of all submission in early 2020.

Then, literally overnight with the onset of the pandemic and the restriction of in-person visitors to the Permit Center at the Oak Cliff Municipal Center, ProjectDox went from being an emerging tool to nearly the exclusive way to submit permit requests. The percentage of electronic submissions quickly spiked to approximately 90%. The availability of ProjectDox allowed the essential construction industry to continue to obtain required permits with very limited physical interaction. Plans could be submitted 24 hours a day, 7 days per week.

With this sudden increase in volume of ProjectDox usage, several problems emerged:

- Not all staff were trained on ProjectDox and had a learning curve to overcome.
- A very significant number of customers were forced to use ProjectDox and did not have the training or knowledge to do so effectively.
- The technical environment was not sized for the volume of activity in the system, creating general slowness and timing out when customers and staff tried to use the system.

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SUBJECT **Comprehensive Building Permits Update**

Overall permitting activity was relatively slow in the second half of March and April 2020 as the world mostly stood still to figure out what was next with the pandemic. The estimated construction value of permits issued in March 2020 was \$200 million. However, that number rose dramatically to approximately \$330 million in April 2020 and to over \$400 million in May 2020. This is the time period when the issues outlined above began to stand out and the “backlog” of single family permits began building.

The initial backlog was in the “pre-screen” function, where every electronic submission goes first for staff to check to ensure all required documents and plans are uploaded, complete, and in the required format. If yes, the submission moves on to the “plan review” stage after the applicant is notified it has passed pre-screen and the initial fees are paid by the applicant. If no, a task is sent back to the applicant with comments noting the deficiencies. Applicants make the corrections, resubmit, and the project enters the pre-screen process for a second pre-screen. With so many new users, nearly every submittal required multiple rounds of revisions, extending the overall timeline and consuming staff time.

In September 2020, four additional staff members were allocated to the pre-screen function to work through the backlog and an existing contract for temporary support staff was also utilized. Since this was mainly an administrative function, it was relatively easy to utilize and train these resources, and the backlog was reduced from 464 applications in the pre-screen queue on September 1, 2020 down to 101 applications on October 28, 2020.

It was around this time that SDC also ramped up training to assist applicants with the ProjectDox system. Training and reference materials were already provided and available online both on the Building Inspection website and the ProjectDox login page with instructions on how to properly submit a project. These materials were enhanced by offering virtual webinars to walk applicants through how to effectively use the system. An instructional video was also added to the Building Inspection website. Staff began publishing current review times weekly for commercial and single family permits on the Building Inspection website for transparency and to appropriately set timeline expectations.

Once the pre-screen backlog was cleared, those projects moved to plan review, the second main phase of the process, creating a new backlog at this more technical and time-intensive step. Of course, new submittals continued to come in and those flowed more smoothly through pre-screen, constantly adding to the number in plan review. In December 2020, the combined time for pre-screen and first plan review extended to 15 weeks for single family projects.

In December 2020, Senior Plan Examiners were partially re-assigned to Single Family Plan Review from other internal plan review teams to help out. A goal was set with the Development Advisory Committee, as recommended by the Dallas Builders Association, to reduce the timeline for first plan review down to 2-3 weeks by the end of the 1st quarter 2021 (March 31st).

Meanwhile, the Information and Technology Services (ITS) department continued work on improvements to system performance issues that greatly slowed tasks both by applicants and staff. ITS redesigned and rehosted the current system environment for greater efficiency and scalability, conducted a diagnostic on the network at the Oak Cliff Municipal Center, and upgraded staff computers with more memory, higher processing speeds, and Windows 10 that resulted in much better performance in handling the large files associated with plan review. In addition,

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CARES Act funds were used to pay for improving the integration between ProjectDox and Posse, reducing, but not eliminating, the manual steps needed to be taken by staff.

On January 27, 2021, City Council authorized professional service contracts for third-party supplemental plan review and inspection services to assist in processing building permits and be available for inspections, if needed. Work began immediately to obtain City of Dallas email addresses and user IDs for the ProjectDox electronic plan review system. Virtual meetings with the supplemental plan reviewers were held to discuss the process, the use of ProjectDox, Dallas City Code, and conducting reviews in order to get started. There were challenges with plan reviewers accustomed to working in other jurisdictions, but staff worked to minimize inconsistencies between outside reviews and internal reviews. Assignment of plans to these supplemental resources began on February 4, 2021.

As reported by memorandum to the Economic Development Committee on April 2nd, the backlog was eliminated as previously committed and the combined timeframe for conducting the first prescreen (1-2 business days) and first plan review of a single family project was down to 4 weeks. A week later, it was down to 3 weeks, where it has remained since.

It was a huge challenge for all of the reasons outlined above, as well as intermittent lost staff time due to positive COVID-19 cases and power outages at the Oak Cliff Municipal Center as a result of both a fire and the massive winter storm.

Single Family Permits Update

As of June 1st, 2021, there were 260 single family projects with pending applications. Of those, 180 were in the queue for first plan review. 95.5% of the projects in the first plan review stage had been in the queue for less than 3 weeks. 83.3% had been in the queue for less than 2 weeks

Commercial Permits Update

With the improvements on the single family permits side, attention has now turned to commercial permits. The timelines for commercial permits were not impacted nearly as much as single family and remained at 4 – 6 weeks for initial plan review throughout much of the timeline described above. The number of permits in plan review ranged from 600 to 900 during this time period. In mid-May, that number reached 1,141, but on June 1st, 2021, the number of commercial projects was down to 939.

Q-Team Update

What has been seen in The Q-Team, the City's express plan review team, has seen an increased number of submissions for minor permits and smaller remodel and finish-outs. These were not part of the original conception for the Q-Team to focus on larger projects that ultimately generate increased employment and tax revenue. While this increase in submittals cannot be directly attributed to any dramatic slow-down in the processing of commercial permits through the typical commercial review cycles, clearly there was a desire by some to take every measure to avoid delays by submitting through the Q-Team process for permits that have included fences, swimming pools, canopies, communication towers and smaller finish-outs. These permits do not really benefit from the Q-Team process, and may take longer, as many of these permits can be

DATE June 4, 2021

SUBJECT **Comprehensive Building Permits Update**

processed in a few days through the standard process. The consequence is that it has a negative impact on projects that do benefit from the Q-Team process by diverting resources.

For this reason, staff is instituting a policy to limit Q-Team reviews to:

- New commercial construction
- New multifamily construction greater than 6 units
- Commercial and multifamily remodels, additions and finish-outs greater than 10,000 square feet

Q-Team will not be accepting permits for:

- Fences, swimming pools, canopies, decks and similar site improvements
- Grading or paving only permits
- Work begun without a permit
- Equipment only installations including cellular towers, concrete batch plants, generators and material handling equipment
- Projects with less than \$50,000 valuation

Note: City staff will continue to expedite work associated with catastrophic events such as weather-related damage or fire.

Development Community Update

Staff has been in dialogue with the development community about these changes at both the Development Advisory Committee and at monthly meetings with the contractor associations. Staff is developing a Q-Team project eligibility checklist and communicating these project qualifications to the broader development community.

While staff has received some concerns on project limitations such as minimum 10,000 square feet for remodels and finish-outs, there is a consensus that a focus on larger, more complicated projects for the Q-Team will enhance that process and will be of benefit overall. Staff will work with the development community to evaluate these project qualifications in 3 months to see if anything needs to be revisited.

In addition to the Q-Team changes, a pilot project will begin in early June to utilize the supplemental plan review resources assisting with single family on commercial reviews. This will require ramp up time to train those resources and formalize the process for commercial reviews but will help absorb non Q-Team projects and reduce time to first review for standard commercial projects.

Path Forward

There is no one shoe fits all solution to addressing the real and perceived issues related to the City's building permitting process. We recognize this reality and are taking a proactive comprehensive approach to addressing the challenge. More importantly, the path forward leads off with a focus on enhanced customer service, continuing to move projects through the system efficiently, analyzing City code for alignment, exploring organizational alignment and addressing much needed system upgrades. Over the next six months and leading up to the Spring of 2022

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and in alignment with the recently adopted economic development policy one-year transition, the following activities will be underway in Sustainable Development.

1. Customer Service Process Improvement Project with Toyota (Underway with Q3 completion)

On May 11th, 2021 a new project was launched in partnership with Toyota Production System Support Center (TSSC), a division of Toyota Motor North America (TMNA). TSSC advises non-profits, community organizations, government entities and select retailers and manufacturers using their Toyota Production System to increase productivity, maximize available resources, and strengthen the quality and efficiency of production. This project will focus on improving customer service of the Permit Center. The scope of the project includes the Building Inspection call center, which received 112,800 calls during 2020 and is on pace to receive more in 2021, as well as walk-in and email customers.

As frustrations grew with the elongated plan review times for single family and in-person consultations were halted, more pressure was put on the call center and other customer service functions to provide answers. Complaints about long hold times, dropped calls, and no response to voice mails and emails have become common. All of these issues will be examined as part of this project.

In addition to Toyota personnel and Sustainable Development & Construction staff, City staff from Budget and Management Services' Performance, Innovation, and Strategy division and Lean Six Sigma practitioners from Dallas Water Utilities, Dallas Fire-Rescue, Information Technology Services, and the 311 Call Center are key team members. The objective of the 3-month project is to analyze the current situation and implement ideas for improvements to provide customer service that delights the customer.

2. City Code Review and Recommendations (Underway with Q3 action)

In consultation with legal support, staff will be conducting a review of City Code Chapter 52 Section 302 to bring forth any suggested recommendations to City Council for changes and or additions to foster greater efficiency in process timing and alignment of City policy. The goal is to bring recommended changes to the Economic Development Committee in August/September.

3. Workflow Evaluation and Staffing Study (Underway with Q4 recommendations and implementation by Q2 2022)

Adopted in the FY20-21 budget, a third-party Workflow Evaluation and Staffing Study to help determine appropriate staffing levels and additional opportunities for improvements is approximately two months into an expected nine-month project. The Matrix Consulting Group, the winning proposer among seven proposals received in response to the RFCSP, has significant experience in conducting similar projects in various sized local government agencies, including Boston, DeKalb County (GA), San Jose, Miami Beach, and Ft. Worth. Recommendations from this study are anticipated in December 2021, with implementation in 2022. Important note, we are continuing to explore other organizational alignment strategies. This work and recommendations will support ongoing refinement and alignment in providing the most effective structure capable of advancing the goals of economic growth in Dallas.

4. Posse System Replacement (Procurement Process Completion Q3 2021)

The City remains in the procurement process for the replacement of the Posse permitting system. The RFCSP was released in August 2020 and vendor responses were submitted in September 2020. Following evaluation and vendor demonstrations, a top proposer was identified. The Office of Procurement Services, Information & Technology Services, and Sustainable Development & Construction are currently working with the vendor to finalize the Statement of Work as part of the contract. This contract will come to the City Council for approval when finalized. The project is estimated to take 18 months from initiation to full implementation.

This project is more than just a technology upgrade. It is critical for reviewing the end-to-end processes and the long-term technology to support these processes. One of the most significant expected benefits is a new level of transparency to the permitting process for applicants to follow their permit requests through the process.

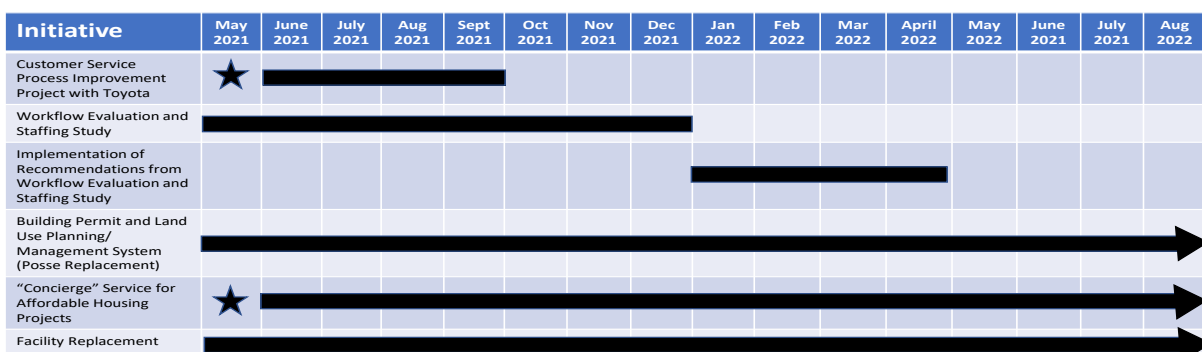
5. Concierge Service for Affordable Housing Projects (Underway with Q2 2021 targeted for implementation)

As approved in the FY20-21 budget, two additional Development Project Coordinators have been hired to provide “concierge” services for projects related to mixed income housing developments that are participating in the 1,000-Unit Affordable Housing Challenge and other City Housing programs. Concierge level service has been provided to very large projects (e.g., Red Bird Mall, DISD, AT&T) for several years, but these new resources will extend that service to affordable housing projects. The Development Project Coordinators will work directly with the Housing & Neighborhood Services department and the development team to communicate development requirements, processes, timing, and track progress of these very important projects.

6. New Facility to Replace the Permit Center and Staff Offices in the Oak Cliff Municipal Center (Replacement discussion underway with Q2 2022 targeted for development)

The Oak Cliff Municipal Center is not conducive to excellent customer service or optimal staff productivity. Renewed efforts for a better facility solution are underway. We are currently analyzing office/use requirements as we explore potential development scenarios to move this much needed project forward.


The following timeline overview illustrates the various projects and initiatives as outlined above:



DATE June 4, 2021
SUBJECT **Comprehensive Building Permits Update**

As we continue the work underway, staff will be providing ongoing updates via memorandum and through presentation and discussions with the Economic Development Committee. The collective goal of the work is about tackling a multitude of interwoven issues and needed improvements to ensure the effective delivery of building permitting services in the City of Dallas.

Should you have any questions, do not hesitate to contact myself or Kris Sweckard, Director of Sustainable Development & Construction, at (214) 671-9293.



Dr. Eric A. Johnson
Chief of Economic Development & Neighborhood Services

c: Honorable Mayor and City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors



City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1054

Item #: C.

Authorize a resolution extending the option period deadline concerning the development of 12000 Greenville Avenue
[Robin Bentley, Director, Office of Economic Development]

Memorandum



CITY OF DALLAS

DATE June 7, 2021

TO Honorable Mayor and Members of the City Council

SUBJECT **Authorize a resolution extending the option period deadline concerning the development of 12000 Greenville Avenue.**

On June 24, 2020, by Resolution No. 20-1037, City Council authorized the City Manager to execute an Option Agreement, in accordance with the Community Inspired Redevelopment Demonstration Project Program Statement (the "Program Statement"), for development of a portion of city-owned property located at 12000 Greenville Avenue, Dallas, Dallas County, Texas (the "Demonstration Property"). The Option Agreement was subsequently executed with Refuge City of Dallas ("Refuge") and expires on August 13, 2021. Refuge now requests a 6-month extension of the deadline for submission of the demonstration project proposal, which will be brought to Council for consideration on June 23, 2021.

Background

The Option Agreement authorized by Resolution No. 20-1037 provides Refuge with the option to purchase the Demonstration Property upon its submission of a City-approved demonstration project to be located on the Demonstration Property. Per the Program Statement, the City must approve all other terms of any potential sale, lease, or incentives, which would be brought in a future council item at the end of the option period and after review of the final project application. The original deadline for the option period, including submission of the demonstration project and City approval of the project, is August 13, 2021.

Refuge is requesting a 6-month extension of the option period deadline, from August 13, 2021 to February 14, 2022. Refuge has requested this extension due to a timeline delay caused by Refuge recently taking over as lead on the project, as well as the challenges and delays related to COVID-19. Refuge has identified CEO and COO candidates and is working on the fundraising/capital stack to ensure timely performance of the project.

Should you have any questions, please contact Robin Bentley, Director, Office of Economic Development at 214-671-9942.

Dr. Eric Anthony Johnson
Chief of Economic Development & Neighborhood Services

c: Honorable Mayor and City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors



City of Dallas

1500 Marilla Street
Dallas, Texas 75201

Agenda Information Sheet

File #: 21-1055

Item #: D.

Authorize a fourth amendment to the Chapter 380 Grant Agreement with WCWRD Inc and its affiliate or subsidiaries (Developer) and a third amendment to the Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement (2018 TIF/Chapter 380 Agreement) with Developer approved as to form by the City Attorney, related to the Red Bird Mall Redevelopment Project located in the Mall Area Redevelopment TIF District

[Kevin Spath, Assistant Director, Office of Economic Development]

Memorandum



CITY OF DALLAS

DATE June 4, 2021

TO Honorable Members of the Economic Development Committee:
Tennell Atkins (Chair), David Blewett (Vice-Chair), Jennifer Staubach Gates,
Adam McGough, Omar Narvaez, Jaime Resendez, Chad West

SUBJECT **Requested Amendments for Red Bird Mall Redevelopment Project**

On June 23, 2021, City Council will be asked to authorize a fourth amendment to the 2016 Chapter 380 Grant Agreement with WCWRD Inc and its affiliates or subsidiaries ("Developer") and a third amendment to the Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement ("2018 TIF/Chapter 380 Agreement") with Developer, approved as to form by the City Attorney, related to the Red Bird Mall Redevelopment Project located in the Mall Area Redevelopment TIF District.

In April 2021, the Developer requested 5 amendments to the existing agreements specifically related to the following:

- Modification of Programmatic Requirements
- Clarification regarding mezzanine and preferred equity financing
- Extension of the maturity date on the Chapter 380 Loan by 5 years
- Release of the "Sears Property" to a third-party purchaser prior to maturity of the Chapter 380 Loan and upon completion of the initial phase of tenant improvements
- Ability to sell Project prior to maturity of the Chapter 380 Loan (subject to the Chapter 380 Loan and assignment of the TIF/Chapter 380 Agreement)

Please see the attached **Exhibit A** which contains detailed information about the background, history, and progress to-date of the Red Bird Mall Redevelopment Project. Slides 28-32 contain specific information about the 4 amendments requested by the Developer. Should you have any questions, please contact Kevin Spath, Assistant Director in the Office of Economic Development, at (214) 670-1691.

Regards,

Dr. Eric A. Johnson

Chief of Economic Development & Neighborhood Services

c: Honorable Mayor and City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

Requested Amendments Red Bird Mall Redevelopment Project

**Economic Development
Committee
June 7, 2021**

**Kevin Spath, AICP, HDFP, EDFP
Assistant Director
Office of Economic Development**

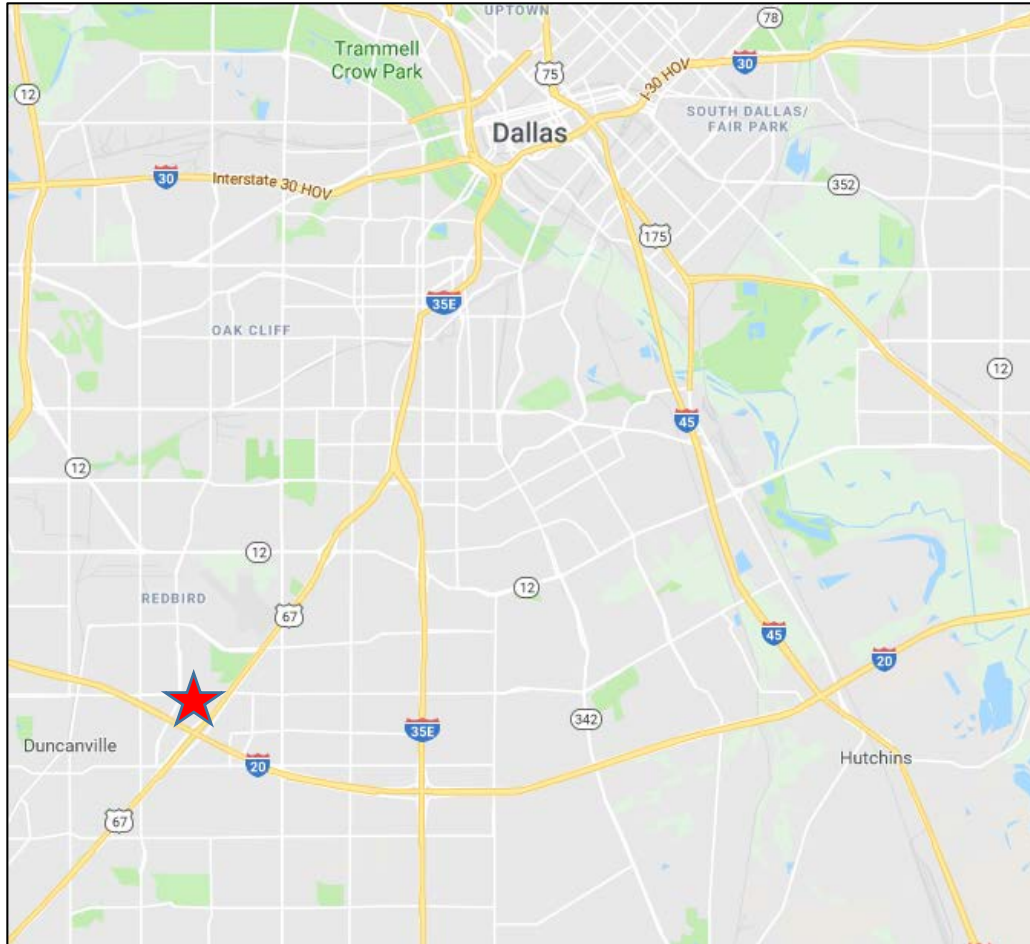


Presentation Overview

- Background
- Project History
- Requested Amendments
- Next Steps
- Appendix



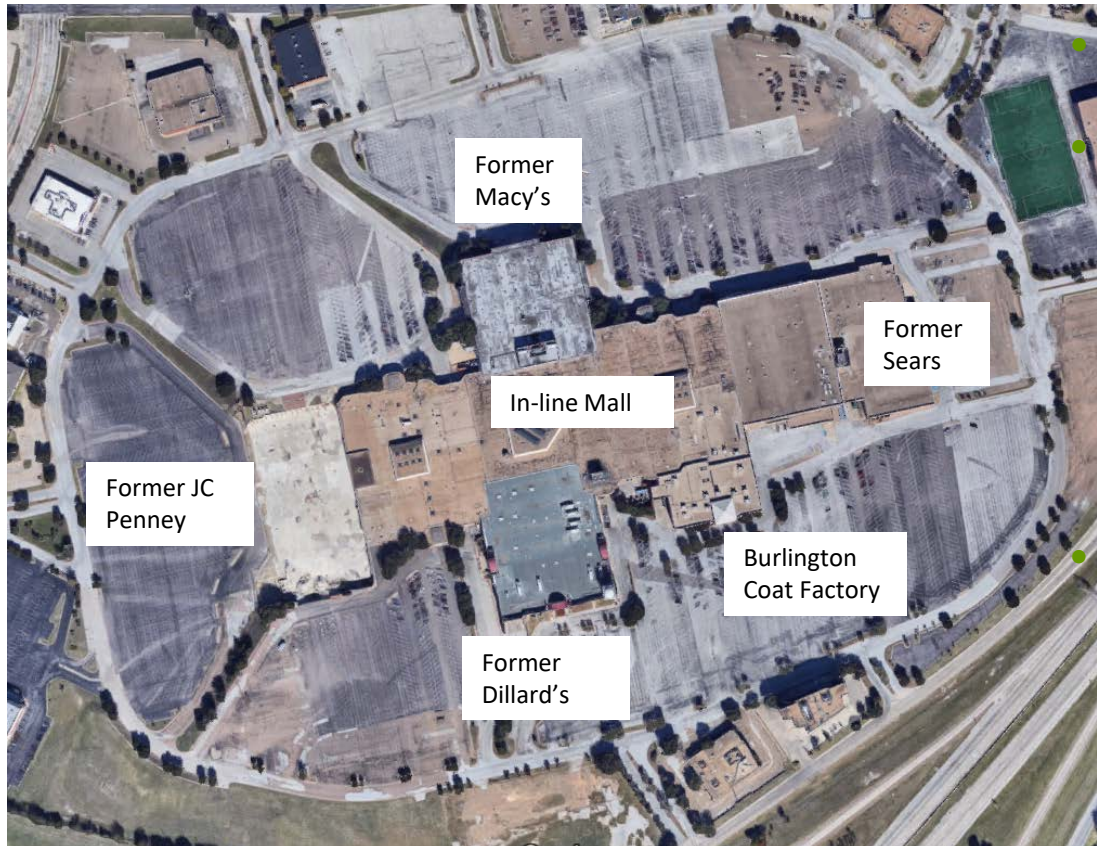
Background



- Located at the northwest corner of US Highway 67 and Interstate 20
- Built in 1975 by DeBartolo Company as Redbird Mall
- Approximately 950,000 SF buildings on 90 acres
- Renamed Southwest Center Mall in 2001 in effort to rebrand facility

Background

Mall comprised of the in-line mall building and five anchors



Occupied anchors:

- Burlington Coat Factory

Vacant anchors:

- Sears (vacated 2019)
- Former JC Penney (vacated 2001; demolished 2012)
- Former Dillard's (vacated 2006)
- Former Macy's (vacated 2017)

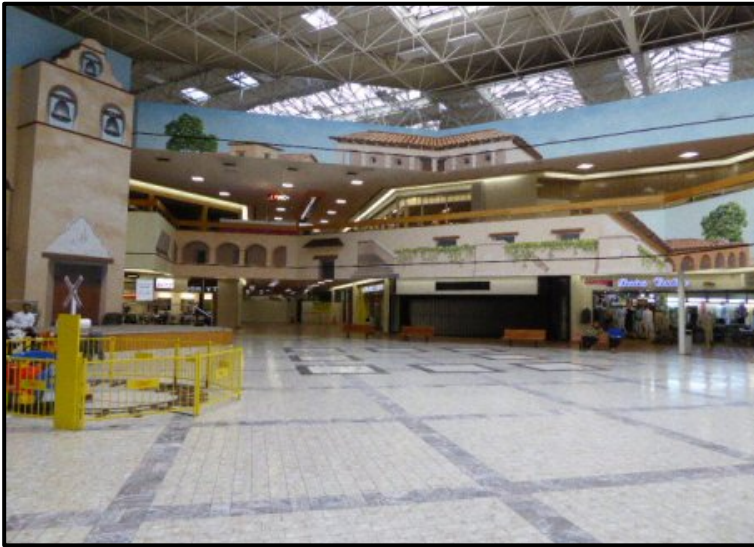
In-line portion of mall:

- 341,251 building square feet
- Approximately 65% occupied in 2018

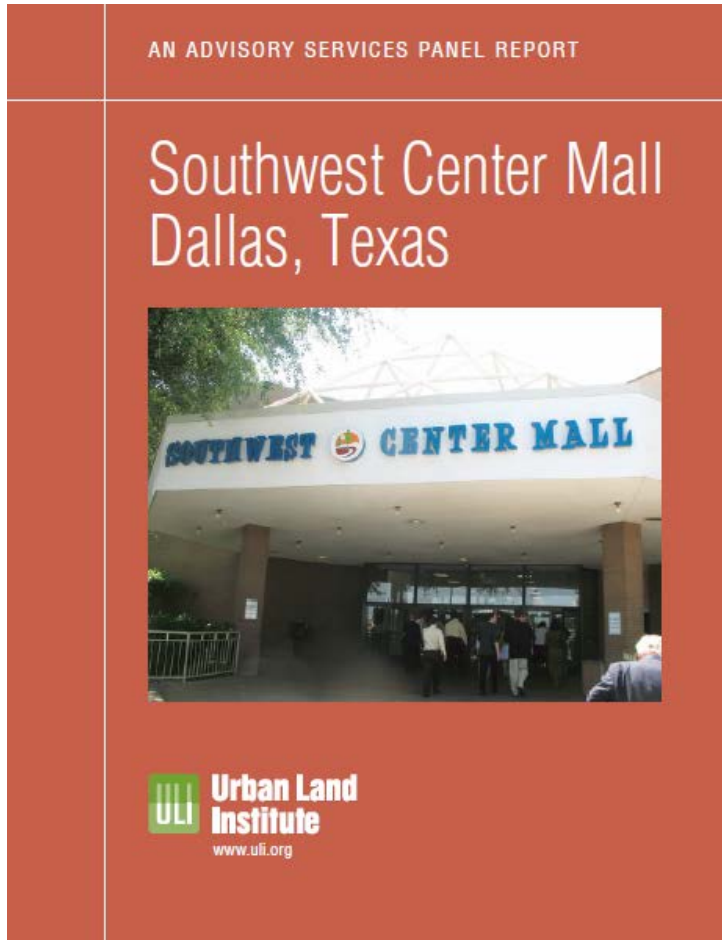
Background

Existing conditions in the recent past:

- Vacant land and buildings
- Deteriorated site and structures
- Lack of green space
- Inadequate sidewalk & street layout



Background



- In 2009 the Mayor's Southern Dallas Task Force (Southwest Oak Cliff Work Team) identified redevelopment of the mall as their top priority.
- An Advisory Services Panel from Urban Land Institute (ULI) spent five days in Dallas examining the mall, and issued a written report in October 2009 finding three main issues:
 - **WEAK MARKET:** The market is too weak to justify private investment without public investment.
 - **DIVIDED OWNERSHIP:** Fragmented site ownership makes redevelopment challenging.
 - **LACK OF VISION:** There is no clear vision or comprehensive redevelopment plan for the area.

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Background

- The ULI Panel recommended that the City take the following actions:
 1. Play an active role in recruitment of investors/developers.
 2. Play an active role in land assembly to consolidate ownership and gain control of the site.
 3. Assure existing anchors of City's interest in site redevelopment.
 4. Establish a TIF district to support public investment in site redevelopment.
 5. Articulate a community-based vision and redevelopment plan.

Background

In the years following the ULI study, the City took a number of actions, including:

- City negotiated an option to purchase former JCPenney building to avoid undesirable “flea market” use.
- Mayor Rawlings launched GrowSouth Initiative in 2012, representing a comprehensive strategy for economic development in southern Dallas, with the RedBird Mall area identified as a core investment area.
- City created Mall Area Redevelopment TIF District in 2014, which signaled a critical step in the process of attracting viable development partners, stimulating private investment, and leveraging other capital sources.
- City took an active role in recruitment of investors/developers.
- City took an active role in land assembly to consolidate ownership and gain control of the site.

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Project History

- In late 2015, there was an opportunity to begin to consolidate the fragmented property ownership when a portion of the mall was put up for auction by the previous owner, and the City began negotiating a possible public/private partnership with Peter Brodsky as the prospective bidder.
- Peter Brodsky won the bid, risking significant personal capital to purchase a substantial portion of the mall.
- In January 2016, City Council authorized a Chapter 380 grant agreement in the amount of \$2.4 million to assist with property assembly/acquisition and to jumpstart redevelopment of the mall (in exchange for \$15 million private investment and secured by a performance deed of trust on collateral property--the former Dillard's and former JC Penney properties).

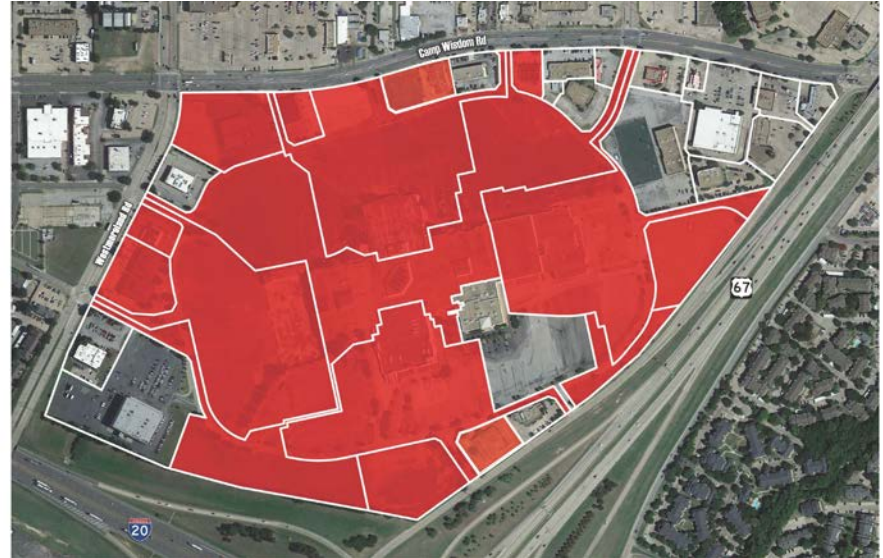
Project History

Prior to 2015



Ownership fragmentation

Since 2015



Ownership consolidation

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Project History

Between 2016-2018, the Developer:

- acquired and assembled more properties
- analyzed market feasibility
- explored preliminary redevelopment concepts and configurations
- conducted extensive community engagement
- assembled an experienced development team
- completed engineering studies and cost estimates
- negotiated with existing anchors and tenants and marketed the development to prospective new tenants (grocers, hotels, apartment developers, office users, retailers, restaurants)
- rebranded the mall as Red Bird



November 2017 groundbreaking for the development of a new Starbucks Community Cafe

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Project History

- In late 2017, the Developer came forward with a proposed project (Reimagine RedBird) to update the mall into a more contemporary and relevant mixed-use development with high-quality options for shopping, dining, living, and entertainment for southern Dallas citizens.
- Plans included renovations and repurposing some of the existing mall structure into:
 - Class A office space
 - medical offices
 - retail
- Plans also included:
 - new construction of new retail, restaurant, and entertainment options
 - establishment of a new 1-acre green space
 - preparation of sites for sale to apartment and hotel developers

Project History



SCOPE SUMMARY PACKAGE
HARRIS 10/17

OMNIPLAN

REBIRD RENOVATION

ENTRY NO. 3

17



SCOPE SUMMARY PACKAGE
HARRIS 10/17

OMNIPLAN

REBIRD RENOVATION

ENTRY NO. 3

18

Project History

In June 2018, City Council authorized the following to support the Project:

- 1) conditional grant agreement for \$10 million (2006; 2012; 2017 GO bond funds)
- 2) 15-year interest-only loan agreement for \$12 million (Public/Private Partnership Fund)
- 3) development agreement for \$15.6 million in tax increment funding from the Mall Area Redevelopment TIF District
- 4) an assignment of all tax increment payable under the development agreement back to the City of Dallas
- 5) an amendment to the 2016 Chapter 380 grant agreement to extend all dates in the agreement by 18 months
- 6) a loan payment guarantee agreement from the parent company controlled by Brodsky family

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Project History

- In February 2019, all of the agreements were executed
- In March 2019, the City and the community celebrated a groundbreaking event for Reimagine RedBird



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Project History

In **January 2020**, City Council authorized:

- 1) a New Markets Tax Credit transaction between the Dallas Development Fund, Capital One, and Developer for improvements within the Red Bird Mall Redevelopment Project (to generate approximately \$2.8 million in outside equity)
- 2) a second amendment to the 2016 Chapter 380 Grant Agreement, a first amendment to the 2018 TIF/Chapter 380 Agreement, and amendments 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 loan;
 - (B) 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 from \$115,000,000 to \$116,000,000 as consideration for (A) and (B); and
 - (D) make such other modifications which may be necessary to effectuate the foregoing amendments.

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Project History

In **May 2020**, City Council authorized:

- 1) a third amendment to the 2016 Chapter 380 Agreement and a second amendment to the 2018 TIF/Chapter 380 Agreement to:
 - (a) increase the amount of the 2018 Chapter 380 conditional grant by \$3,000,000 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;
- 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 the Mall Area Redevelopment TIF District;
- 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

Project History

In **April 2021**, City of Dallas Office of Economic Development:

- facilitated a Property Assessed Clean Energy (PACE) financing transaction through the City of Dallas PACE Program for the Developer to secure a \$3,350,000 loan from Twain Community Partners for lighting, plumbing, and HVAC improvements needed to modernize the in-line portion of the Mall.

In **May 2021**, at the request of the Developer, the Director of the Office of Economic Development:

- administratively approved (pursuant to City Council Resolution No. 20-0734) 12-month extensions of all material dates and deadlines in the 2016 Chapter 380 Agreement and 2018 TIF/Chapter 380 Agreement as a result of the impact of COVID-19 on the development, construction, tenancing, and financing of the Project.

Project History – Progress

Capital Sources (as of May 1, 2021)

Private Equity

- approximately \$30.5 million from Peter Brodsky family and other investors

Private Debt (mezzanine and senior)

- approximately \$63.2 million

Public

- \$2.4 million City grant in 2016
- \$10 million City grant in 2018
- \$12 million City loan in 2018
- \$3 million City grant in 2020

Capital Uses (as of May 1, 2021)

- approximately \$30 million in property acquisitions
- approximately \$85 million in soft costs and hard construction costs associated with the Infrastructure Work as well as tenant improvement allowances on construction projects associated with the leases described on slides 23-25

Project History – Progress

Development Milestones

- 1) Re-grading the overall site to remove multi-level mall elevations and promote walkability by December 31, 2021. ***Regrading for Palladium apartment site was completed in 2020. Regrading is underway near the former Macy's and is expected to be completed by December 2021. Regrading is also underway for UTSW medical center (former Sears property) and is expected to be completed by March 2022.***
- 2) Upgrading and rerouting utilities to accommodate increased density and create commercial pad sites within the development, all to be completed by December 31, 2021. ***New utilities to serve Palladium apartments, Parkland medical clinic (former Dillard's property) and Foot Locker were completed in 2020. Construction of new utilities for UTSW medical center is underway and expected to be completed by March 2022.***
- 3) Demolishing approximately 100,000 square feet of the existing mall structure on the western edge of the property and build in place of that structure one of the vehicular access roads referenced in (4) below, a new mall enclosure and entrance, as well as any public spaces contemplated between the road and the entrance by December 31, 2021. ***To date, approximately 70,000 square feet has been demolished, with the remaining demolition expected to be completed by December 2021. Construction on the new West Wing entrance and façade improvements is expected to begin in early 2022.***
- 4) Constructing two new private vehicular access roads by December 31, 2021. ***Construction of the north/south road is underway and is expected to be completed in early 2022. Construction of the east/west road will begin in July 2021 and is expected to be completed in early 2022.***
- 5) Establishing a one-acre green space to be privately owned, privately maintained, and publicly accessible for programming and community gathering by December 31, 2021. ***A green space has been established in front of the new Foot Locker building. Construction of The Lawn improvements is expected to be completed by March 2022.***

Project History – Progress

Development Milestones

- 6) Enhancing landscape, hardscape, and outdoor lighting by December 31, 2021. ***Landscape, hardscape and outdoor lighting are completed for Foot Locker site and are currently underway for the South Wing (former Dillard's) site. Expected completion: October 2021.***
- 7) 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...by December 31, 2023. ***As part of renovating the suite for Chime Solutions, the existing mechanical, electrical and structure systems (lighting, HVAC, flooring and ceilings) were modernized. Additional renovations will soon begin for the Chime expansion suite and are expected to be completed by January 2022. A new chiller for the in-line portion of the Mall has been ordered and is expected to be installed by August 2021.***
- 8) Redesigning and remodeling existing entryways by December 31, 2023. ***For the Workforce Solutions office, the entry of the South Wing (former Dillard's) was renovated. Construction of a redesigned entryway for the Parkland Clinic in the former Dillard's is also underway and expected to be completed by August 2021. Construction of the redesigned entryway for the UT Southwestern Medical Center (former Sears) is underway and expected to be completed by December 2021. Redesign of the entryways on the north façade are anticipated to be completed by June 2022.***
- 9) Adding windows and skylights to the second-floor mall space to create office space by December 31, 2023. ***As part of the Chime Solutions finish out, skylights were added to the second floor mall space. The South Wing (former Dillard's) is currently under renovation to add windows. Upcoming redesign of the north façade will also add windows to the second floor. Expected completion: December 2023.***

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Project History – Progress

Development Milestones

- 10) Constructing a minimum of 100,000 gross square feet of new retail, restaurant, and entertainment buildings by the December 31, 2024. ***To date, approximately 23,000 square feet of new construction has been completed. Additional buildings will be constructed as leases require.***
- 11) Preparing and conveying properties within the Project site to a hotel user reasonably approved by the Director for the construction of a minimum 125-room hotel and conference center, and to a residential developer reasonably approved by the Director for the construction of a minimum 250-unit multi-family development by December 31, 2023. ***Developer prepared and conveyed a site to a residential developer in October 2019. Developer is in the process of preparing a site for a hotel user. Developer has executed a purchase and sale agreement with a hotel developer; agreement is conditioned upon the hotel developer securing equity and debt financing by March 2022.***
- 12) Constructing the infrastructure improvements (e.g. new roads, utilities, and streetscape) necessary to support the required minimum of new vertical improvements. ***Expected completion: December 31, 2022.***

Project History – Progress

Retail (as of May 1, 2021)

- Starbucks
 - Lease: 10 years; signed in May 2017
 - Premises: 2,500 sf
 - Construction: New construction of free standing building at 3650 W. Camp Wisdom Road
 - Opening: December 2018
- Foot Locker Concepts
 - Lease: 10 years; signed in March 2019
 - Premises: 20,493 sf
 - Construction: New construction of free standing building at 3450 W. Camp Wisdom Road
 - Opening: May 2020
- Frost Bank
 - Lease: 10 years; signed in June 2019
 - Premises: 3,000 sf
 - Construction: Renovation of end cap of a 12,000 sf free standing building 3704 W. Camp Wisdom Road
 - Opening: March 2021
- Miscellaneous
 - New leases/lease renewals inside main mall with small, locally owned retail businesses
 - Working active LOIs with dentist, restaurants, gym/fitness center



Project History – Progress

Office (as of May 1, 2021)

- **Dallas Entrepreneur Center**
 - Lease: 5 years; signed in 2018
 - Premises: 7,130 sf
 - Construction: Renovation of second floor of 3662 W. Camp Wisdom Road (main mall)
 - Opening: September 2018
- **Jarvis Christian College**
 - Lease: 3 years; signed 2018
 - Premises: 6,018 sf
 - Construction: Renovation of second floor of 3662 W. Camp Wisdom Road (main mall)
 - Opening: July 2019
- **Workforce Solutions**
 - Lease: 10 years; signed May 2019
 - Premises: 30,000 sf
 - Construction: Renovation of first floor of 3560 W. Camp Wisdom Road (former Dillard's)
 - Opening: February 2020
- **Chime Solutions**
 - Lease: 7 years; signed June 2019 (3.5 years added to lease January 2021)
 - Premises: 52,856 sf
 - Construction: Renovation of second floor of 3662 W. Camp Wisdom Road (main mall)
 - Opening: October 2019
 - Lease for Expansion: 10.5 years; signed January 2021
 - Expansion Premises: 33,831 sf
 - Construction: Renovation of second floor of 3662 W. Camp Wisdom (main mall)
 - Opening: Expected January 2022



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Project History – Progress

Medical (as of May 1, 2021)

- Parkland Hospital Clinic
 - Lease: 15 years; signed September 2019
 - Premises: 43,000 sf
 - Construction: Renovation of first floor of 3560 W. Camp Wisdom Road (former Dillard's)
 - Opening: Expected August 2021
- UT Southwestern Medical Center
 - Lease: 15 years; signed December 2019
 - Premises: 150,000 sf
 - Construction: Renovation of 3450 W. Camp Wisdom Road (former Sears)
 - UT Southwestern Medical Center will be on the first floor
 - Children's Health Center will be on the second floor
 - Opening: Expected May 2022



Project History – Progress

Residential (as of May 1, 2021)

- Palladium Red Bird Apartments
 - Developer made horizontal improvements necessary to get the 6.1 acre site shovel-ready for the vertical developer (Palladium Redbird LP)
 - Developer executed Purchase and Sale Agreement (PSA) with Palladium Redbird LP
 - At closing, Palladium Redbird LP assigned the PSA to the Dallas Housing Finance Corp (DHFC)
 - DHFC purchased the land for \$1.25 million and ground leased it back to Palladium Redbird LP to build/operate the apartments
 - New construction of 300 units of Class A apartments
 - 70% (210 units) affordable (at/below 60% area median income) and 30% (90 units) market rate
 - Opening: April 2021



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Requested Amendments

- In April 2021, Developer requested 5 amendments to the existing agreements.
- The next 5 slides contain detailed information about these amendments:
 - Modification to Programmatic Requirements
 - Clarification regarding mezzanine and preferred equity financing
 - Extension of the maturity date on the Chapter 380 Loan by 5 years
 - Release of the “Sears Property” to a third-party purchaser prior to maturity of the Chapter 380 Loan and upon completion of the initial phase of tenant improvements
 - Ability to sell Project prior to maturity of the Chapter 380 Loan (subject to the Chapter 380 Loan and assignment of the TIF/Chapter 380 Agreement)

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Requested Amendments

Modification to Programmatic Requirements

Current Requirement: Section 2.C of the TIF/Chapter 380 Agreement requires Developer to construct a minimum of 100,000 gross square feet of new retail, restaurant, and entertainment buildings.

Developer's Requested Modification: In 2018, the conceptual development plan for the Project was designed based on an assumption that the Developer would attract a movie theater (approximately 40,000 – 50,000 square feet). However, market demand for new construction of “retail, restaurant, and entertainment” buildings has declined significantly due to COVID-19. Based on current market trends, Developer requests that the 100,000 gross square feet be reduced to 40,000 gross square feet (such amount includes the 20,000 gross square feet of the Foot Locker and 2,500 gross square feet of the Starbucks which have been completed). Therefore, Developer would still be required to construct an additional 17,500 gross square feet of new buildings for retail, restaurant, or entertainment).

Current Requirement: Section 2.C of the TIF/Chapter 380 Agreement requires Developer to prepare and convey property within the Project site to a hotel user reasonably approved by Director for the construction of a minimum 125-room hotel and conference center.

Developer's Requested Modification: COVID-19 has hit the hospitality market the hardest. Developer continues to coordinate with an affiliate of Atlantic Hotels Group on a 150-room dual branded Courtyard/Residence Inn by Marriott hotel, but Developer's conveyance of the property to the hotel developer will be contingent upon the hotel developer's ability to secure sufficient financing. Since Developer cannot control whether a hotel developer can secure financing necessary to build a hotel, Developer would like its obligation to convey property to a hotel developer based on its “reasonable efforts” rather than an obligation. Reasonable efforts means *either* of the following:

- Executing a letter of intent with a hotel user, or
- Preparing a site of sufficient size and with sufficient infrastructure improvements (e.g. rough grading and construction of necessary roadway and utility improvements) to support a hotel user and providing written quarterly reporting on the status of the pursuit of a hotel user

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Requested Amendments

Clarification regarding Mezzanine and Preferred Equity Financing

Current Requirement

Section 5.D of the TIF/Chapter 380 Agreement gives the City Manager the authority to execute a lien subordination agreement for any “Senior Secured Instrument” as well as for any Property Assessed Clean Energy (PACE) assessment lien. However, the TIF/Chapter 380 Agreement does not give the City Manager the explicit authority to execute an intercreditor agreement or recognition agreement with a mezzanine lender or preferred equity provider, as applicable. Intercreditor agreements and recognition agreements are considered ordinary course of business in complex commercial/mixed-use development financing transactions involving mezzanine lenders and preferred equity investors.

Developer's Requested Modification

Developer requests that Section 5.D of the TIF/Chapter 380 Agreement be amended to explicitly add that the City will enter into either an intercreditor agreement and/or recognition agreement, as applicable, with a mezzanine lender or preferred equity investor on terms and conditions acceptable to the Director within forty-five (45) days of a written request for the same.

Requested Amendments

Extension of the maturity date on the Chapter 380 Loan by 5 years

Current Requirement

The \$12,000,000 Chapter 380 Loan matures on June 13, 2033.

Developer's Requested Modification

COVID-19 has had the impact of reducing the anticipated absorption and slowing the development velocity for the Project and the Mall Area Redevelopment TIF District generally. This has had a depressing effect on property taxes and the tax increment available to repay the Chapter 380 Loan. In addition, extended timelines in the City of Dallas permitting process are causing delays to the completion of construction that would generate tax increment. Further, since the City's loan is subordinate and may mature with a significant financial obligation to the Project, the Project will have difficulty finding senior indebtedness to continue to finance further development and stabilize the Project. As such, Developer is requesting that the maturity date on the Chapter 380 Loan be extended by 5 years until June 13, 2038.

Requested Amendments

Release of the “Sears Property” to a third-party purchaser prior to maturity of the Chapter 380 Loan and upon completion of the initial phase of tenant improvements

Current Requirement

The “Sears Property,” which is currently being redeveloped for use by UT Southwestern Medical Center and Children’s Health Center, was added to the Project in May 2020 as a part of the City’s collateral in the Second Amendment to the TIF/Chapter 380 Agreement and was designated as a “Main Mall Property” under Section 2.C(7) of the TIF/Chapter 380 Agreement. Per Section 5.E of the TIF/Chapter 380 Agreement, while the City’s Chapter 380 Loan is outstanding, buildings defined as Main Mall Properties cannot be sold (and collateral cannot be released from the Deed of Trust) unless it remains under the direct control of 3662 Investors LP (the Loan Guarantor).

Developer’s Requested Modification

Developer has determined that the increased cost of the Infrastructure Work for the Project over the estimate contained in the TIF/Chapter 380 Agreement, combined with the unavailability of certain anticipated sources of funds because of the COVID-19 pandemic, will cause Developer to need to contribute \$13 million of additional private capital to complete the Infrastructure Work. Developer has secured equity and debt financing for \$8 million and is now in the process of securing a subordinate lien against the Sears Property for the purposes of funding the remaining shortfall. The nature of the funding, however, could create a situation in which it would be necessary to sell the Sears Property earlier than originally anticipated.

Developer is now requesting the flexibility to be able to sell the Sears Property to an unaffiliated third-party upon completion of the initial phase of the tenant improvements for UT Southwestern Medical Center and Children’s Health Center. This will permit Developer with the financial flexibility required to complete the remainder of the Infrastructure Work for the Project.

UT Southwestern already has a right-of-first refusal (ROFR) provision in their lease which gives them the right but not the obligation to purchase the Sears building 10 years after their lease commencement. Any sale of the Sears building by Developer to an unaffiliated third-party will still be subject to UTSW’s ROFR.

Any proposed sale of the Sears Property will be subject to the prior written approval of the Director, which may be granted or withheld in the Director’s sole discretion.

Requested Amendments

Ability to sell Project prior to maturity of the Chapter 380 Loan (subject to the Chapter 380 Loan and assignment of the TIF/Chapter 380 Agreement)

Current Requirement

Section 5.E of the TIF/Chapter 380 Agreement permits a partial transfer and partial release of the City's lien solely for the purpose of permitting an unaffiliated third-party to develop multi-family, hotel, and other commercial, residential, or mixed-use developments. No other transfer of the Project are permitted.

Section 6.N of the TIF/Chapter 380 Agreement requires that, until the Chapter 380 Loan is repaid in full, the Brodsky Family Trust or Peter Brodsky must control the general partner and the general partner must control the Loan Guarantor (3662 Investors LP).

Section 23.C of the TIF/Chapter 380 Agreement permits assignment of the obligations, in whole or in part, after the Project is completed, subject to the written approval of the Director after review of the financial and management background of the proposed Assignee.

Developer's Requested Modification

Developer is now requesting the ability to sell the Project to an unaffiliated third-party subject to the Chapter 380 Loan concurrently with an assignment of the TIF/Chapter 380 Agreement upon completion of the Initial Project. Developer defines the "Initial Project" as completion of the requirements in Section 2.C of the TIF/Chapter 380 Agreement including all Infrastructure Work and Programmatic Requirements, except for:

- Section 2.C(7): renovation of the former Macy's building; and
- Section 2.C(10): construction of a minimum of 40,000 (original requirement is 100,000) gross square feet of new retail, restaurant, and entertainment buildings

Developer will be required to provide at least 60 days prior written notice to the City. The notice shall identify the proposed purchaser (including principal parties and loan guarantor) and shall include a copy of the purchase and sale agreement, sufficient information about proposed purchaser's financial responsibility, experience, and general fitness, and any other information requested by the Chief of Economic Development and Neighborhood Services for the Chief to ascertain the qualifications to complete the Project and assume the obligations pursuant to the TIF/Chapter 380 Agreement. Any proposed sale of the Project will be subject to the prior written approval of the Chief of Economic Development and Neighborhood Services, which may be granted or withheld in the Chief's sole discretion.

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Requested Amendments

As consideration for the requested amendments, the Developer has agreed to the following:

- Increase the Developer's Minimum Investment Requirement by \$5 million for the Project from \$130 million to \$135 million.
- Add a requirement to the Programmatic Requirements in Section 2.C for Developer to make reasonable efforts to (a) prepare and convey property within the Project site to a grocery store user reasonably approved by the Director for the construction of a minimum 20,000 square foot free-standing grocery store, or (b) renovate and lease a minimum of 20,000 square feet within an existing building within the Project site for a grocery store user reasonably approved by the Director. Reasonable efforts means *either* of the following:
 - Executing a letter of intent with a grocery store user, or
 - Preparing a site or space of sufficient size and with sufficient infrastructure improvements (e.g. rough grading; construction of necessary roadway and utility improvements) to support a grocery store user and providing written quarterly reporting on the status of the pursuit of a grocery store user
- Developer will pay interest current on the Chapter 380 Loan to the extent that TIF Subsidy does not fully repay the Loan during the extended term.
- Developer will not distribute any of the net proceeds of any sale of the Sears Property to equity shareholders. Rather, Developer will be required to use the net proceeds to either: (a) repay debt that is senior to the City's lien; (b) pay for remaining Infrastructure Work, (c) invest in additional building improvements on property secured by the City's lien; or (d) acquire additional properties on the RedBird site, which would then be added to the City's collateral. In all cases, the value of the City's collateral position with respect to the Project will be improved.

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Next Steps

- On June 11, 2021, the Mall Area Redevelopment TIF District Board of Directors will review and consider the requested amendments
- An agenda item will be placed on the City Council voting agenda on June 23, 2021

Appendix

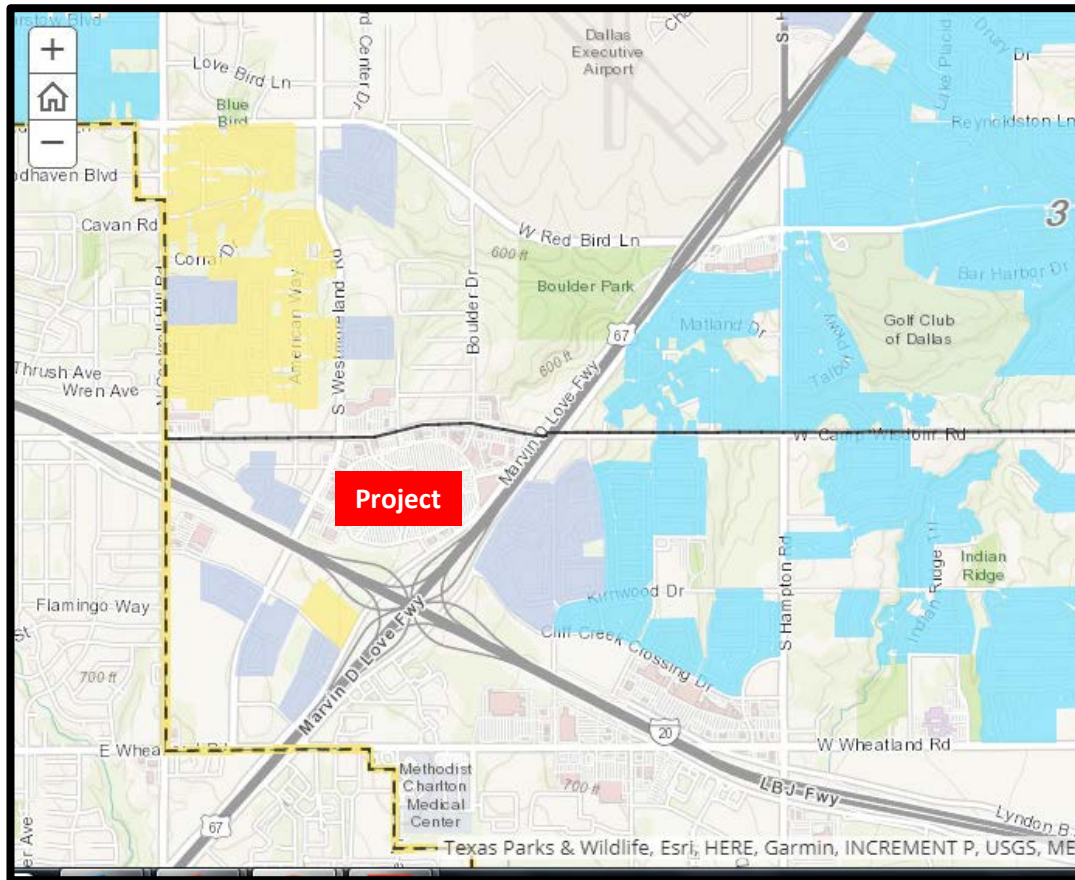
35

Appendix - Amended Project Budget

Category	Estimated 2018		2020		Now	
	Cost	% of Total Budget	Cost	% of Total Budget	Cost	% of Total Budget
Land Acquisition	\$21,770,664	13.9%	\$28,270,664	16.0%	\$30,395,664	17.3%
Site Development/Infrastructure	\$23,235,998	14.8%	\$29,349,291	16.6%	\$33,430,354	19.0%
New Construction of Buildings	\$20,591,824	13.1%	\$20,666,320	11.7%	\$12,716,320	7.2%
Rehabilitation/Adaptive Reuse of Buildings	\$47,441,803	30.2%	\$53,925,000	30.5%	\$53,925,000	30.7%
Tenant Improvement Allowances	\$14,514,800	9.2%	\$14,514,800	8.2%	\$14,514,800	8.3%
Soft Costs	\$16,302,786	10.4%	\$17,232,110	9.8%	\$18,205,679	10.4%
Hard and Soft Cost Contingency	\$10,481,286	6.7%	\$9,450,957	5.4%	\$8,560,557	4.9%
Developer Fee	\$2,834,735	1.8%	\$3,228,282	1.8%	\$4,002,867	2.3%
Total	\$157,173,896	100.0%	\$176,637,424	100.0%	\$175,751,241	100.0%

Appendix - Market Value Analysis











Project is located adjacent to MVA Categories E, F, and G



The Market Value Analysis (MVA) is a tool to assist residents and policy-makers to more precisely target intervention strategies in/near weak markets and support sustainable growth in/near stronger markets.

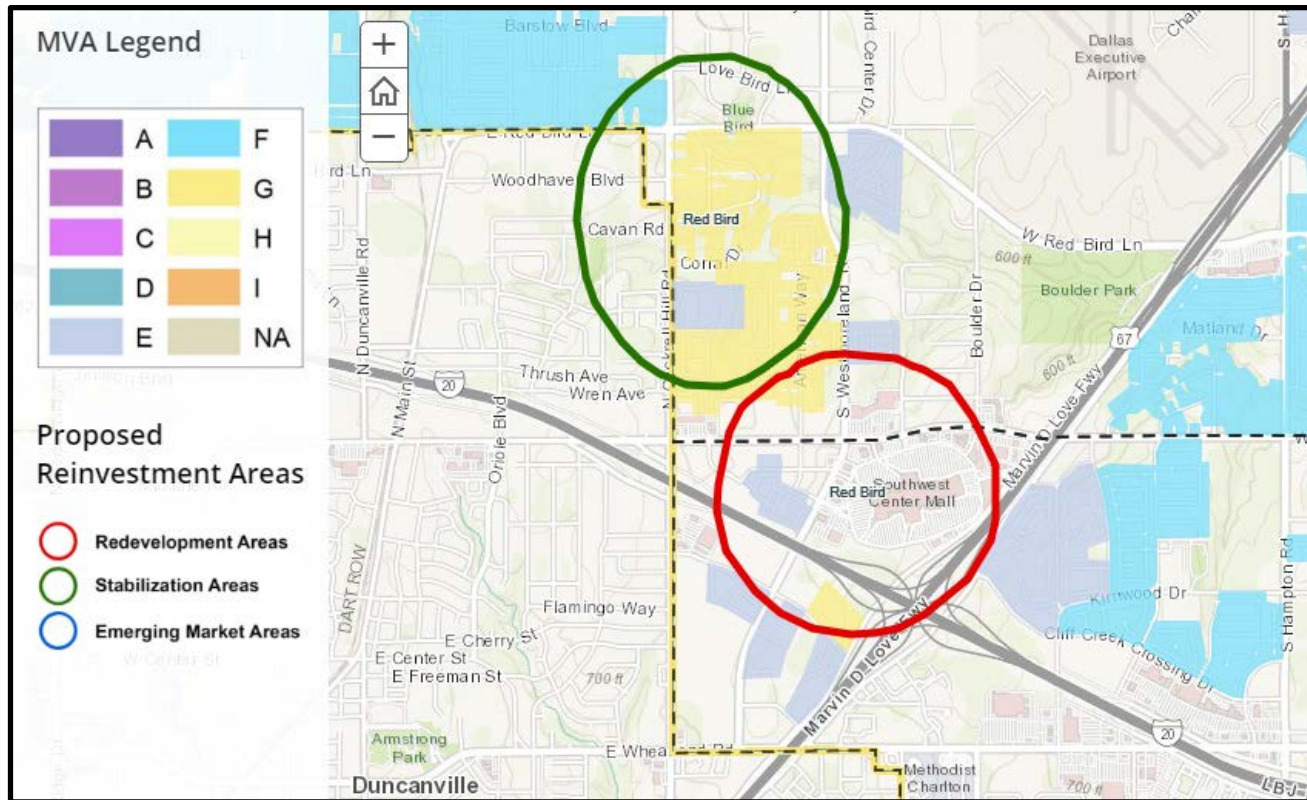
Market types E, F, and G reflect middle to lower-middle residential real estate markets within Dallas.

MVA Market Types/Categories

	A		F
	B		G
	C		H
	D		I
	E		NA

Appendix- Housing Policy

Project is located in a Redevelopment Area as designated in the Comprehensive Housing Policy adopted by City Council on May 9, 2018



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Appendix - Development Team

(updated as of May 1, 2021)

Majority Owner and Developer

- Peter S. Brodsky

Co-Developer

- Russell Glen (Terrence Maiden)

Development Finance and Accounting

- Jon Cochran
- Markeysha Wilson
- Catherine Lee

Property Management Team

- Lisa Powell Long, General Manager
- Stephanie White
- Nettie Richardson

Architects

- OmniPlan
- Perkins + Will
- KAI

Civil Engineering

- Kimley-Horn and Associates

Community Relations and M/WBE Diversity Program Management

- JBJ Management (Willis Johnson; Noa Dowl)

Marketing, Events and PR: Alpha Business Images

- Alpha Business Images (Sophia Johnson; Marchella Simon)

Construction Management Team

- Cat Alexander
- Phil Blanchard
- Desiree Mingo
- Brandon Demings

Legal

- Munsch Hardt Kopf & Harr

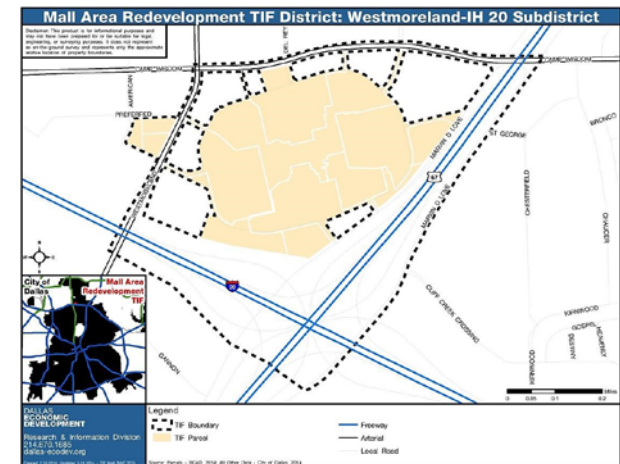
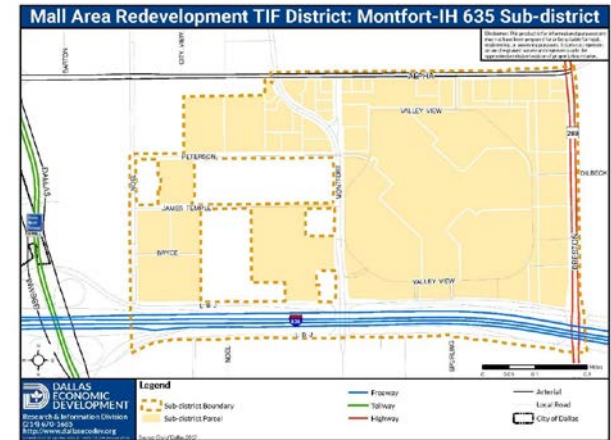
General Contractors

- VCC/Con-Real joint venture
- Whiting-Turner/Source Building Group
- Source Building Group
- Novel Builders
- DIG Construction

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Appendix - Mall Area Redevelopment TIF District

- Created in 2014 to stimulate private investment and sustain the orderly redevelopment of the Valley View Center Mall area and the Red Bird Mall area, two commercial core assets of the City of Dallas.
- TIF District comprises 2 non-contiguous sub-districts:
 - Montfort-IH 635 Sub-District
 - Westmoreland-IH 20 Sub-District
- City participation: 0% in 2015; 90% from 2016 through 2042; 75% in 2043; and 55% in 2044.
- County participation: 55% from 2020 through 2039 (however, County's participation did not commence in 2020 because conditions of County's participation were not fully met).
- The TIF District expires on December 31, 2044 or when budget has been collected.



Appendix - Mall Area Redevelopment TIF District

Increment Sharing Between Sub-Districts

- When the Mall Area Redevelopment TIF District was created by City Council in 2014, it was set up to facilitate tax increment revenue sharing from the Montfort-IH 635 Sub-District in order to help jump start redevelopment activity in the Westmoreland-IH 20 Sub-District.
- Per the District's Plan, ten percent (10%) of the annual tax increment generated by the Montfort-IH 635 Sub-District (less payment of annual administrative expenses) will be transferred to the Westmoreland-IH 20 Sub-District to help facilitate the revitalization and redevelopment of the Red Bird Mall area.

Requested Amendments Red Bird Mall Redevelopment Project

**Economic Development
Committee
June 7, 2021**

**Kevin Spath, AICP, HDFP, EDFP
Assistant Director
Office of Economic Development**

