

January 22, 2020

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

**WHEREAS**, it is in the interest of the City of Dallas to support and secure the expansions and relocations of business operations within the City of Dallas and the economic vitality and employment opportunities that these business operations bring for Dallas residents; and

**WHEREAS**, the proposed project will not occur within the City of Dallas without an offer of economic development incentives from the City of Dallas; and

**WHEREAS**, pursuant to Resolution No. 19-1959, authorized by the City Council on December 11, 2019, the City: (1) authorized the continuation of its Public/Private Partnership Program - Guidelines and Criteria, which established certain guidelines and criteria for the use of City incentive programs for private development projects; and (2) established programs for making loans and grants of public money to promote local economic development and to stimulate business and commercial activity in the City of Dallas pursuant to the Economic Development Programs provisions under Chapter 380 of the Texas Local Government Code; and

**WHEREAS**, the proposed project complies with the City's Public/Private Partnership Program – Guidelines and Criteria; and

**WHEREAS**, the proposed project site is located in an existing Texas Enterprise Zone; and

**WHEREAS**, pursuant to Section 312.2011 of the Texas Tax Code, the Property Redevelopment and Tax Abatement Act provides that the designation of an area as an enterprise zone under the Texas Enterprise Zone Act constitutes designation of an area as a reinvestment zone without further hearing or other procedural requirements; and

**WHEREAS**, consistent with the authority granted under the Tax Abatement Act and the City's Public/Private Partnership Program - Guidelines and Criteria, staff recommends that the City enter into a business personal property tax abatement agreement and provide this incentive as a part of the City's ongoing program to promote local economic development and to stimulate business and commercial activity in the city; and

**WHEREAS**, a notice to consider approval of a business personal property tax abatement agreement with 1-20 Distribution Park Phase I, LLC and Zume, Inc. or an affiliate thereof was publicly posted at least 30 days prior to this resolution's date in accordance with Section 312.207 of the Texas Tax Code; and

January 22, 2020

**WHEREAS**, the City desires to enter into a business personal property tax abatement agreement with 1-20 Distribution Park Phase I, LLC and Zume, Inc. for the added value to business personal property located within the City of Dallas as further described by the map attached as **Exhibit A (Map)** and by the metes and bounds legal description attached as **Exhibit B (Metes and Bounds - Legal Description)**.

**Now, Therefore,**

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

**SECTION 1.** That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

**SECTION 2.** That the City Manager is hereby authorized to execute a business personal property tax abatement agreement with 1-20 Distribution Park Phase I, LLC and Zume, Inc. ("Zume") or an affiliate (collectively referred to as "Parties") thereof, approved as to form by the City Attorney, for the added value to the business personal property in accordance with the Property Redevelopment and Tax Abatement Act and the Partnership Program - Guidelines and Criteria.

**SECTION 3.** That at least seven days prior to the execution of the tax abatement agreement, notice of the City's intention to enter into the tax abatement agreement shall be delivered to the governing bodies of each other taxing unit that includes in its boundaries the business personal property that is the subject of this agreement.

**SECTION 4.** That the approval and execution of the business personal property tax abatement agreement by the City is not conditional upon approval and execution of any other tax abatement agreement by any other taxing entity.

**SECTION 5.** That the business personal property subject to the tax abatement agreement will be located on the real property depicted on the attached site map **Exhibit A (Map)** and is more particularly described by **Exhibit B (Metes and Bounds Legal Description)**.

**SECTION 6.** The City of Dallas shall provide Zume a five-year abatement of the added value to the business personal property in an amount equal to the City's taxes assessed as follows:

- (a) **Year 1 of the BPP abatement:** 50% of the value of the Zume's business personal property investment at the Zume's new facility.
- (b) **Year 2 of the BPP abatement:** 40% of the value of the Zume's business personal property investment at the Zume's new facility.

**SECTION 6.** (continued)

- (c) **Year 3 of the BPP abatement:** 30% of the value of the Zume's business personal property investment at the Zume's new facility.
- (d) **Year 4 of the BPP abatement:** 20% of the value of the Zume's business personal property investment at the Zume's new facility.
- (e) **Year 5 of the BPP abatement:** 10% of the value of the Zume's business personal property investment at the Zume's new facility.

**SECTION 7.** That the tax abatement agreement shall include, among other provisions, the following:

- (a) Zume shall execute a minimum ten-year lease with I-20 Distribution Park Phase I LLC or an affiliate thereof for the 1,044,647 square foot facility by December 31, 2020.
- (b) Zume shall invest a minimum of \$250,400,000.00 in new business personal property (Machinery, Equipment, Furniture and Fixtures) and tenant improvements (over and above the tenant allowance to be provided by the landlord in the lease), by December 31, 2021.
- (c) Zume shall create a minimum of 324 permanent, full-time positions at the Dallas location by December 31, 2021, with a minimum salary for hourly workers equal to or greater than \$15.00/hour and an annual minimum average salary for salaried workers of \$39,765.00 (salary figures are not inclusive of overtime, bonuses, benefits, or other incentives). Once these requirements are achieved, they shall remain in full force through December 31, 2031.
- (d) A minimum of 40% of all jobs created in or relocated to Dallas shall be filled by residents of the City of Dallas, including new or relocating workers who choose to live in Dallas once they are hired. Local residence compliance will be conducted annually throughout the term of the incentive agreement, with the first compliance conducted once the minimum 324 full-time jobs are created. In the instance of a default, the cure period shall be 6 months to allow time for any necessary hiring cycle or process.
- (e) Zume shall comply with the City's Business Inclusion and Development ("BID") good faith effort goal of 25% participation by Minority/Women-owned Business Enterprises ("M/WBE") for construction and construction-related expenditures incurred by Zume in Dallas. Compliance will be coordinated with the City's Office of Business Diversity.

**SECTION 7. (continued)**

On or before December 31, 2021, Zume shall either (i) execute agreements with both the Dallas Independent School District ("DISD") and the Richardson Independent School District to participate as an industry partner in the Pathway to Technology Early College High School ("P-TECH") programs of each school district, or (ii) negotiate another workforce training or educational program with one or more local high schools, community colleges, or universities that is acceptable to the Director of the Office of Economic Development.

- (f) By December 31, 2021, Zume shall conduct or participate in at least two job fairs inside the City of Dallas boundaries to facilitate the recruitment and hiring of Dallas residents.
- (g) Zume shall, upon request, provide staff from the Office of Economic Development access to its headquarters to review all records and documents related to the obligations contained herein to monitor compliance with the City incentive agreement.
- (h) Zume shall provide written annual reports to the Office of Economic Development certifying the progress of the terms noted herein and the associated annual compliance with the City incentive agreement.
- (i) A description of the kind, number, location, and costs of all proposed tenant improvements shall be provided to the Office of Economic Development by Zume.
- (j) None of the property subject to the tax abatement shall be owned or leased by a member of City Council of the City of Dallas or by a member of the City Plan Commission.
- (k) The tax abatement shall be personal to Zume and/or its affiliates and shall only be assignable upon written approval of the assignment by the City's Director of the Office of Economic Development.
- (l) The Dallas City Council may terminate or modify the tax abatement agreement if the property owner fails to comply with the tax abatement agreement.
- (m) Failure to comply with the terms of the incentive agreement may result in a recapture and/or repayment of the incentives.
- (n) If the incentive agreement between the Parties and City of Dallas is not executed within one year of the date of the council resolution approving the incentives, the resolution is void and the incentives are forfeited.

January 22, 2020

**SECTION 7.** (continued)

- (o) The Director may, at his or her sole discretion, extend the deadlines noted herein for a period of up to six months for just cause.

**SECTION 8.** That the tax abatement agreement is designated as Contract No. ECO-2020-00012280.

**SECTION 9.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.