

October 28, 2020

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

WHEREAS, investment decisions made by commercial property owners are often influenced by a municipality’s ability to provide economic development incentives; and

WHEREAS, 1632 Martin Luther King Boulevard is a vacant building located in Dallas, Texas 75215 (as shown on the map in **Exhibit A**); and

WHEREAS, 1632 MLK LLC or an affiliate thereof (“Developer”) is seeking City incentives to redevelop the commercial building located at 1632 Martin Luther King Boulevard; and

WHEREAS, in addition to job creation, the project is intended to provide increased neighborhood services to the community and bring hope to the area by stimulating investment on the Martin Luther King Jr. Boulevard Corridor; and

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

WHEREAS, on December 11, 2019, City Council 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 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 by Resolution No. 19-1959; and

WHEREAS, pursuant to the Public/Private Partnership Program - Guidelines and Criteria, the proposed project does not meet the minimum eligibility criteria for a Non-Target Area; however, if a project significantly advances the public purpose of economic development it can be considered as a Non-Conforming Project on a case-by-case basis requiring authorization by a three-quarter vote of the City Council; and

WHEREAS, the proposed project will significantly advance the public purpose of economic development for the South Dallas community and can, therefore, be considered as a Non-Conforming Project pursuant to the Public/Private Partnership Program – Guidelines and Criteria; and

WHEREAS, in the context of the City’s Market Value Analysis, the proposed project is in residential market type I. Market type I reflects a weak residential real estate market in Dallas. Market type E is also nearby, representing a middle residential real estate market. The Project will provide quality retail/restaurant, jobs, and entrepreneurship/small business opportunities in a transitioning neighborhood; and

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WHEREAS, in furtherance of its governmental function as a political subdivision of the State of Texas, and consistent with the authority granted under Chapter 380 of the Texas Local government Code and the City of Dallas 2017 General Obligation Bond Program (Proposition I) and Ordinance No. 30554, it is in the best interest of the City to enter into a conditional grant 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.

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 Chapter 380 conditional grant agreement with 1632 MLK LLC or an affiliate thereof, approved as to form by the City Attorney, for the redevelopment of a commercial building located at 1632 Martin Luther King Boulevard, Dallas, Texas 75215, in an amount not to exceed \$1,000,000.00.

SECTION 3. That the conditional grant agreement is hereby expressly made subject to all the following contingencies which must be performed or occur:

- (a) The Developer shall document a minimum private investment in the Project of \$1,500,000.00 prior to December 31, 2022. Developer shall provide a capitalized cost affidavit for a minimum of \$1,000,000.00 in cost incurred on or after October 28, 2020.
- (b) The Developer shall obtain building permit(s) for the Project by December 31, 2021. Demolition permits and/or foundation permits shall not fulfill this requirement.
- (c) The Developer shall complete the construction of the Project and obtain the final Certificate of Occupancy ("CO") or equivalent evidence of completion of the building renovation by December 31, 2022.
- (d) The Developer shall secure 40% pre-leasing (letters of intent) prior to the City executing the agreement.
- (e) Upon the stabilization of the Project as determined by the City, in its sole discretion, the Developer shall maintain at least 50% occupancy for a period of no less than five (5) years.

SECTION 3. (continued)

- (f) The Developer shall make a good faith effort to attach a rider to the leases with the tenants requiring the tenants to pay hourly wages no less than \$15 per hour and ensure the tenant's workforce is comprised of no less than 25% city of Dallas residents.
- (g) The Project shall create a minimum of fifteen (15) full-time equivalents ("FTE") during the five (5) year Compliance Period. FTE jobs shall be greater than 35 hours per week. Jobs created by the tenants may be included in the fifteen (15) FTE requirement. The jobs shall be created no later than December 31, 2027.
- (h) The Developer shall make a good faith effort to comply with the City's Business Inclusion and Development ("BID") goal of 25% participation by certified Minority/Women-owned Business Enterprises ("M/WBE") for all hard construction expenditures on the Project and meet all reporting requirements.
- (i) The conditional grant shall be secured by a performance deed of trust recorded in the real property records of Dallas County against the owner's interests in the property. Failure to maintain and operate the building for five (5) years after the date of the grant payment (the "Compliance Period") shall be a default and an uncured default may result in enforcement of the City's interests or any other action allowed by law.
- (j) City shall provide 2017 General Obligation Bond Funds in an amount not to exceed \$1,000,000.00 for capital expenditures from Proposition I (Economic Development and Housing) for gap financing to support the development of the Project. The general obligation bond funds shall be awarded and deployed in the form of a conditional grant secured by a performance lien deed of trust. City's lien shall be subordinate only to the senior construction/permanent lender. Developer shall provide a title policy to the City prior to the execution of the conditional grant agreement. Developer shall obtain and maintain insurance on the property, as required by the Office of Risk Management. All-risk insurance policies shall have loss made payable to the City as mortgagee (and to the City as loss payee named co-insured) together with a standard mortgagee clause.
- (k) Developer shall provide written annual reports to the Office of Economic Development on the progress in satisfying the conditions of the agreement.
- (l) The Director of the Office of Economic Development may, at his/her sole discretion, extend any date specified herein for a period up to twelve (12) months.

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SECTION 4. That the City Manager is hereby authorized to execute a conditional grant agreement and performance lien and to execute a release of lien upon compliance with the conditional grant terms, approved as to form by the City Attorney. The City's lien shall be subordinate to the senior construction/permanent lender.

SECTION 5. That pursuant to Sections 1, 2 and 4, the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$1,000,000.00 to 1632 MLK LLC or an affiliate from ECO (I) Fund, Fund 1V52, Department ECO, Unit VI27, Object 3016, Program EC17VI27, Encumbrance/Contract No. CX ECO-2021-0014835, Vendor VC22318.

SECTION 6. That this resolution does not constitute a binding agreement upon the City or subject the City to any liability or obligation with respect to the grant funds until such time as the documents are duly approved by all parties and executed.

SECTION 7. 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.