

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, 2839 South Ervay Street is an underutilized and partially vacant building located in Dallas, Texas 75215 (as shown on the map in **Exhibit A**); and

WHEREAS, Cornerstone Community Enterprises, Inc. or an affiliate thereof (“Developer”) is seeking City incentives to redevelop the commercial building located at 2839 South Ervay Street (“Project”); and

WHEREAS, in addition to job creation, the Project is intended to provide the community with access to food and essential household items at affordable prices and the community kitchen will be a shared space available for local entrepreneurs, small businesses, and culinary education programming; 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 Project meets the minimum eligibility criteria for the Neighborhood Commercial/Retail Redevelopment Grant Program; and

WHEREAS, in the context of the City’s Market Value Analysis, the proposed Project is in a market type E residential real estate market which represents a middle residential real estate market. The Project will provide much needed redevelopment to the area and provide synergy for the ongoing revitalization efforts in the community. The community kitchen and the corner store are sorely needed additions to the Forest District; 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 Cornerstone Community Enterprises, Inc. or an affiliate thereof, approved as to form by the City Attorney, for the redevelopment of a commercial building located at 2839 South Ervay Street, Dallas, Texas 75215, in an amount not to exceed \$390,000.00.

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 investment in the Project of \$450,000.00 including equipment, build-out, construction, and other hard costs (excluding attorney's fees, developer fees, leasing commissions, or other profit items) by December 31, 2022. Developer shall provide a capitalized cost affidavit for a minimum of \$390,000.00 in cost incurred on or after October 28, 2020.
- (b) The Developer shall ensure that no less than eight (8) slots are available annually which may be in the form of a reservation system, during the five-year compliance period, in The Crossing for food entrepreneurs/small business/food vendors from the South Dallas Community (as defined by the South Dallas Fair Park Opportunity Fund boundaries).
- (c) The Developer shall host a minimum of one (1) hiring event by December 31, 2022 in the South Dallas Community.
- (d) Developer shall also host a minimum of one (1) vendor day event by December 31, 2022 in which food entrepreneurs/small businesses in the South Dallas Community will have the opportunity to pitch their food products to be sold at The Crossing.

SECTION 3. (continued)

- (e) The Developer shall host one (1) information session annually at the Project to educate aspiring food entrepreneurs and local small businesses about opportunities within the shared kitchen space at The Crossing.
- (f) The Developer shall make a good faith effort to comply with 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 of the Project and meet all reporting requirement.
- (g) The Developer shall partner with Dallas College and/or business educational provider to offer a minimum of one (1) business financial literacy/small business workshop annually during the compliance period to educate food entrepreneurs regarding business and financial management. The workshops must be held in the South Dallas Community.
- (h) The Developer shall seek to establish partnerships with the Dallas Independent School District, such as DISD Career Development Center in Culinary Arts and/or Dallas College to provide educational opportunities for individuals interested in a career in the culinary arts or the food industry.
- (i) The Developer shall annually offer a minimum of one (1) healthy food/preparation and cooking demonstration at The Crossing each year during the five (5) year compliance period.
- (j) All permanent Full-Time Equivalents (35 hours or more per week) hired in relation to this Project on or after the date of the City Council authorization of the proposed incentive agreement shall be paid a minimum starting hourly wage of \$15.00 per hour including tips (excluding overtime, bonuses, and benefits). The Project shall create a minimum of 1 FTE by December 31, 2022.
- (k) A minimum of 50% of all new Full-Time Equivalents ("FTEs") hired related to this Project on or after the date of the City Council authorization shall be residents of the South Dallas Community, as defined by the South Dallas Fair Park Opportunity Fund boundaries ("Local Hiring Requirement") at time of hiring.
- (l) 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 subject 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 of the conditional grant and an uncured default may result in enforcement of the City's interests or any other action allowed by law.

SECTION 3. (continued)

- (m) City shall provide 2017 General Obligation Bond Funds in an amount not to exceed \$390,000.00 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 also 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.
- (n) The Developer shall provide written annual reports including but not limited to job creation and vendor information to the Office of Economic Development on the progress in satisfying the conditions of the agreement.
- (o) 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.

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 \$390,000.00 to Cornerstone Community Enterprises, Inc. or an affiliate from ECO (I) Fund, Fund 1V52, Department ECO, Unit VI28, Object 3016, Program EC17VI28, Encumbrance/Contract No. CX ECO-2021-00014865, Vendor VC22374.

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.