

April 28, 2021

A RESOLUTION DETERMINING UPON THE NECESSITY OF ACQUIRING REAL PROPERTY AND AUTHORIZING ITS PURCHASE FOR PUBLIC USE.

DEFINITIONS: For the purposes of this resolution, the following definitions of terms shall apply:

“CITY”: The City of Dallas

“PROPERTY”: Approximately 72,559 square feet of commercially improved land located in Dallas County, Texas, and being the same property more particularly described in “Exhibit A,” attached hereto and made a part hereof for all purposes, and any and all improvements, rights, and appurtenances appertaining thereto.

“PROJECT”: 5580 Peterson Lane future park site in the Valley View-Galleria area

“USE”: To be developed for park purposes; provided, however, to the extent fee title to the PROPERTY is acquired, such title and the PROPERTY shall not be limited to or otherwise deemed restricted to the USE herein provided. The PROPERTY is not officially dedicated as municipal parkland and, to the extent allowed by law, shall be dedicated at such time that the entire PROPERTY is developed for park purposes.

“PROPERTY INTEREST”: Fee Simple title with closing conditions to include all improvements and tenant leases, subject to the exceptions, reservations, covenants, conditions, and/or interests, if any, provided in the conveyance instrument approved as to form by the City Attorney and such other usual and customary documents necessary, appropriate, and convenient to consummating this transaction.

“OWNER”: Peterson Lane Partners LLC, provided, however, that the term “OWNER” as used in this resolution means all persons having an ownership interest, regardless of whether those persons are actually named herein.

“PURCHASE AMOUNT”: \$5,650,000.00

“CLOSING COSTS AND TITLE EXPENSES”: Not to exceed \$27,000.00

“AUTHORIZED AMOUNT”: Not to exceed \$5,677,000.00

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

WHEREAS, on August 9, 2006, City Council authorized a general obligation bond election to be held on November 7, 2006, by Ordinance 26421; and

WHEREAS, on November 7, 2006, Dallas voters approved a \$1.35 billion general obligation bond program, of which \$343 million was included in Proposition No. 3 for the purpose of providing funds for permanent public improvements, to-wit: planning, designing, constructing, improving, renovating, repairing, replacing, expanding, equipping, and acquiring land for park and recreation facilities; and

WHEREAS, on May 22, 2013, City Council authorized amendment of the City of Dallas Comprehensive Plan by adopting the Valley View-Galleria Area Plan ("Area Plan") by Ordinance 29014; and

WHEREAS, on June 12, 2013, City Council authorized the establishment of the Valley View-Galleria Special Purpose District and changed the zoning classification of approximately 445 acres of property to the Valley View-Galleria Special Purpose District ("Planned Development District No. 887") by Ordinance 29032; and

WHEREAS, with the establishment of Planned Development District No. 887, an open space fund was created as an alternative method for developers to comply with the additional open space requirement; and

WHEREAS, pursuant to Section 113(d)(2)(B)(iv)(cc) of Planned Development District No. 887, the open space fund may only be used by the CITY to acquire, improve, or maintain public park land within the area covered by the Area Plan; and

WHEREAS, on May 14, 2014, City Council authorized the designation of Tax Increment Reinvestment Zone Number Twenty ("Mall Area Redevelopment TIF District") in accordance with the Tax Increment Financing Act ("TIF Act"), as amended, V.T.C.A. Texas Tax Code, Chapter 311, by Resolution No. 14-0783; Ordinance 29340; and

WHEREAS, on June 17, 2015, City Council authorized the Mall Area Redevelopment TIF District Project Plan and Reinvestment Zone Financing Plan ("TIF Plan") by Resolution No. 15-1145; Ordinance 29771; and

WHEREAS, as allowed by the TIF Act, the Mall Area Redevelopment TIF District comprises two non-contiguous sub-districts—the Montfort-IH 635 Sub-District in northern Dallas and the Westmoreland-IH 20 Sub-District in southern Dallas. The Montfort-IH 635 Sub-District is generally bounded by Alpha Road, Preston Road, Noel Road, and Interstate Highway 635 (LBJ Freeway); and

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WHEREAS, the TIF Plan for the Montfort-IH 635 Sub-District is consistent with the Area Plan and serves as a long-term funding tool to help implement the shared vision for the Valley View-Galleria area; and

WHEREAS, on August 9, 2017, City Council authorized a general obligation bond election to be held on November 7, 2017, by Ordinance 30554; and

WHEREAS, on November 7, 2017, Dallas voters approved a \$1.05 billion general obligation bond program, of which \$55.4 million was included in Proposition I for the purpose of providing funds for promoting economic development throughout the city, through planning, designing, constructing, improving, extending, expanding public street, utility, and other infrastructure facilities, including the acquisition of land therefor; and through the city's programs for economic development and housing including the acquisition of improved and unimproved properties, the demolition of existing structures, making grants of bond proceeds and otherwise providing assistance for private commercial, industrial, retail, residential and mixed-use development, neighborhood revitalization projects, and mixed income development; and

WHEREAS, in 2019, the City Manager established the Equity Revitalization Capital Fund to support a combination of CITY priorities ranging from housing programs, elimination of racially/ethnically concentrated areas of poverty, and quality of life programs; and

WHEREAS, the allocation of the Equity Revitalization Capital Fund to City Council District 11 is intended to provide gap financing for quality of life projects such as acquisition of land for future parks; and

WHEREAS, pursuant to Resolution No. 20-1972, approved by the City Council on December 9, 2020, the CITY: (1) elected to continue its participation in economic development incentives and approved an extension of its Public/Private Partnership Program ("P/PPP") - Guidelines and Criteria, which established certain guidelines and criteria for the use of CITY incentive programs for private development projects, (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 pursuant to the Economic Development Programs provisions under Chapter 380 of the Texas Local Government Code ("Economic Development Act"), and (3) established appropriate guidelines and criteria governing tax abatement agreements to be entered into by CITY as required by the Property Redevelopment and Tax Abatement Act, as amended, (V.T.C.A. Tax Code, Chapter 312) ("Tax Abatement Act"); and

WHEREAS, on May 22, 2019, City Council authorized the adoption of the Targeted Neighborhood Enhancement Program ("Program") to facilitate enhancements in certain neighborhoods designated as target areas under the CITY's Comprehensive Housing Policy by Resolution No. 19-0802; and

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WHEREAS, the CITY finds that the Program promotes local economic development to stimulate business and commercial activity in the CITY in conformance with Chapter 380 of the Texas Local Government Code; and

WHEREAS, on April 28, 2021, City Council authorized amendment of the Program statement to clarify that one of the purposes of the Program is to promote economic development by providing funding for the acquisition of improved and unimproved properties, demolition of existing structures, and assistance for private commercial, industrial, retail, residential, and mixed-use/mixed-income development in neighborhoods designated as target areas under the Comprehensive Housing Policy adopted by City Council on May 9, 2018, and as amended; and

WHEREAS, on April 28, 2021, the CITY found that the Program is an economic development program as described in Proposition I in the 2017 bond program; and

WHEREAS, for purposes of the Program, the PROPERTY is located in a Reinvestment Area, a designated target area under the Comprehensive Housing Policy adopted by City Council on May 9, 2018, and as amended; and

WHEREAS, the PROPERTY is one of the five parcels needed to be acquired by the CITY in order to assemble the approximately twenty-acre central park (informally known as Midtown Park or Midtown Commons) as envisioned in the Area Plan, Planned Development District No. 887, and the TIF Plan; and

WHEREAS, as articulated in the Area Plan and TIF Plan, the long-term economic development outlook of the Valley View-Galleria area as a dense, walkable, livable, and sustainable place that can successfully compete with the northern suburbs along the Dallas North Tollway corridor depends on a redevelopment pattern organized around a carefully considered urban form anchored by a large centrally located public park; and

WHEREAS, the central park is the critical key to unlocking the real economic development potential of the area and generating higher density urban development while also supporting a high quality of life for area residents, employees, shoppers, and other visitors; and

WHEREAS, the Valley View-Galleria area is currently characterized by a variety of commercial property types and multi-family properties, most of which are 45 to 60 years of age and economically/physically obsolete; and

WHEREAS, the Valley View-Galleria area also exhibits a severe lack of parks/open space, inadequate street, sidewalk, and utility layouts, large vacant tracts of land, faulty lot layouts, and deteriorated site improvements, and these conditions substantially arrest or impair the sound growth and redevelopment of the area; and

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WHEREAS, a central park will stimulate private investment in the Valley View-Galleria area to occur at an accelerated velocity, with greater density, at a higher value, and with more public benefit than would occur without a central park; and

WHEREAS, with a central park, the new taxable value (i.e. real property tax base) attributed to private investment and development in the Valley View-Galleria over the next three decades is projected in the TIF Plan to be approximately \$4 billion, including an estimated 8,000 residential units, 4 million square feet of office (10,000 – 15,000 jobs), and 1,000 hotel rooms. Without a central park, the new taxable value attributed to new private investment and development over the next three decades would be substantially reduced (by 25% to 60%); and

WHEREAS, according to a 2011 report published by Gensler, the Urban Land Institute, and the Urban Investment Network entitled “Open Space: As Asset without a Champion?” 79% of surveyed real estate developers believe that parks and open space can act as a crucial catalyst for economic development; and

WHEREAS, according to a 2010 report published by the National Recreation and Park Association entitled “Why Parks and Recreation are Essential Public Services,” high quality parks are one of the top factors that businesses cite in relocation decisions; and

WHEREAS, the future central park in the Valley View-Galleria area is envisioned to be very analogous to Klyde Warren Park in Dallas, Bryant Park in New York City, and Millennium Park in Chicago; and

WHEREAS, according to a July 2016 report published by HR&A Advisors, Inc entitled “The Economic Rationale for Improvements to Klyde Warren Park,” Klyde Warren Park generates substantial economic returns for the City (estimated economic impact of \$1.3 billion between 2012 and 2016) by generating park-oriented development, creating real property premiums, inducing visitor spending, and attracting/retaining employers, workers, and residents; and

WHEREAS, according to a February 2016 study published by HR&A Advisors, Verdunity, and the Trust for Public Land entitled “Economic Value and Benchmarking Study of the Dallas Park System,” the central park in the Valley View-Galleria “has the potential to catalyze a 40:1 return on park investment” for the City of Dallas; and

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WHEREAS, consistent with the authority establishing the Park and Recreation Facilities Fund (2006 General Obligation Bond Fund), ECO (I) Fund (2017 General Obligation Bond Fund), Public/Private Partnership Fund, Valley View-Galleria Open Space Fund, Mall Area Redevelopment TIF District Fund, and the Equity Revitalization Capital Fund, and pursuant to the Targeted Neighborhood Enhancement Program, it is in the best interest of the CITY to acquire the PROPERTY as an important first step to assembling a large centrally located public park that will significantly catalyze economic development as envisioned in the Area Plan and TIF Plan and based on the findings outlined herein; and

WHEREAS, the CITY will make, or has made not more than 60 days prior to the date hereof, payments with respect to the acquisition, construction, rehabilitation, reconstruction, or renovation of certain improved real property located at or adjacent to 5580 Peterson Lane (the "Financed Project"), and Section 1.150-2(d)(2) of the Treasury Regulations sets forth limitations regarding the timing of reimbursements made from the proceeds of certain obligations; and

WHEREAS, the PROPERTY is currently occupied by private tenants, and the CITY's ownership of the Property would therefore be a non-governmental use until such time as the leases terminate and the CITY designates a governmental use for the PROPERTY; and

WHEREAS, because the PROPERTY is currently occupied by private tenants, the CITY's bond counsel has advised CITY staff to ensure that any Proposition I bonds (2017 general obligation bond program) are issued as taxable bonds; and

WHEREAS, the CITY routinely uses commercial paper to bridge expenditures made with tax-exempt bond funds prior to the actual bond issuance, but the CITY's commercial paper program does not currently support taxable bond issuances; and

WHEREAS, the CITY has therefore agreed to use Public/Private Partnership Funds as interim funding to bridge the taxable bond expenditure and anticipates the Public/Private Partnership Fund will be reimbursed when the taxable bonds are issued in late 2021; and

WHEREAS, to the extent there are private tenant leases on the PROPERTY, the parties agree that said leases will be assigned to and assumed by CITY, and CITY shall contribute lease revenues toward the operations and maintenance costs for the PROPERTY, and any surplus operating revenues will be set aside for future development costs; and;

WHEREAS, upon acquisition, the PROPERTY will be managed by the CITY's Sustainable Development and Construction Department's real estate division.

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Now, Therefore,

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

SECTION 1. That the City Council approves all of the findings recited above as true and correct.

SECTION 2. That the USE of the PROPERTY for the PROJECT is a public use.

SECTION 3. That public necessity requires that CITY acquire the PROPERTY INTEREST in the PROPERTY for the PROJECT.

SECTION 4. That the City Manager of the CITY, and/or the City Manager's designees, is hereby authorized and directed to consummate and accept the purchase, grant, and conveyance to CITY of the PROPERTY INTEREST in and to the PROPERTY pursuant to the conveyance instrument approved as to form by the City Attorney of the CITY and to execute, deliver, and receive such other usual and customary documents that are necessary, appropriate, and convenient to consummating this transaction, including but not limited to the assignment to and assumption by CITY of existing tenant leases, existing property management contract, and existing service contracts for usual and customary repairs and maintenance.

SECTION 5. That to the extent the PROPERTY is being purchased wholly or partly with bond proceeds, CITY has obtained independent appraisals of the fair market value of the PROPERTY.

SECTION 6. That OWNER has been provided with a copy of the Landowner's Bill of Rights as contemplated by applicable state statute.

SECTION 7. That the City Manager is hereby authorized to establish appropriations in an amount not to exceed \$213,301.46 in Valley View-Galleria Open Space Fund, Fund 0678, Department PKR, Unit 6475, Object 4210.

SECTION 8. That in the event this PROPERTY acquisition closes, the Chief Financial Officer of the CITY is hereby authorized and directed to draw a warrant in favor of the OWNER, or the then current owner of record, or the title company closing the transaction described herein in the PURCHASE AMOUNT and CLOSING COSTS AND TITLE EXPENSES as follows:

\$5,476.09 payable from Park and Recreation Facilities Fund, Fund 1T00, Department PKR, Unit W671, Activity LAAQ, Program PK06W671, Object 4210, Encumbrance/Contract No. CX ECO-2021-00016203-1.

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SECTION 8. (continued)

\$315,543.39 payable from Park and Recreation Facilities Fund, Fund 2T00, Department PKR, Unit W671, Activity LAAQ, Program PK06W671, Object 4210, Encumbrance/Contract No. CX ECO-2021-00016203-2.

\$208,414.36 payable from Park and Recreation Facilities Fund, Fund 3T00, Department PKR, Unit W671, Activity LAAQ, Program PK06W671, Object 4210, Encumbrance/Contract No. CX ECO-2021-00016203-3.

\$963,411.16 payable from Park and Recreation Facilities Fund, Fund 4T00, Department PKR, Unit W671, Activity LAAQ, Program PK06W671, Object 4210, Encumbrance/Contract No. CX ECO-2021-00016203-4.

\$3,000,000.00 payable from the Public/Private Partnership Fund, Fund 0352, Department ECO, Unit W691, Activity PPPF, Program PPPF0018, Object 4210, Encumbrance/Contract No. CX ECO-2021-00016203-5.

\$213,301.46 payable from Valley View-Galleria Open Space Fund, Fund 0678, Department PKR, Unit 6475, Activity PKLA, Program PK06W671, Object 4210, Encumbrance/Contract No. CX ECO-2021-00016203-6.

\$300,000.00 payable from Equity Revitalization Capital Fund, Fund 0719, Department HOU, Unit W493, Activity LAAQ, Program HOEQ0056, Object 4210, Encumbrance/Contract No. CX ECO-2021-00016203-7.

\$652,912.33 payable from Mall Area Redevelopment TIF District Fund, Fund 0049, Department ECO, Unit W689, Activity LAAQ, Program MALLTIF001, Object 4210, Encumbrance/Contract No. CX ECO-2021-00016203-8.

\$17,940.21 payable from Park and Recreation Facilities Fund, Fund 2T00, Department PKR, Unit K212, Activity LAAQ, Program PK06W671, Object 4210, Encumbrance/Contract No. CX ECO-2021-00016203-9.

The PURCHASE AMOUNT, CLOSING COSTS AND TITLE EXPENSES, together; shall not exceed the AUTHORIZED AMOUNT of \$5,677,000.00.

SECTION 9. The CITY reasonably expects (i) to reimburse itself for certain costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof from Public/Private Partnership Fund, Fund 0352, Department ECO, Unit W691, Activity PPPF, Program PPPF0018, Object 4210 and that are to be paid in connection with the acquisition, construction, rehabilitation, reconstruction, or renovation of the Financed Project from the proceeds of obligations to be issued subsequent to the date hereof and (ii) that the maximum principal amount of obligations issued to reimburse the City for the certain costs associated with the Financed Project will be \$3,000,000.00.

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SECTION 10. That Upon the receipt of bond proceeds from the issuance of the Prop (I) bonds in Fall 2021, the Chief Financial Officer is hereby authorized to reimburse/transfer \$3,000,000 from the ECO (I) Fund (2017 General Obligation Bond), Fund 1V52, Department ECO, Unit VI32, Activity LAAQ, Program EC17VI32, Object 3690 to the Public/Private Partnership Fund, Fund 0352, Department ECO, Unit W689, Revenue Source 9201.

SECTION 11. That in the event this PROPERTY acquisition closes, the Chief Financial Officer of the CITY is hereby authorized and directed to deposit funds in accordance with the terms and conditions of any assumed lease(s) as follows:

Capital Gifts, Donation and Development Fund, Fund 0530, Department PKR, Unit W690, Activity PKLA, Program PKW690, Revenue Code 8471.

SECTION 12. That CITY is to have possession and/or use, as applicable, of the PROPERTY at closing; and CITY will pay any title expenses and closing costs. All costs and expenses described in this section shall be paid from the previously described funds.

SECTION 13. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the CITY, and it is accordingly so resolved.

APPROVED AS TO FORM:

CHRISTOPHER J. CASO, City Attorney

BY: 
Assistant City Attorney