



Legislation Details (With Text)

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On agenda:	11/10/2021			Final action:	
Title:	Authorize (1) a Chapter 380 Economic Development Grant Agreement, upon approval as to form by the City Attorney, in an amount not to exceed \$250,000.00; and (2) nomination to receive designation as an Enterprise Zone Project under the Texas Enterprise Zone Act, as amended (Texas Government Code, Chapter 2303) to the Office of the Governor, Economic Development and Tourism division, through the Economic Development Bank; with CBRE, Inc. or an affiliate thereof in connection with jobs created and retained and workforce development associated with a new office development in accordance with the City's Public/Private Partnership Program - Not to exceed \$250,000.00 - Financing: Public/Private Partnership Fund				
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STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: November 10, 2021

COUNCIL DISTRICT(S): 14

DEPARTMENT: Office of Economic Development

EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize **(1)** a Chapter 380 Economic Development Grant Agreement, upon approval as to form by the City Attorney, in an amount not to exceed \$250,000.00; and **(2)** nomination to receive designation as an Enterprise Zone Project under the Texas Enterprise Zone Act, as amended (Texas Government Code, Chapter 2303) to the Office of the Governor, Economic Development and Tourism division, through the Economic Development Bank; with CBRE, Inc. or an affiliate thereof in connection with jobs created and retained and workforce development associated with a new office development in accordance with the City's Public/Private Partnership Program - Not to exceed \$250,000.00 - Financing: Public/Private Partnership Fund

BACKGROUND

CBRE, Inc. or an affiliate thereof CBRE, a large commercial real estate services and investment firm

previously headquartered in Los Angeles, announced in October 2020 it was relocating its headquarters from Los Angeles to Dallas. CBRE currently has three offices in Dallas: 2100 McKinney Avenue, 2100 Ross Avenue, and 8080 Park Lane. These three locations will be replaced by a to-be-constructed office tower to be built in the Uptown neighborhood of Dallas.

CBRE currently employs 700 full-time staff in Dallas. For this project, CBRE will retain the current 700 full-time employees in the City of Dallas through the end of 2033. Additionally, CBRE has committed to create a minimum of 250 new jobs by December 31, 2028. A “job” is defined as a full-time permanent employee of CBRE or its affiliates and/or subsidiaries, scheduled to work at least 35 hours per week and offered benefits.

Office of Economic Development staff recommend City Council approval of the following economic development incentives:

- (i) An economic development grant of up to \$250,000.00. The economic development grant would be contingent on a robust workforce development initiative by CBRE, which would contain the following components:

- a) Paul Quinn College: In furtherance of CBRE’s designation as one of America’s Best Employers for Diversity by Forbes, CBRE will partner with Paul Quinn College as part of the Paul Quinn College Work Program or a similar internship program developed by CBRE and Paul Quinn, subject to approval by the Director of the Office of Economic Development (“Director”). CBRE must deliver to Director an agreement executed by CBRE and Paul Quinn College documenting the terms of the proposed program no later than December 31, 2023. At a minimum, CBRE will continue this program through December 31, 2033.

- b) University of North Texas (“UNT”) Dallas: CBRE will partner with UNT Dallas to create an internship program that would provide UNT Dallas students with the opportunity to gain experience in the commercial real estate field, subject to the approval of the Director. CBRE must deliver to Director an agreement executed by CBRE and UNT Dallas documenting the terms of the proposed program no later than December 31, 2023. At a minimum, CBRE will continue this program through December 31, 2033.

- d) Innovation Lab: In partnership with a Texas-based university, CBRE shall make a good-faith effort to establish a real estate innovation lab to be based in Dallas. CBRE and its clients will directly benefit from the lab with access to cutting-edge innovations in the commercial real estate industry. The partner academic institution will enjoy an expansion of academic offerings and associated research opportunities.

In order to demonstrate its good-faith effort to establish the innovation lab, CBRE shall provide a report documenting its good-faith effort to facilitate a successful partnership with a minimum of three Texas-based universities to the Office of Economic Development. Specifically, the report shall document meetings with the partnering institutions to discuss establishment of the program, including proposed guidelines and parameters, meeting attendees, and the outcome of each such meeting. The report shall be presented to the Office of Economic Development no later than December 31,

2025.

It is understood that such a conceptual lab may or may not ultimately be successfully implemented, but a documented, good-faith effort by CBRE will be a requirement of the incentive agreement.

- (ii) The City of Dallas nominating this project for designation as a Texas Enterprise Zone Project, a state-sales and use tax refund program.

In addition to the workforce requirement, the following conditions shall be met to receive the incentives (among other related contractual terms):

- a) CBRE or an affiliate of CBRE shall construct or cause to be constructed a minimum 600,000 square foot office tower in the Uptown neighborhood of Dallas by December 31, 2024. CBRE will be the anchor office tenant of the to-be-constructed building and will lease a minimum of 200,000 square feet in the building on or before December 31, 2025 to serve as the global headquarters of CBRE. The date of occupancy shall be measured as the date of issuance of a temporary or permanent certificate of occupancy for the leased space.
- b) From October 4, 2021 through the end of the Compliance Term, the global headquarters of CBRE shall be located in Dallas, Texas. Until the new building is constructed, the headquarters shall be at the current location, 2100 McKinney Avenue. Once the building in the Uptown neighborhood of Dallas is complete, the global headquarters shall move to that location. The 2100 McKinney Avenue location and the new Uptown office tower shall be collectively referred to herein as the "Dallas HQ."
- c) CBRE shall obtain occupancy of the leased space on or before December 31, 2025 and shall continuously use the space as the global headquarters of CBRE through December 31, 2033. The date of occupancy shall be measured as the date of issuance of a temporary or permanent certificate of occupancy for the leased space.
- d) CBRE shall retain a minimum of 700 jobs in Dallas from the date of execution of the incentive agreement through December 31, 2033 (the "Compliance Term"). For purpose of the incentive agreement, a "job" is defined as a full-time permanent CBRE employee scheduled to work at least 35 hours per week with benefits. Jobs that have flexibility to work from home periodically or who may travel from time to time shall still count for purposes of the incentive agreement so long as their primary business address is the Dallas HQ and the employees are residents of north Texas.
- e) CBRE shall create a minimum of 250 new jobs, as defined above, at the Dallas HQ with an average annual salary of \$88,000 by December 31, 2028 and shall maintain those new jobs at the Dallas HQ through the Compliance Term. For clarity, creation of the 250 new jobs coupled with the retention of the existing 700 jobs shall result in a total of 950 total jobs in Dallas by December 31, 2028.
- f) All CBRE employees in Dallas will be paid a minimum salary equal to or greater than \$15.00/hour throughout the Compliance Term. This wage figure does not include overtime,

bonuses, or benefits. This requirement does not apply to contract workers or temporary workers such as interns.

g) A minimum of 40% of the 250 new CBRE jobs created at the Dallas HQ shall be verifiable residents of the City of Dallas. This local hiring requirement will be monitored annually during the Compliance Term, beginning in the year that CBRE completes the hiring of new jobs.

h) CBRE 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.

i) CBRE shall provide written annual reports to the Office of Economic Development regarding the status/outcomes of CBRE's compliance with the City's incentive agreement terms as requested by the Director in the applicable year of reporting. Of note, the annual reports shall include a summary regarding the status/outcomes of the workforce programs, including number of participants, salaries or other benefits paid to participants, and race/gender/ethnicity of participants. The annual reports shall be due every April 15th to the Office of Economic Development starting in 2023 and concluding in 2034. As an example of an annual report's applicable deadline, the 2022 annual report will be due by April 15th, 2023.

j) The grant shall be paid to CBRE in one installment and will be subject to compliance with the terms of the incentive agreement through December 31, 2033 (the "Compliance Period"). Failure of CBRE to occupy the Dallas HQ, to maintain and create the requisite number of jobs, to operate the internship programs, or to comply with any other term of the incentive agreement through the end of the Compliance Period shall result in forfeiture of all grant monies.

k) The Director, in his or her sole discretion, may extend any of the completion deadlines for up to six months.

l) In the event of a force majeure, CBRE shall, in writing, notify Director of such an event. Director shall make a decision as to whether a force majeure event under the terms of the agreement is occurring within 30 days of notice from CBRE. A force majeure event pauses a Party's performance obligation for the duration of the event, the termination of the event being determined solely by the Director, but does not excuse it. After the termination of the force majeure event, all deadlines occurring during the force majeure event shall be extended pursuant to the length of the force majeure event.

m) A written incentive agreement must be executed by all parties no later than March 31, 2022. If the agreement is not fully executed by that date, this incentive offer is void.

n) Upon completion of all the terms and conditions of the written incentive agreement, CBRE shall make a written grant payment request on or before December 31, 2033.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The Economic Development Committee was briefed by memorandum regarding this matter on November 1, 2021. <http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=4b023323-8993-4a2b-](http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=4b023323-8993-4a2b-)

[8399-4648c1163908.pdf>](#)

FISCAL INFORMATION

Fund	FY 2022	FY 2023	Future Years
Public/Private Partnership Fund	\$250,000.00	\$0.00	\$0.00

TENANT/LEASEE

CBRE, Inc.

Peter Van Emburgh, Global Director, Corporate Workplace and Facilities