



Legislation Text

File #: 23-1533, **Version:** 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: June 14, 2023
COUNCIL DISTRICT(S): 6
DEPARTMENT: Office of Economic Development
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize an economic development incentive agreement with Pegasus Park, LLC and/or an affiliate thereof ("Developer") to include: **(1)** a real property tax abatement for a period of ten (10) years in an amount equal to: **(a)** from year (1) through year seven (7), the City's taxes assessed on ninety percent (90%) of the added taxable value of Property; and **(b)** from year eight (8) through year ten (10), the City's taxes assessed on seventy percent (70%) of the added taxable value of the Property; and **(2)** a Chapter 380 economic development grant in an amount not to exceed \$3,000,000.00, in consideration of the Bridge Labs project at Pegasus Park ("Project") to be situated on approximately 1.8 acres addressed as 3000 Pegasus Park Drive ("Property") in City of Dallas Neighborhood Empowerment Zone No. 21, in accordance with the City's Economic Development Incentive Policy - Financing: Public/Private Partnership Fund (\$3,000,000.00); Estimated Revenue Foregone \$4,777,716.00 over a ten-year period

BACKGROUND

Over the past year, Office of Economic Development staff, along with the City's independent outside underwriter, have been extensively reviewing the proposed Project and an associated incentive application submitted by the Developer. In consultation with the City's independent outside underwriter, staff structured the proposed incentive as gap financing to make the Project financially feasible and negotiated a detailed Letter of Intent ("LOI") with the Developer. On May 11, 2023, the Developer accepted staff's proposed incentive and executed the LOI. The Resolution accompanying this agenda item contains the detailed terms and conditions of the negotiated economic development incentive agreement.

The proposed Bridge Labs project ("Project") is intended to be the next phase of the Pegasus Park development. J Small Investments and Lyda Hill Philanthropies are implementing a plan that envisions the transformation of the 23 acres of Pegasus Park into Dallas' first life sciences/biotech campus. Pegasus Park's planned build-out over the next ten to fifteen years includes 1 million square feet of life science research space and labs, 750,000 square feet of office space, parking facilities, campus amenities (parks and open spaces), and estimated total private investment exceeding \$1 billion. BioLabs, a 37,000 square foot state-of-the-art life science coworking lab and office facility,

opened in Pegasus Park in 2022.

The proposed Bridge Labs project ("Project") will include full renovation of an existing building (74,082 square feet), demolition of an adjacent existing building (22,237 square feet), and ground-up construction of a new two-story building (61,432 square feet) to deliver approximately 135,000 square feet of new life science/biotech laboratories and associated facilities on the Pegasus Park campus. At an estimated cost of \$97.4 million (excluding acquisition and carrying costs), the Developer will perform all necessary site improvements (including demolition, grading, utilities, lighting, landscaping), complete full renovation of the existing building, and complete construction of the new two-story building (including finish-out of speculative laboratory space and tenant improvements).

The economic development incentive negotiated by City staff and accepted by the Developer includes the following two components:

1. Chapter 380 economic development grant ("Grant") in an amount not to exceed \$3,000,000.00 and payable in three installments. The City funding source for the Grant is the Public/Private Partnership Fund.
2. A real property tax abatement ("RP Tax Abatement") for a period of ten (10) years in an amount equal to:
 - (a) the City's taxes assessed on 90% of the added taxable value of the Property resulting from the real property investment in the Project for year one (1) through year seven (7) of the abatement, and
 - (b) the City's taxes assessed on 70% of the added taxable value of the Property resulting from the real property investment in the Project for year eight (8) through year ten (10) of the abatement.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction June 2024
Complete Construction December 2025

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The Economic Development Committee was briefed regarding this matter on June 6, 2023.
<https://cityofdallas.legistar.com/View.ashx?M=F&ID=12060876&GUID=20843A1E-424B-4C98-99FF-71D174A96D3B>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=12060876&GUID=20843A1E-424B-4C98-99FF-71D174A96D3B)

FISCAL INFORMATION

Fund	FY 2023	FY 2024	Future Years
Public/Private Partnership Fund	\$0.00	\$0.00	\$3,000,000.00

Estimated Revenue Foregone from RP Abatement: \$4,777,716.00 over a ten-year period

DEVELOPER

Pegasus Park, LLC

Justin Small, President

MAP

Attached