

Memorandum



DATE April 18, 2008

TO Members of the Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice-Chair), Dwaine Caraway, Jerry R. Allen,
Sheffie Kadane, Mitchell Rasansky, Linda Koop, Steve Salazar

SUBJECT **ZTE USA, Inc. - City Council Agenda - April 23, 2008**

On April 23, 2008, the City Council will consider authorizing a Chapter 380 grant agreement with ZTE USA, Inc. and its lessor, Prime Art and Jewel, Inc. (PAJ), associated with ZTE USA, Inc.'s relocation to 18325 Waterview Parkway, Dallas, Texas to offset certain project costs including tenant improvements, moving and rent among other associated costs.

BACKGROUND

City staff has successfully negotiated with ZTE USA, Inc. to relocate its US corporate headquarters to Dallas from Richardson, Texas. ZTE USA, Inc. is one of the world's largest telecommunications manufacturers and is currently expanding its US corporate office. The company will relocate into 21,000 square feet of office space at 18325 Waterview Parkway owned by Prime Art and Jewel, Inc. ZTE USA, Inc.'s selection of this Dallas property is contingent upon City Council approval of this economic development grant agreement. The company considered expanding its operation at its current location in Richardson prior to making the decision to relocate to Dallas.

ZTE USA, Inc. will relocate 100 employees to its new office and will execute a five year lease with PAJ. The lease provides for one three year option. With the relocation, the ZTE USA, Inc. and PAJ will spend an estimated \$1 million on tenant improvements and new business personal property combined.

The City Council is asked to consider authorizing a Chapter 380 economic development grant with ZTE USA, Inc., and PAJ. in the amount of \$192,750 to defray a portion of the project costs including, but not limited to, tenant improvements, relocation costs, and rent payments. Of the total grant, \$66,000 will be allocated for tenant improvements that will be made by the lessor/owner of the building, PAJ. Grant payments are subject to ZTE USA Inc.'s occupancy of the Waterview facility and the verification of a minimum of 100 jobs located at the site.

ZTE USA, Inc.
April 18, 2008
Page 2 of 3

The parent company, ZTE Corporation, is one of the China's largest telecommunications manufacturers. Through three product lines -- wireless, network, and mobile phone -- ZTE offers base stations; phones; and systems for switching, optical transport, videoconferencing, power supply, and monitoring. The company sells more than 10 million handsets a year, making it the biggest telecommunications equipment exporter in China.

ESTIMATED SCHEDULE OF THE PROJECT

Complete Substantial Tenant Improvements September 30, 2008

PROJECT DETAILS

Project Site: 18325 Waterview Parkway

Project Facilities: 21,000 square feet

Jobs: 100

New Business Personal Property: \$700,000

Real Property Improvements (Tenant): \$315,000

Average Wage: \$85,000


CITY INCENTIVES

Economic Development Grant: amount not to exceed \$192,750

MAP

Attached

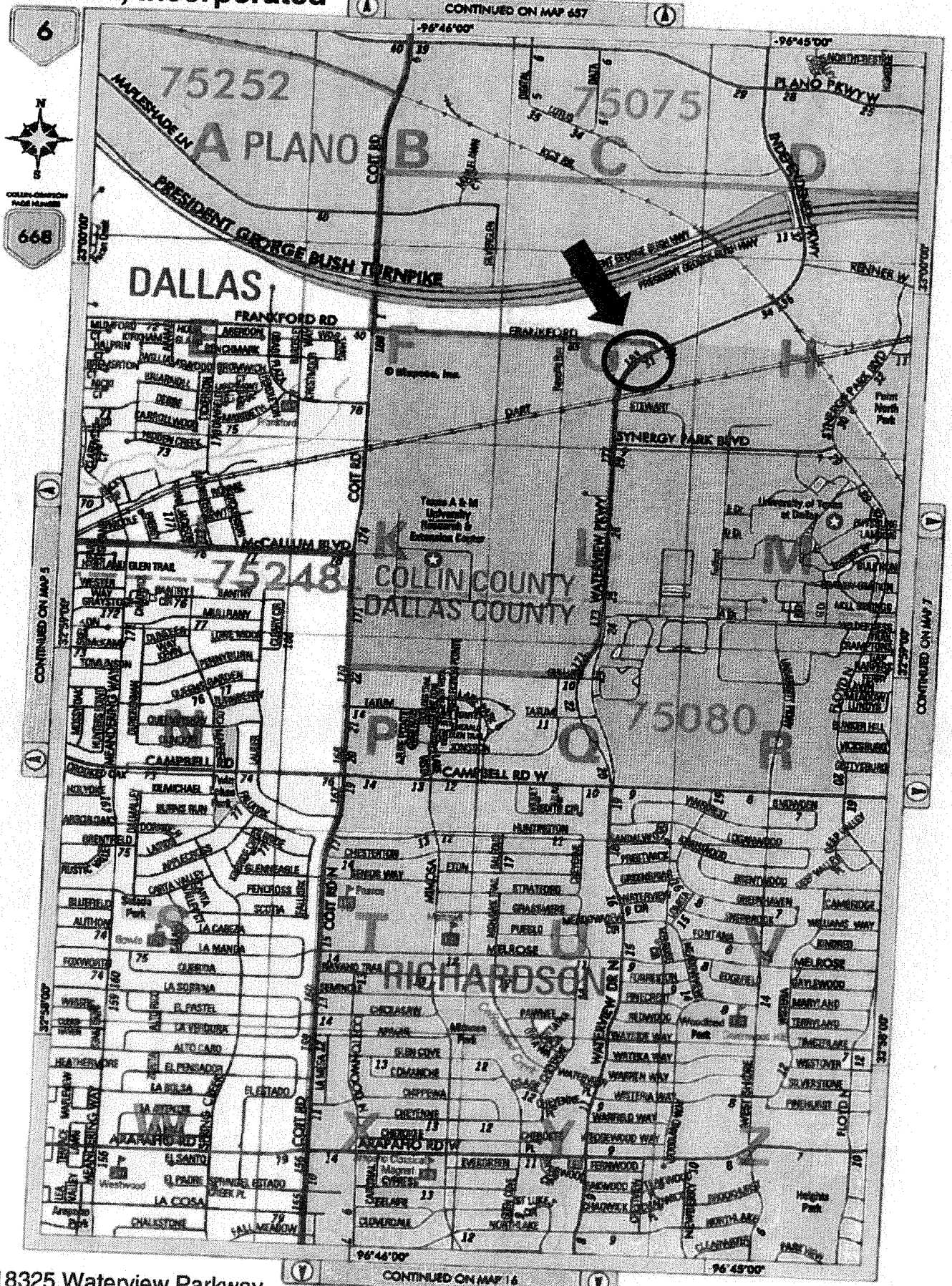
Should you have any questions, please contact me at (214) 670-3314.


A.C. Gonzalez
Assistant City Manager

ZTE USA, Inc.
April 18, 2008
Page 3 of 3

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge Jay Robinson, Judiciary
Ryan S. Evans, First Assistant City Manager
David O. Brown, Interim Assistant City Manager
Ramon Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jeanne Chipperfield, Interim Budget Director, Office of Financial Services
Karl Zavitkovsky Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Chandra Marshall-Henson, Assistant to the City Manager

ZTE USA, Incorporated



18325 Waterview Parkway

Memorandum



CITY OF DALLAS

DATE April 18, 2007

TO Members of the Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Dwaine Caraway, Jerry R. Allen,
Sheffie Kadane, Mitchell Rasansky, Linda Koop, Steve Salazar

SUBJECT Improvements for Treehouse Lane, Meadow Road and Rambler Road
Informational Memo

On June 13, 2007, the city entered into a development agreement with Next Block-Dallas I, L.P. in which Next Block-Dallas I, L.P. agreed to provide engineering design and construction administration for approximately \$10 million in public improvements funded through the 2006 Bond program, and to invest at least \$12 million in additional improvements, including demolition, asbestos abatement, and additional infrastructure improvements to prepare the property for future development. Next Block-Dallas I, L.P. owns approximately 83 acres located north of Walnut Hill and east of Central Expressway.

This item authorizes award of a contract to McMahon Contracting, L.P. for the construction of Treehouse Lane, widening of Meadow Road and reconstruction of Rambler Road. This item also assigns construction administration to Next Block-Dallas I, L.P. The proposed improvements consist of reconstruction of Rambler Road from Meadow Road to Walnut Hill, the widening of the existing Meadow Road pavement to 59 feet from the DART rail crossing to Rambler, and construction of a new street, Treehouse Lane from Central Expressway east to near Manderville Lane.

The first phase of the infrastructure improvements implementation begins with this contract in the amount of \$4,065,809.60. The developer is participating directly in the construction of these streets in the amount of \$1.89 million in accordance with the terms of the development agreement, as well as providing construction administration for the work. It is scheduled to begin construction in late May or early June of this year and is expected to be complete in January 2009.

Please contact me if you need additional information.


Ramón F. Miguez, P.E.
Assistant City Manager

- c: The Honorable Mayor and Members of the City Council
 Mary K. Suhm, City Manager
 Thomas P. Perkins, Jr., City Attorney
 Deborah Watkins, City Secretary
 Craig Kinton, City Auditor
 Judge Jay Robinson, Judiciary
 Ryan S. Evans, First Assistant City Manager
 Jill A. Jordan, P.E., Assistant City Manager
 A.C. Gonzalez, Assistant City Manager
 David O. Brown, Interim Assistant City Manager
 David Cook, Chief Financial Officer
 Jeanne Chipperfield, Interim Director, Office of Financial Services
 Edward Scott, Interim Director, Office of Financial Services
 Karl Zavitkovsky, Director, Office of Economic Development
 Rick Galceran, P.E., Director, Public Works and Transportation
 Hammond Perot, Assistant Director, Office of Economic Development
 Chandra Marshall-Henson, Assistant to the City Manager – Council Office