

Memorandum

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CITY OF DALLAS

DATE April 12, 2013

2013 APR 11 PM 3:39

TO Members of the Economic Development Committee:
Ann Margolin, (Vice-Chair), Monica Alonzo, Sherrie Kadane, Jerry R. Allen

SUBJECT **Economic Development Committee**
Monday, April 15, 2013, 9:00 – 10:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Approval of April 1, 2013 Minutes of the Economic Development Committee
2. Downtown Connection TIF
District Budget Amendment
Karl Zavitkovsky, Director,
Office of Economic Development
(Estimated time 20 minutes)
3. LTV Tower (1600 Pacific) Redevelopment
Project – Downtown Connection
TIF District
Karl Zavitkovsky, Director,
Office of Economic Development
(Estimated time 20 minutes)
4. Creation of New Public Improvement
District: University Crossing PID (UCPID)
Karl Zavitkovsky, Director,
Office of Economic Development
(Estimated time 20 minutes)
5. Upcoming agenda items for April 2013
 - Cypress Waters Municipal Management District Development and Operating Agreement (Cypress Waters MMD)
 - United States Cold Storage – Real Property Tax Abatement Agreement Amendment
 - Actions related to Setting Annual Assessment Rate for Tourism PID
 - Renewal of Downtown Improvement District (DID)
 - Patriot Tower


Tennell Atkins, Chair
Economic Development Committee

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Tom Perkins Jr., City Attorney
Judge Daniel Solis, Administrative Judge Municipal Court
Craig Kinton, City Auditor
A.C. Gonzalez, First Assistant City Manager

Ryan S. Evans, Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, CFO, OFS
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED
Stephanie Pegues-Cooper, Asst. to the CMO

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

A closed session may be held if the discussion on any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested to the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The Purchase, exchange, lease or value of real property, if the deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving appointments, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment or specific occasions for implementation of security personnel or device. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meeting Act.

Economic Development Committee DRAFT

Meeting Record April 1, 2013

The Economic Development Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Office of Economic Development, Staff Coordinator at 214-670-1686.

Meeting Date: April 1, 2013 **Meeting Start time:** 9:00 AM

Committee Members Present:

Tennell Atkins
Ann Margolin
Monica Alonzo
Jerry Allen
Sheffie Kadane

Staff Present:

Ryan Evans, *Assistant City Manager, City Managers Office*
Karl Zavitkovsky, *Director, Office of Economic Development*

Other Presenters:

Other Council Members Present:

1. Approval of April 1, 2013 Minutes of the Economic Development Committee
Presenter(s):

Action Taken/Committee Recommendation(s): Motion made to approve the minutes.

Motion made by: Mr. Allen

Motion seconded by: Mr. Kadane

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

2. White Rock Trail Apartments Skillman Corridor TIF District

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Allen

Motion seconded by: Mr. Kadane

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

3. Maple/Mockingbird TIF District-Maple Station Project & Grant Program

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Allen

Motion seconded by: Mr. Kadane

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

April 1, 2013

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4. Upcoming agenda items for April 2013

- Authorize a Special Economic Development Grant with City Square, in the amount of \$75,000 from the South Dallas/Fair Park Trust Fund FY 12-13
- Lancaster Opal Project
- North Parking Garage Design Enhancements

Action Taken/Committee Recommendation(s): Motion made to recommend items to council for approval.

Motion made by: Ms. Margolin

Motion seconded by: Mr. Kadane

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

Meeting Adjourned: 9:38AM

Approved By: _____

Memorandum



DATE April 12, 2013

TO Members of the Economic Development Committee: Tennell Atkins (Chair),
Ann Margolin (Vice Chair) Jerry R. Allen, Sheffie Kadane, Monica Alonzo

SUBJECT **Downtown Connection TIF District – Budget Amendment**

On Monday, April 15, 2013 the Economic Development Committee will be briefed on the Downtown Connection TIF District – Budget Amendment.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.



Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Tom Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
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Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

Downtown Connection TIF District – Budget Amendment

Economic Development Committee
April 15, 2013



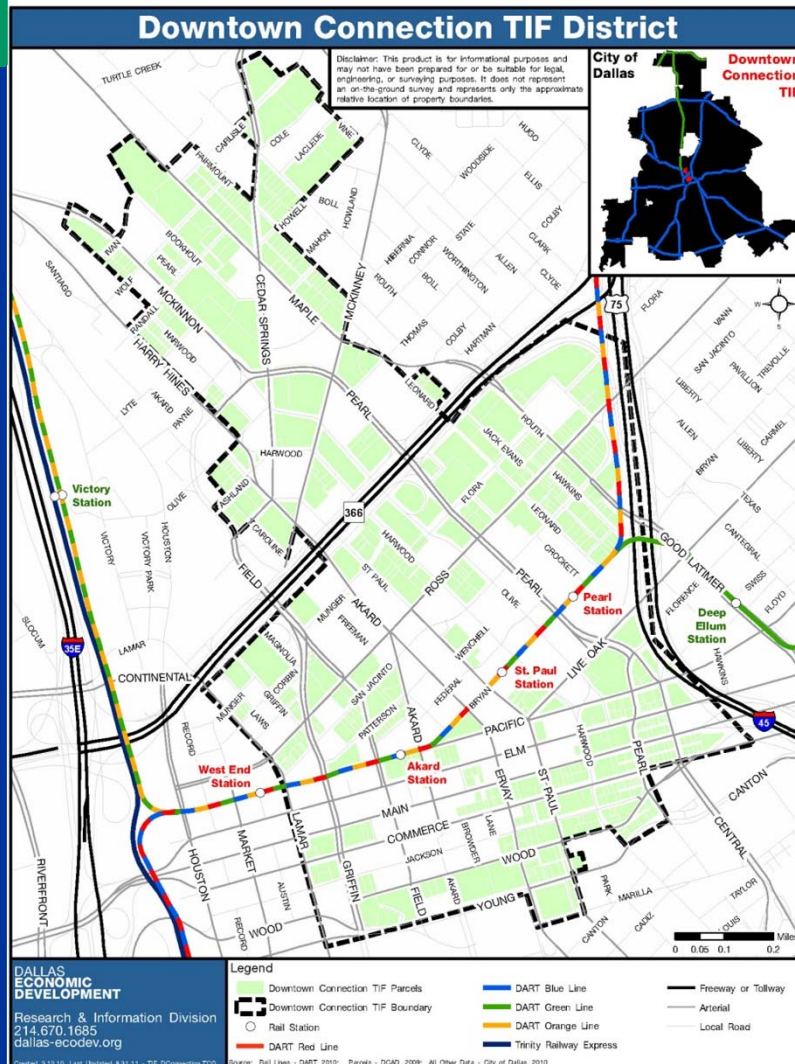
Office of Economic Development
WWW.DALLAS-ECODEV.ORG



Purpose

- ◆ Provide background and update on the Downtown Connection (DC) TIF District
- ◆ Review Budget Amendment
- ◆ Obtain Economic Development Committee approval for City Council consideration of the following items:
 - ◆ Call a Public Hearing on April 24, 2013 to Amend DC TIF Plan and Budget
 - ◆ Conduct a Public Hearing on May 22, 2013
 - ◆ Approve Proposed DC TIF Plan and Budget amendments

Background



- ◆ DC TIF District created June 2005
- ◆ Project Plan and Reinvestment Zone Financing Plan approved August 2005
- ◆ Expires December 31, 2035, or when NPV of \$189.8 million (\$391.7 million total dollars) in TIF increment collected
- ◆ Established to fund projects creating a greater density/critical mass of development within Downtown core area

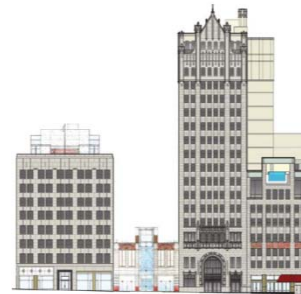
Initial Efforts – 2005-2008

- ◆ Initial project for the TIF was the Mercantile Block
- ◆ Limited new development between 2005 – 2007
 - ◆ Stoneleigh Hotel renovation
 - ◆ Aloft Hotel
- ◆ Many false starts
 - ◆ Tower Petroleum
 - ◆ 500 S. Ervay
 - ◆ 1600 Pacific



Improving Market – 2009-2011

- ◆ Beginning in 2009, focused partnership efforts supported the renovation and reuse of several downtown core buildings redevelopment of:
 - ◆ Joule Hotel
 - ◆ Continental Building
 - ◆ Atmos Complex
 - ◆ Tower Petroleum and Corrigan Buildings



TIF Budget Insufficient to Support Implementation of Downtown 360 Plan

- ◆ Downtown Connection TIF budget insufficient to complete district's mission and support implementation of the Downtown Dallas 360 Area Plan - Only \$16M remains in funding capacity (\$3M for project incentives)
- ◆ Funding still needed for the following:
 - ◆ Renovation of remaining vacant core buildings will require assistance:
 - 1712 Commerce Street
 - 1401 Elm Street
 - Praetorian block
 - 411 N. Akard Street
 - 400 N. St. Paul Street

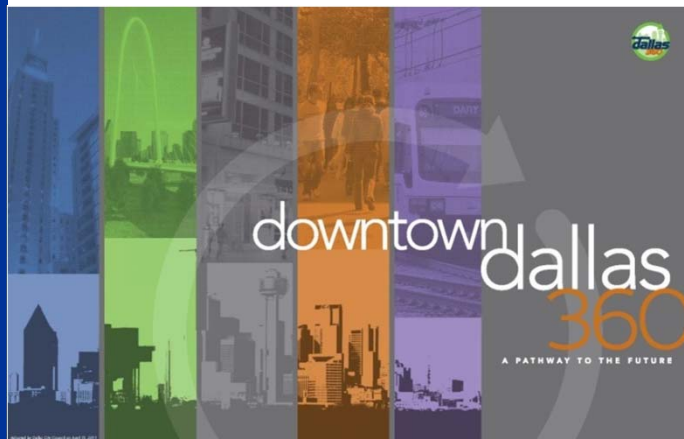


TIF Budget Insufficient to Support Implementation of Downtown 360 Plan

- ◆ Funding still needed for the following:
 - ◆ **Buildings such as the Statler and Library** - lack development partners to complete renovation work and will require additional public financial support
 - ◆ **Improving ground floor conditions** - disconnected retail/vacant ground floor space detracts from occupied upper floors of buildings
 - ◆ **Encourage Mixed Use Housing** - Affordable residential units will not keep pace without additional incentives



Downtown Dallas 360 Area Plan



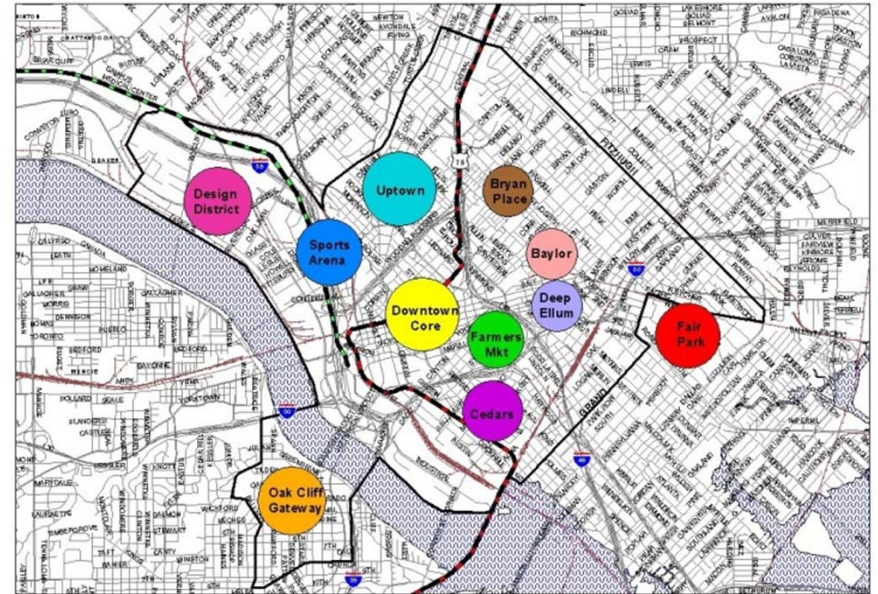
- ◆ The Downtown 360 Plan was adopted by City Council in 2011.
- ◆ The Plan provided a shared vision for Downtown's future and implementable, targeted recommendations to ensure downtown Dallas is a vibrant urban center.
- ◆ Focus Areas of the Plan included:
 - ◆ Farmers Market
 - ◆ Lamar Corridor
 - ◆ Main Street District
 - ◆ South Arts
- ◆ Main Street Retail Activation Strategy completed to address street level vibrancy in the core

Downtown Dallas 360 Area Plan

- ◆ Specific Downtown 360 Plan Recommendations include:
 - ◆ Extend the Term of Downtown TIF Districts
 - ◆ **Farmers Market – Approved** in March 2013
 - ◆ **City Center – Approved** in December 2012 and increased boundary to include the West End and Lamar Corridor
 - ◆ **Cedars – Approved** in June 2011
 - ◆ **Downtown Connection – Proposed amendment will complete this process**
- ◆ By amending the DC TIF Budget and Plan the district will continue to implement the Transformative Strategies of the Plan:
 - ◆ Expand Transit and Realize TOD Potential
 - ◆ Create Vibrant Streets and Public Spaces
 - ◆ Ensure Great Urban Design
 - ◆ Diversify and Grow Housing
 - ◆ Reform the Approach to Parking

Proposed DC TIF Plan Amendments

- ◆ Increase total budget for DC TIF District by \$154M (from \$392M to \$546M in total collections) to support ongoing redevelopment efforts to achieve critical mass of development in the downtown core area (See Appendix A)
- ◆ Expand the downtown core to strengthen efforts to increase connectivity between the downtown core and growing downtown areas such as the Farmers Market, West End, Arts District, Uptown, Deep Ellum and Fair Park



Summary:

Benefits to the City

- ◆ Supports efforts to reach “critical mass” downtown with the ability to encourage (over the remaining term of the TIF) an additional:
 - 2,500 residential units
 - 300,000 square feet of new and renovated retail space
 - 750 hotel rooms
 - 2,000,000 square feet of new and renovated office space
- ◆ The District’s value is estimated to grow to over \$2.5B between 2014 and 2035
- ◆ In addition to property tax collections on base value, property in the DC TIF District will contribute approximately \$1M annually to the general fund between 2014 and 2035
- ◆ In 2036, approximately \$30 million in property tax revenue will flow to the City’s general fund

Summary:

Benefits to the City (Continued)

- ◆ Strengthens connection between redevelopment occurring in the Main Street district to other downtown destinations: Farmers Market, West End, Arts District, Deep Ellum, Fair Park and Uptown
- ◆ Continues to provide TIF funding for redevelopment of last remaining vacant buildings and upon redevelopment of remaining vacant buildings
- ◆ Supports ground floor activation and occupancy within the core
- ◆ Expands the downtown core and redevelopment momentum beyond the Main Street area
- ◆ Provides a source of funding for the next phase of development within the District, surface parking lots, undeveloped or underdeveloped parcels and underutilized buildings

Recommendations & Next Steps

◆ Recommendations

- On April 24, 2013, Call a Public Hearing to be held on May 22, 2013 to consider budget and plan amendments to the Downtown Connection TIF District Project Plan and Reinvestment Zone Financing Plan
- Hold a Public Hearing on May 22, 2013, to receive citizen comments on the proposed amendments to the Downtown Connection TIF District and Project and Reinvestment Zone Financing Plans
- At the close of the Public Hearing, Consider approval of the proposed amendments to the Downtown Connection TIF District and Project and Reinvestment Zone Financing Plans

◆ Next Steps

- LTV Tower Redevelopment Project

◆ APPENDIX

Appendix A: Proposed Budget Amendment

Downtown Connection TIF District					
Current Projected Increment Revenues to Retire TIF Fund Obligations					
	A	B	C	A - C	B - C
Category	Existing TIF Budget ¹	Proposed TIF Budget	Allocated ³	Existing Total Dollar Balance	Proposed Total Dollar Balance
Catalyst Projects: - Environmental remediation, demolition, historic façade, restoration, street/utility improvements & streetscape improvements, land acquisition, and non project costs, including, but not limited to machinery, equipment, materials and supplies	\$68,000,000	\$68,000,000	\$68,000,000	\$0	\$0
Redevelopment of Vacant/Underutilized Downtown Buildings, Underdeveloped Parcels, Surface Parking Lots - Environmental remediation, interior/exterior demolition, historic façade restoration, street/utility improvements, land acquisition, TIF grants, affordable housing	\$156,652,741	\$309,043,392	\$153,389,725	\$3,263,016	\$155,653,667
Uptown/Downtown connection improvements	\$0	\$0	\$0	\$0	\$0
Park and plaza design and acquisition	\$3,095,852	\$3,534,594	\$0	\$3,095,852	\$3,534,594
Affordable Housing²	\$3,000,000	\$3,000,000	\$2,000,000	\$1,000,000	\$1,000,000
Retail Initiative/Streetscape Improvements	\$1,985,000	\$1,985,000	\$459,845	\$1,525,155	\$1,525,155
Downtown Area Plan	\$515,000	\$515,000	\$512,464	\$2,536	\$2,536
Administration and Implementation	\$8,132,568	\$9,285,109	\$617,914	\$7,514,654	\$8,667,195
Debt Service (Interest Only)	\$150,363,000	\$150,363,000	\$150,363,000	\$0	\$0
Total Project Costs	\$391,744,162	\$545,726,096	\$375,342,948	\$16,401,214	\$170,383,148
¹ TIF Budget shown above in total dollars; TIF Project Plan shows the budget in net present value. ² The Affordable Housing line item has been reduced by the amount of money allocated to the Continental project ³ The Allocated total shown for the Redevelopment of Vacant/Underutilized Downtown Building line item reflects the total TIF District's commitment to projects currently in the Reimbursement Queue					

Appendix B: Projected DC TIF Increment/No amendment

Tax Year		Total Property Value Estimate	Property Value Growth	Comp. Value Growth	Anticipated Captured Value	Tax Increment Revenue into TIF * CITY @ 90%	Tax Increment Revenue into TIF ** COUNTY @ 55%	Anticipated Increment Revenue	Anticipated Accumulated Revenue (NPV)
Base	2005	\$561,696,137	(1)						
Base	2009	\$564,917,317	(2)						
1	2006	\$759,033,448	35.13%	35.13%	\$197,337,311	\$1,208,059		\$1,438,614	\$1,370,108
	County	\$759,016,948			\$197,320,811		\$230,555		
2	2007	\$989,078,707	30.31%	76.09%	\$427,382,570	\$2,844,731		\$3,396,536	\$4,450,867
	County	\$988,341,787			\$426,645,650		\$551,805		
3	2008	\$1,515,616,786	53.24%	169.83%	\$953,920,649	\$6,065,898		\$7,224,872	\$10,691,983
	County	\$1,595,047,713			\$1,033,501,376		\$1,158,974		
4	2009	\$1,512,292,589	-0.22%	169.24%	\$947,375,272	\$6,768,369		\$7,886,151	\$17,179,939
	County	\$1,559,199,640			\$994,432,123		\$1,117,782		
5	2010	\$1,539,047,900	1.77%	174.00%	\$974,130,583	\$6,849,382		\$8,182,245	\$23,590,942
	County	\$1,583,755,734			\$1,018,988,217		\$1,332,864		
6	2011	\$1,546,807,101	0.50%	175.38%	\$981,889,784	\$7,235,640		\$8,557,298	\$29,976,530
	County	\$1,589,222,014			\$1,024,304,697		\$1,321,658		
7	2012	\$1,762,069,405	13.92%	213.71%	\$1,197,152,088	\$8,587,172		\$10,247,420	\$37,259,180
	County	\$1,806,641,969			\$1,241,724,652		\$1,660,248		
8	2013	\$1,889,040,099	7.21%	236.31%	\$1,324,122,782	\$9,497,933		\$11,268,351	\$44,886,044
9	2014	\$1,908,857,581	1.05%	239.84%	\$1,343,940,264	\$9,640,084		\$11,436,999	\$52,258,435
10	2015	\$2,332,089,537	22.17%	315.19%	\$1,767,172,220	\$12,675,926		\$15,038,724	\$61,490,907
11	2016	\$2,476,547,425	6.19%	340.91%	\$1,911,630,108	\$13,712,123		\$16,268,068	\$71,002,509
12	2017	\$2,573,000,968	3.89%	358.08%	\$2,008,083,651	\$14,403,984		\$17,088,892	\$80,518,244
13	2018	\$2,685,721,707	4.38%	378.14%	\$2,120,804,390	\$15,212,530		\$18,048,151	\$90,089,564
14	2019	\$2,976,731,056	10.84%	429.95%	\$2,411,813,739	\$17,299,940		\$20,524,656	\$100,455,910
15	2020	\$3,152,206,398	5.89%	461.19%	\$2,587,289,081	\$18,558,625		\$22,017,959	\$111,046,925
16	2021	\$3,220,784,176	2.18%	473.40%	\$2,655,866,859	\$19,050,533		\$21,354,700	\$120,829,759
17	2022	\$3,285,199,859	2.00%	484.87%	\$2,720,282,542	\$19,512,587	\$0	\$19,512,587	\$129,343,036
18	2023	\$3,354,092,776	2.10%	497.14%	\$2,789,175,459	\$20,006,756	\$0	\$20,006,756	\$137,656,256
19	2024	\$3,421,174,632	2.00%	509.08%	\$2,856,257,315	\$20,487,934	\$0	\$20,487,934	\$145,764,027
20	2025	\$3,494,931,504	2.16%	522.21%	\$2,930,014,187	\$21,016,992	\$0	\$21,016,992	\$153,685,110
21	2026	\$3,564,830,135	2.00%	534.65%	\$2,999,912,818	\$21,518,375	\$0	\$21,518,375	\$161,408,966
22	2027	\$3,636,126,737	2.00%	547.35%	\$3,071,209,420	\$22,029,785	\$0	\$22,029,785	\$168,939,846
23	2028	\$3,715,936,772	2.19%	561.56%	\$3,151,019,455	\$22,602,263	\$0	\$22,602,263	\$176,298,494
24	2029	\$3,790,255,507	2.00%	574.79%	\$3,225,338,190	\$23,135,351	\$0	\$23,135,351	\$183,472,024
25	2030	\$3,889,573,118	2.62%	592.47%	\$3,324,655,801	\$21,454,483	\$0	\$21,454,483	\$189,807,592
26	2031	\$3,967,364,580	2.00%	606.32%	\$3,402,447,263	\$0	\$0	\$0	\$189,807,592
27	2032	\$4,046,711,871	2.00%	620.45%	\$3,481,794,554	\$0	\$0	\$0	\$189,807,592
28	2033	\$4,127,646,109	2.00%	634.85%	\$3,562,728,792	\$0	\$0	\$0	\$189,807,592
29	2034	\$4,210,199,031	2.00%	649.55%	\$3,645,281,714	\$0	\$0	\$0	\$189,807,592
30	2035	\$4,294,403,012	2.00%	664.54%	\$3,729,485,695	\$0	\$0	\$0	\$189,807,592
Total						\$361,375,452	\$30,368,709	\$391,744,162	\$189,807,592
2006 NPV @ 5%						\$171,307,592	\$18,500,000	\$189,807,592	

Appendix C:

Projected DC TIF Increment/As amended

Projected TIF Increment Schedule

Tax Year		Total Property Value Estimate ¹	Property Value Growth	Anticipated Captured Value	Anticipated Accumulated Revenue (NPV)	Tax Increment Revenue into TIF * CITY @ 90%	Tax Increment Revenue into TIF ** COUNTY @ 55%	Anticipated Increment Revenue	NPV Anticipated Increment Revenue (2005)
Base	2005	\$561,696,137	(1)						
Base	2009	\$564,917,317	(2)						
1	2006	\$759,033,448	35.13%	\$197,337,311	\$1,370,108	\$1,208,059		\$1,438,614	\$1,370,108
County		\$759,016,948		\$197,320,811		\$230,555			
2	2007	\$989,078,707	30.31%	\$427,382,570	\$4,450,867	\$2,844,731		\$3,396,536	\$4,450,867
County		\$988,341,787		\$426,645,650		\$551,805			
3	2008	\$1,515,616,786	53.24%	\$953,920,649	\$10,691,983	\$6,065,898		\$7,224,872	\$10,691,983
County		\$1,595,047,713		\$1,033,501,376		\$1,158,974			
4	2009	\$1,512,292,589	-0.22%	\$947,375,272	\$17,179,939	\$6,768,369		\$7,886,151	\$17,179,939
County		\$1,559,199,640		\$994,432,123		\$1,117,782			
5	2010	\$1,539,047,900	1.77%	\$974,130,583	\$23,590,942	\$6,849,382		\$8,182,245	\$23,590,942
County		\$1,583,755,734		\$1,018,988,217		\$1,332,864			
6	2011	\$1,546,807,101	0.50%	\$981,889,784	\$29,976,530	\$7,235,640		\$8,557,298	\$29,976,530
County		\$1,589,222,014		\$1,024,304,697		\$1,321,658			
7	2012	\$1,762,069,405	13.92%	\$1,197,152,088	\$37,259,180	\$8,587,172		\$10,247,420	\$37,259,180
County		\$1,806,641,969		\$1,241,724,652		\$1,660,248			
8	2013	\$1,804,258,824	2.39%	\$1,239,341,507	\$44,397,709	\$8,889,797	\$1,657,062	\$10,546,858	\$44,397,709
9	2014	\$1,877,874,888	4.08%	\$1,312,957,571	\$51,600,140	\$9,417,845	\$1,755,490	\$11,173,335	\$51,600,140
10	2015	\$2,188,793,720	16.56%	\$1,623,876,403	\$60,083,973	\$11,648,065	\$2,171,204	\$13,819,269	\$60,083,973
11	2016	\$2,464,529,254	12.60%	\$1,899,611,937	\$69,535,777	\$13,625,916	\$2,539,876	\$16,165,793	\$69,535,777
12	2017	\$2,692,987,250	9.27%	\$2,128,069,933	\$79,620,092	\$15,264,646	\$2,845,336	\$18,109,982	\$79,620,092
13	2018	\$2,823,996,995	4.86%	\$2,259,079,678	\$89,815,457	\$16,204,379	\$3,020,502	\$19,224,881	\$89,815,457
14	2019	\$3,137,771,849	11.11%	\$2,572,854,532	\$100,873,981	\$18,455,086	\$3,440,035	\$21,895,121	\$100,873,981
15	2020	\$3,351,229,853	6.80%	\$2,786,312,536	\$112,279,694	\$19,986,220	\$3,725,439	\$23,711,659	\$112,279,694
16	2021	\$3,443,788,100	2.76%	\$2,878,870,783	\$122,601,641	\$20,650,140	\$1,881,376	\$22,531,517	\$122,601,641
17	2022	\$3,512,663,862	2.00%	\$2,947,746,545	\$131,826,780	\$21,144,186	\$0	\$21,144,186	\$131,826,780
18	2023	\$3,586,106,060	2.09%	\$3,021,188,743	\$140,831,522	\$21,670,987	\$0	\$21,670,987	\$140,831,522
19	2024	\$3,657,828,181	2.00%	\$3,092,910,864	\$149,611,058	\$22,185,450	\$0	\$22,185,450	\$149,611,058
20	2025	\$3,736,318,125	2.15%	\$3,171,400,808	\$158,184,713	\$22,748,458	\$0	\$22,748,458	\$158,184,713
21	2026	\$3,811,044,487	2.00%	\$3,246,127,170	\$166,542,495	\$23,284,470	\$0	\$23,284,470	\$166,542,495
22	2027	\$3,887,265,377	2.00%	\$3,322,348,060	\$174,689,189	\$23,831,203	\$0	\$23,831,203	\$174,689,189
23	2028	\$3,972,098,184	2.18%	\$3,407,180,867	\$182,646,057	\$24,439,708	\$0	\$24,439,708	\$182,646,057
24	2029	\$4,051,540,148	2.00%	\$3,486,622,831	\$190,400,714	\$25,009,546	\$0	\$25,009,546	\$190,400,714
25	2030	\$4,115,568,049	1.58%	\$3,550,650,732	\$197,921,727	\$25,468,818	\$0	\$25,468,818	\$197,921,727
26	2031	\$4,156,723,730	1.00%	\$3,591,806,413	\$205,167,621	\$25,764,027	\$0	\$25,764,027	\$205,167,621
27	2032	\$4,198,290,967	1.00%	\$3,633,373,650	\$212,148,334	\$26,062,189	\$0	\$26,062,189	\$212,148,334
28	2033	\$4,240,273,877	1.00%	\$3,675,356,560	\$218,873,453	\$26,363,333	\$0	\$26,363,333	\$218,873,453
29	2034	\$4,282,676,616	1.00%	\$3,717,759,299	\$225,352,221	\$26,667,487	\$0	\$26,667,487	\$225,352,221
30	2035	\$4,325,503,382	1.00%	\$3,760,586,065	\$231,593,554	\$26,974,684	\$0	\$26,974,684	\$231,593,554
Total						\$515,315,889	\$30,410,206	\$545,726,096	\$231,593,554
2006 NPV @ 5%						\$213,093,554	\$18,500,000	\$231,593,554	

Memorandum



DATE April 12, 2013

TO Members of the Economic Development Committee: Tennell Atkins (Chair),
Ann Margolin (Vice Chair) Jerry R. Allen, Sheffie Kadane, Monica Alonzo

SUBJECT **LTV Tower (1600 Pacific) Redevelopment Project – Downtown Connection
TIF District**

On Monday, April 15, 2013 the Economic Development Committee will be briefed on the LTV Tower (1600 Pacific) Redevelopment Project – Downtown Connection TIF District.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.

Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Tom Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
A.C. Gonzalez, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

LTV Tower (1600 Pacific) Redevelopment Project

Downtown Connection TIF District

Economic Development Committee
April 15, 2013



Office of Economic Development
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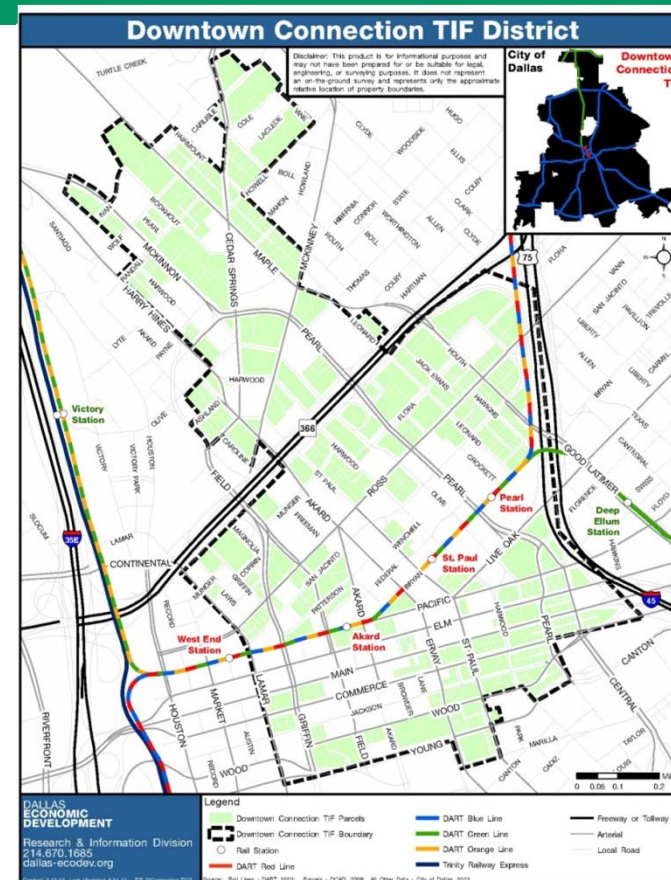


Purpose

- ◆ Provide background information on Downtown Connection (DC) TIF District
- ◆ Review the LTV Tower (1600 Pacific Ave.) Redevelopment Project
- ◆ Obtain Economic Development Committee's approval for consideration of the project by City Council on May 22, 2013

Downtown Connection TIF District Background

- ◆ Created June 2005
- ◆ Project Plan and Reinvestment Zone Financing Plan approved August 2005
- ◆ Expires December 31, 2035, or when approximately \$545.7 million in TIF increment has been collected (NPV of \$231.6 million)
- ◆ Established to fund projects creating a greater density/critical mass of development within Downtown core area



Downtown Connection TIF District

TIF Budget

Downtown Connection TIF District			
Current Projected Increment Revenues to Retire TIF Fund Obligations			
Category	Estimated Total Dollar TIF Budget	Allocated ³	Estimated Total Dollar Balance
Catalyst Projects: - Environmental remediation, demolition, historic façade, restoration, street/utility improvements & streetscape improvements, land acquisition, and non project costs, including, but not limited to machinery, equipment, materials and supplies	\$68,000,000	\$68,000,000	\$0
Redevelopment of Vacant/Underutilized Downtown Buildings, Underdeveloped Parcels, Surface Parking Lots - Environmental remediation, interior/exterior demolition, historic façade restoration, street/utility improvements, land acquisition, TIF grants, affordable housing	\$309,043,392	\$170,889,725	\$138,153,667
Uptown/Downtown connection improvements	\$0	\$0	\$0
Park and plaza design and acquisition	\$3,534,594	\$0	\$3,534,594
Affordable Housing²	\$3,000,000	\$2,000,000	\$1,000,000
Retail Initiative/Streetscape Improvements	\$1,985,000	\$459,845	\$1,525,155
Downtown Area Plan	\$515,000	\$512,464	\$2,536
Administration and Implementation	\$9,285,109	\$617,914	\$8,667,195
Debt Service (Interest Only)	\$150,363,000	\$150,363,000	\$0
Total Project Costs	\$545,726,096	\$392,842,948	\$152,883,148
¹ TIF Budget shown above in total dollars; TIF Project Plan shows the budget in net present value.			
² The Affordable Housing line item has been reduced by the amount of money allocated to the Continental project			
³ The Allocated total shown for the Redevelopment of Vacant/Underutilized Downtown Building line item reflects the total TIF District's commitment to projects currently in the Reimbursement Queue, including the LTV Tower Project			

LTV Tower Background:

TIF #1

- ◆ **TIF #1 – Ricchi Dallas Investments, LLC**
 - ◆ Ricchi acquired the building with financing from First National Bank of Edinburg, after bank foreclosed on former owner
 - ◆ Council approved a development agreement with Ricchi in 2010 to clean and renovate the building
 - ◆ Project was phased with completion dates for each stage
 - ◆ TIF funding not to exceed \$12,870,200 was dedicated to the project
 - ◆ From 2010 to 2012, approximately \$27M was spent for renovations
 - ◆ Includes \$4.7M for ground lease acquisitions
 - ◆ Exceeds minimum private investment requirement of \$26,430,000
 - ◆ Lengthy negotiations between Ricchi and Radisson to finish out and occupy floors 1 through 18 of the building collapsed in 2012
 - ◆ Interior finish out of lower floors were not completed, a requirement of full reimbursement
 - ◆ First National Bank encountered regulatory issues and is unable to provide additional construction financing for the project

LTV Tower – TIF #1

Status of Renovation

Stages of Development

Stage 1 - Asbestos abatement, removal of the obsolete operating systems for the building and demolition of interior wall for all 32 floors, except the elevator areas. Interior space will be opened up and cleaned down to the concrete.

Stage 2 - Renovation of the elevator systems, roof, windows, restoration of the exterior of the property to its original condition, installation of new heating and air conditioning system

Stage 2 - Renovation of the lower four floors of building to leasable condition or renovation of approximately 56,000 square feet of gross commercial space

Stage 3 - Finish out of an additional 60,000 square feet of space or 6 additional floors

Stage 4 - Completion of 120 rental parking spaces in the Property

Completed

Yes

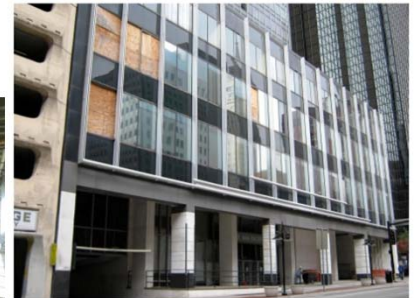
Yes

No

No

Yes

Before



After



LTV Tower:

HRI Acquisition

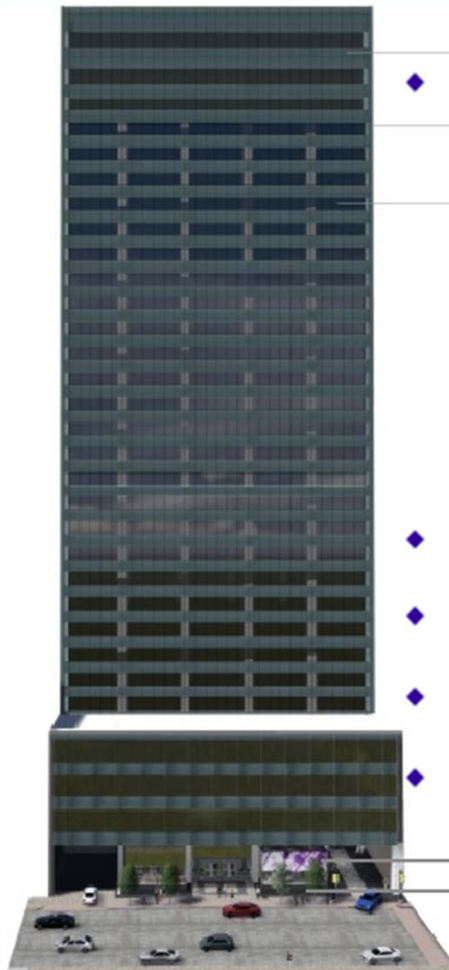
- ◆ Historic Restoration, Inc (HRI Properties), a New Orleans based, full service real estate development company, has contracted with Ricchi to purchase the property and plans a mixed-use hotel and residential build-out
- ◆ HRI Properties has redeveloped 60+ projects nationwide totaling \$1.78 billion (See Appendix H Company Information)
- ◆ Deal structure requires the following:
 - ◆ Amendment of TIF #1 Development Agreement with Ricchi to allow HRI Properties to fulfill remaining finish out requirements
 - ◆ Execution of Development Agreement with HRI Properties for redevelopment of LTV Tower
 - ◆ Assignment of TIF #1 payments to First National Bank
 - ◆ Execution of TIF #2 Grant Agreement with First National Bank to facilitate existing lien releases

LTV Tower:

TIF #1 Development Agreement Amendment

- ◆ Existing improvements become eligible for reimbursement (up to \$12,870,000) upon purchase of building and closing of construction loan by HRI Properties
- ◆ HRI Properties acquisition date is 9/30/2013
- ◆ Uncompleted work related to TIF #1 becomes responsibility of HRI Properties
- ◆ HRI Properties provides City with Completion Guarantee and agrees to minimum net worth and liquidity covenants
- ◆ Project's General contractor provides a performance bond
- ◆ Reimbursements associated with TIF #1 assigned by Ricchi to First National Bank (See Appendix A – TIF #1 Conditions of Funding)

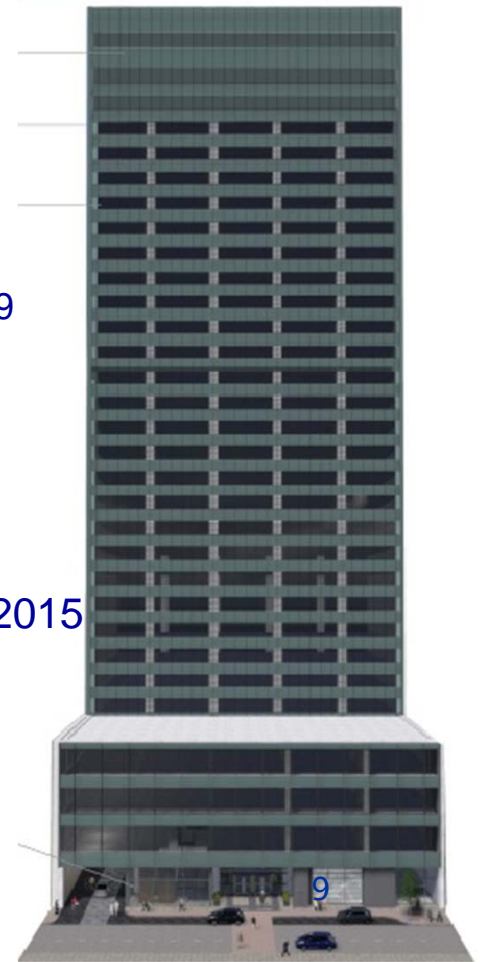
LTV Tower Redevelopment: *Project Description*



ELM STREET ELEVATION

- ◆ **Conversion from vacant office space to mixed use:**
 - ◆ 171 Hotel rooms on floors 1, 5 thru 14
 - ◆ 206 parking spaces on floors 2 thru 4
 - ◆ 186 Residential units on floors 15 thru 32 (19 affordable units)
 - ◆ 2,000 square feet of meeting space
 - ◆ 152 parking spaces under the building
- ◆ **Project Start Date:** December 31, 2013
- ◆ **Project Completion Date:** September 30, 2015
- ◆ **Total Project Cost:** \$67,520,108
- ◆ **TIF Request:** \$17,500,000

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PACIFIC AVENUE ELEVATION

LTV Tower Redevelopment Project:

Funding Sources and Uses

Funding Source	Amount		Use
Private Equity	\$21,335,433	32%	Acquisition and Construction
Historic Tax Credits	\$11,784,675	17%	Construction
Construction Loan	\$34,400,000	51%	Construction
Total	\$67,520,108		

HRI Properties Redevelopment Agreement: *Key Conditions*

- ◆ Minimum private investment for construction/construction-related soft costs = \$35M
- ◆ Project shall include:
 - ◆ Minimum 140 Residential Units (180K Sq. Ft.)
 - ◆ Minimum 145 Hotel Rooms (180K Sq. Ft.)
 - ◆ Minimum 120 Parking Spaces
 - ◆ Minimum 15,500 retail/commercial ground floor space (inclusive of ground floor hotel space)
- ◆ Start construction by 12/31/2013
- ◆ Certificate of Occupancy within 24 month of construction financing closing (9/30/2015)
- ◆ Minimum 25% of total net leasable square footage of retail/commercial ground floor space leased within 45 days of CO
- ◆ Minimum 10% of residential units meet affordable housing standards for 15 year period
- ◆ Review of project design by Urban Design Peer Review Panel

HRI Properties Redevelopment Agreement: *Key Conditions (continued)*

- ◆ Residential portion of project managed by HRI Management Corp.
- ◆ Hotel brand to be approved by Director of OED and DC TIF Board
- ◆ M/WBE Goal: 25% of TIF Reimbursable construction expenses and Good Faith Effort of 25% private construction costs
- ◆ Project deadlines can be extended up to 6 months, subject to approval of DC TIF Board and OED Director
- ◆ See **Appendix B** – LTV Tower Development Agreement Conditions

TIF #2 Grant Agreement

- ◆ Recommended TIF Grant of \$17.5M to First National Bank
- ◆ First National Bank is eligible to receive available payments subject to the following conditions:
 - ◆ Closing of construction financing to redevelop LTV Tower
 - ◆ Execution of a Completion Guarantee by HRI Properties to include minimum net worth and liquidity covenants
 - ◆ Evidence of a Performance Bond by the project's General Contractor
 - ◆ Evidence of equity investment for the project
- ◆ First National Bank releases existing liens to facilitate collateralization of construction financing
- ◆ See **Appendix C** – LTV Tower TIF #2 Funding Conditions

TIF #2 Grant Agreement Justification

- ◆ Redevelopment of the building is not possible without public subsidy
- ◆ Finish out of the building would not occur, but for TIF funding
- ◆ TIF funding facilitates:
 - ◆ Pay down of debt on the building
 - ◆ Release of existing liens on the building
 - ◆ Purchase of the building by HRI Properties
 - ◆ Deliverance of a clean title for the building to HRI Properties
 - ◆ Use of building as collateral for construction financing for the project

Budget Line Item	Amount
Economic Development TIF Grant	\$17,500,000
Total TIF Funding Proposed	\$17,500,000

Unusual TIF Reimbursement Structure

- ◆ TIF #1 and TIF #2 reimbursements paid to First National Bank instead of developer (HRI Properties)
- ◆ TIF Reimbursement to First National Bank becomes available when tax increment is generated and is not contingent on project completion
- ◆ First National Bank is enabled to treat debt obligation as a non-real estate asset for regulatory purposes
- ◆ Lien release facilitates use of building as collateral for new construction financing
- ◆ City protected by:
 - ◆ HRI Completion Guarantee with minimum net worth and liquidity covenants
 - ◆ General contractor performance bond
 - ◆ Construction lender and private equity investors highly motivated to ensure build-out completed
 - ◆ Final \$1M of TIF #2 Grant contingent on project completion

TIF #1 and TIF #2

TIF Board Recommendations

- ◆ On March 21, 2013 the Downtown Connection TIF District Board of Directors recommended approval of the following:
 - ◆ An amendment to the development agreement with Ricchi Dallas Investments, LLC removing finish-out requirements and assigning TIF reimbursement payments to First National Bank (See **Appendix A** for funding conditions); and
 - ◆ A Development Agreement with 1600 Pacific Landlord, LLC (HRI Properties) for the completion of remaining portions of Stage 2 and Stage 3 work described in the development agreement with Ricchi Dallas Investments, LLC and finish out of the entire building with hotel and residential uses (See **Appendix B** for Development Agreement Conditions); and
 - ◆ A Grant Agreement with First National Bank for TIF incentives associated with the LTV Tower Redevelopment project in an amount not to exceed \$17,500,000 (See **Appendix C** for Grant Agreement funding conditions)

Strategic Importance of Proposed Project

- ◆ Continues strategic redevelopment of vacant buildings in downtown's core
- ◆ Returns a vacant historic building back to use
- ◆ Removes over 500,000 square feet of vacant office space from downtown vacant building inventory
- ◆ Adds 180+ residential units, 10% of which must be affordable, to the downtown residential stock
- ◆ Creates ground floor activity on Elm Street and Pacific Avenue
- ◆ Begins to strengthen linkage between the Main Street and Pacific Avenue
- ◆ Maintains downtown redevelopment momentum
- ◆ Creates a new hotel with shared amenities and additional downtown hospitality jobs



Staff Recommendations

- ◆ Staff requests ECO Committee approval for Council consideration of the following:
 - ◆ An amendment to the development agreement with Ricchi Dallas Investments, LLC; and
 - ◆ A Development Agreement with 1600 Pacific Landlord, LLC (HRI Properties) for the completion of remaining portions of Stage 2 and Stage 3 work described in the development agreement with Ricchi Dallas Investments, LLC and finish out of the entire building with hotel and residential uses; and
 - ◆ A Grant Agreement with First National Bank for TIF incentives associated with the LTV Tower Redevelopment project in an amount not to exceed \$17,500,000.

◆ APPENDIX

Appendix A: Development Agreement Amendment *TIF #1 Conditions of Funding*

- ◆ Require only the completion of Stage 1 and a portion of Stage 2 (renovation of the elevator systems, roof, windows, restoration of the exterior of the property, installation of core components of a new heating and air conditioning system), which the City will acknowledge has been completed upon 1600 Pacific Landlord, LLC's acquisition of the LTV Building; and
- ◆ Allow TIF #1 to be in full force and effect upon the 1600 Pacific Landlord, LLC's acquisition of the LTV Building; and
- ◆ Remove defaults and other contingencies to payment of the TIF #1 reimbursements, and the City will acknowledge that such TIF #1 reimbursement payments have been fully earned as of 1600 Pacific Landlord, LLC's acquisition of the Project and are not subject to offset or reduction; and
- ◆ Set a deadline of September 30, 2013, for 1600 Pacific Landlord, LLC's acquisition of the LTV Building, which may be extended by the lesser of 90 days or the number of days Ricchi Dallas extends 1600 Pacific Landlord, LLC's right to purchase the LTV Building beyond September 30, 2013, subject to approval of the Director of the OED

Appendix A: Development Agreement Amendment *TIF #1 Conditions of Funding*

with such approval not being unreasonably withheld; and

- ◆ Provide that in the event 1600 Pacific Landlord, LLC fails to acquire the LTV Building and close project construction financing by September 30, 2013, or the extended deadline, amendments (1), (2) and (3) above shall be null and void and the “CO Date” as defined under the existing TIF #1 documents shall be extended by a period of 6 months, plus the number of days of such deadline extension; and
- ◆ Require upon 1600 Pacific Landlord, LLC’s acquisition of the LTV Building, the City will consent to an amended and restated assignment by Ricchi Dallas to First National Bank of the TIF #1 reimbursement payments.

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

- ♦ Minimum private investment of \$35,000,000 for the Project for construction and construction related soft costs; and

The term “Invest” or “Investment” means the sum of all, construction costs (hard and soft) paid, payable or actually incurred by or on behalf of the Owner, with respect to the Property and the improvements thereon. Construction related soft costs include the following items: architecture and engineering, interior design, remediation and demolition. Carrying or other similar costs shall not be considered toward this definition of project investment. The owner must provide verification of all expenditures.

- ♦ Redevelopment of the Project shall include:
 - ♦ Minimum 15,500 square feet of retail/commercial ground floor space (inclusive of ground floor hotel space);
 - ♦ Minimum 180,000 square feet of residential space (approximately 140 residential units);
 - ♦ Minimum 30,000 square feet of parking space (approximately 120 parking spaces); and
 - ♦ Minimum 180,000 square feet of hotel space (approximately 145 hotel rooms).

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

- ◆ Obtain a building and/or demolition permit and start construction and/or demolition for the Project by December 31, 2013; and
- ◆ Obtain a Certificate of Occupancy (CO) for the Project within 24 months of the Project's construction financing closing; and
- ◆ Obtain final acceptance of public infrastructure improvements associated with the Project, as evidenced by the issuance of a Green Tag from the Public Works and Transportation Department by December 31, 2015 and submit documentation to the Office of Economic Development (the "OED"); and
- ◆ Execute an Operating and Maintenance agreement for public infrastructure improvements associated with the Project by December 31, 2015, for a period of 20 years; and
- ◆ A minimum of 25% of the total net leasable square footage of retail/commercial ground floor space must be occupied within 45 days of obtaining a CO for the Project; and

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

- ◆ Mixed Income Housing: A minimum of 10% of the Project's total residential units must meet affordable housing standards in accordance with the District's Mixed Income Housing Guidelines. The requirements on the Project related to providing mixed income housing shall be documented in a deed restriction on the Property. These guidelines require, but are not limited to, the following:
 - ◆ Affordable units must be available for a 15 year period (from the date of CO).
 - ◆ If the total number of affordable units drops below 10%, a 90-day compliance period will be granted.
 - ◆ Submit semi-annual reports to the OED Staff (from the date of CO).
- ◆ Prior to City Council consideration, review of the Project's design by the Urban Design Peer Review Panel (UDPRP), an independent group of design, engineering, and/or planning professionals selected by the Dallas City Manager, is required. The UDPRP shall review and provide recommendations on the Project's design to the TIF Board for their consideration. The Project's design plans shall include:
 - ◆ A site plan showing the location of parcel boundaries clearly differentiating publically accessible space from private space.

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

- ♦ A pedestrian lighting plan for the site using lighting acceptable to the City and spaced at approximately 75 feet unless otherwise required by the City's Public Works and Transportation Department. This lighting plan is required for all public and private streets included in the project.
- ♦ A sidewalk plan for the project. Sidewalks with high anticipated levels of pedestrian traffic shall be designed to accommodate the traffic. The sidewalks shall have a minimum 7 foot walking zone and a minimum 3 foot landscaping and lighting zone, where possible. Landscaping and pedestrian lights shall be placed in the area closest to the back of curb for the length of the sidewalk. The plan shall show the location and type of all landscaping materials.
- ♦ Elevations for all sides of the building visible from the public right of way, focusing on the ground floor.
- ♦ A valet plan indicating where the vehicular drop off will be located.
- ♦ A signage plan for the building.
- ♦ A pedestrian access plan showing linkage between Elm Street and Pacific Avenue,

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

creating a pedestrian passage way linking Stone Street to Thanksgiving Square.

- ◆ Construction of Project improvements and building renovations shall be in general conformance with design plans approved by the Downtown Connection TIF Board of Directors and Dallas City Council; and
- ◆ The residential portion of the Project shall be initially managed by HRI Management Corporation which is an approved operator, or a management company acceptable to the Director of the OED, such approval not being unreasonably withheld; and
- ◆ The hotel portion of the Project shall be franchised hotel brand acceptable to the Director of the OED, such approval not being unreasonably withheld, until the expiration of the term of the Downtown Connection TIF District. The hotel will be operated by HRI Lodging initially, or another operator approved by the Director of the OED. The Owner shall not change its brand affiliation without the prior written approval of the Director, which approval shall not be unreasonably withheld; and
- ◆ Owner shall submit to the Director of the OED a quarterly status report for ongoing work on the Project, as well as public improvements. Status reports will be due once every three months after the Council approval date; and

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

- ◆ Comply with the Business Inclusion and Development (“BID”) goal of twenty-five percent (25%) Minority/Women-owned Business Enterprise (M/WBE) participation for TIF reimbursable improvements, and the Owner shall make a good faith effort to achieve a goal of 25% certified M/WBE participation for total private improvement construction expenditures for the Project, and meet all reporting requirements for each; and
- ◆ Market the apartments pursuant to an affirmative fair housing marketing plan approved by the City; and
- ◆ If the total number of Affordable Units drops below 10%, and noncompliance was not cured within the 90-day compliance period, the Owner shall be required to pay a Penalty Payment until the total number of affordable units provided meets or exceeds 10% of the Project’s total residential units. The Penalty Payment shall be an amount equal to two times the property’s median monthly rent for market rate units in the project multiplied by the number of Affordable Units required less the number of Affordable Units provided for the property, multiplied by the number of months each unit has been unoccupied. (For example: An owner of a project that has 150 units, a median market rate of \$1,000 and 5 of the 15 Affordable Units are not provided for 6 months each would pay an annual Penalty Payment equal to

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

\$300,000: 2×5 (unoccupied units) $\times 30$ months (5 unoccupied units $\times 6$ months unoccupied) $\times \$1,000$ (median market rate) = \$300,000); and

- ◆ If necessary, the Project deadline can be extended up to 6 months, subject to the Office of Economic Development Director's and Downtown Connection TIF District Board of Director's approval.

Appendix C: LTV Tower TIF #2

Grant Agreement Funding Conditions

- ◆ TIF #2 shall be in full force and effect upon closing of the 1600 Pacific Landlord, LLC's acquisition of the Project and satisfaction of the following conditions at such closing:
 - ◆ HRI Properties shall submit a Completion Guarantee for the Project, and such guarantee shall include minimum net worth/market asset values and liquidity requirements to be negotiated with the City;
 - ◆ 1600 Pacific Landlord, LLC shall close construction financing for the Project and provide documentation of construction financing;
 - ◆ 1600 Pacific Landlord, LLC shall provide evidence of Performance Bond by the Project's General Contractor;
 - ◆ 1600 Pacific Landlord, LLC shall provide evidence of private equity investment for the Project; and
 - ◆ Reimbursement of the final \$1,000,000 of TIF #2 shall be contingent upon completion of the LTV Tower Redevelopment Project and issuance of a final Certification of Occupancy for all portions of the Project.

Appendix C: LTV Tower Redevelopment *Grant Agreement Funding Conditions*

- ◆ Effective upon closing of Owner's acquisition of the Project, the City will make the TIF #2 reimbursements with respect to the Project directly to First National Bank and that the TIF #2 payments have been fully earned and are not subject to offset or reduction, except reduction of the TIF #2 amount by \$1,000,000; and
- ◆ In consideration of (i) the TIF #2 Economic Development TIF grant, (ii) the above listed amendments to TIF #1, and (iii) a partial pay down from the cash proceeds of the sale to 1600 Pacific Landlord, LLC of the Existing Loans to an amount no more than \$22 million, and subject to completion of due diligence and documentation to the satisfaction of First National Bank and receipt of all required approvals, First National Bank will release its Existing Liens on the Property at closing to allow Ricchi Dallas to deliver clean title to 1600 Pacific Landlord, LLC and in order to facilitate the collateralization of the 1600 Pacific Landlord, LLC construction financing for the Project.

Appendix D: Project Requirements/Other Information

LTV Tower Redevelopment Project Facts	
Minimum Residential Space (required)	180,000 s.f. Approx. 140 Units
Minimum Affordable Housing Units	14 Units or 10% of Total Residential Units
Minimum Hotel Space	180,000 s.f. Approx. 145 rooms
Minimum Retail Space	15,500 s.f.
Minimum Parking Spaces	120
Required Private Investment – (construction hard and soft costs)	Min. 35,000,000
Expected Total Project Cost	\$67,520,108
TIF Funding	\$17,500,000
% TIF funds to total project cost	25.92%
Return on Investment without TIF	6.7%
Return on Investment with TIF	9%
Deadline to Obtain Building Permit	December 31, 2013
Deadline to Obtain Final CO	September 30, 2015

Appendix E: LTV Tower Redevelopment Project Proforma

LTV Tower Redevelopment Project Pro Forma			
Downtown Connection TIF District			
PROJECT ADDRESS:	1600 Pacific Avenue		
PROJECT TYPE:	Mixed Use (Residential, Hotel)		
CONSTRUCTION START DATE:	December 31, 2013		
PROJECT COMPLETION DATE:	September 30, 2015		
	<u>SF</u>	<u># of Units/Rooms</u>	<u>Avg SF</u>
Residential Units	178,381	186	959
Hotel Rooms (includes back of house and common area)	157,800	171	923
<u>Use Breakdown</u>	<u>SF</u>	<u>Total Leasable SF</u>	
Residential (includes back of house and common area)	249,390	346,181	
Retail	10,000		
Hotel	157,800		
Garage	146,400	<u>Total Bldg SF (Gross)</u>	
		563,590	
<u>Project Costs</u>		Residential Revenue	\$3,178,749
Hard Cost	\$37,116,405	Hotel Revenue	\$9,435,780
Soft Cost (less Developer Fee)	\$19,457,880	Total Revenue	\$12,614,529
Acquisition	\$10,945,823	<u>Expenses</u>	
Total Project Cost (without City \$)	\$67,520,108	Residential Expenses	(\$495,443)
Total Project Cost	\$67,520,108	Hotel Expenses	(\$6,133,257)
TIF Assistance	\$17,500,000	Residential & Hotel Mgmt	(\$378,436)
Net Cost to Developer (after TIF reimbursement)	\$50,020,108	Taxes (franchise, property)	(\$1,085,032)
		Total Expenses	(\$8,092,168)
<u>Return on Cost Analysis</u>		NOI	\$4,522,362
<u>NOI/Total Project Costs</u>		Notes: Stabilized rates in 2020; Revenues reflect vacancy rates of Residential 10%; Hotel 25%	
Return on Cost (without City \$)	6.7%		
Return on Cost (with City \$)	9.0%		

Appendix F: Downtown Connection TIF Increment Chart

Projected TIF Increment Schedule

Tax Year		Total Property Value Estimate ¹	Property Value Growth	Anticipated Captured Value	Anticipated Accumulated Revenue (NPV)	Tax Increment Revenue into TIF * CITY @ 90%	Tax Increment Revenue into TIF ** COUNTY @ 55%	Anticipated Increment Revenue	NPV Anticipated Increment Revenue (2005)
Base	2005	\$561,696,137	(1)						
Base	2009	\$564,917,317	(2)						
1	2006	\$759,033,448	35.13%	\$197,337,311	\$1,370,108	\$1,208,059		\$1,438,614	\$1,370,108
County		\$759,016,948		\$197,320,811			\$230,555		
2	2007	\$989,078,707	30.31%	\$427,382,570	\$4,450,867	\$2,844,731		\$3,396,536	\$4,450,867
County		\$988,341,787		\$426,645,650			\$551,805		
3	2008	\$1,515,616,786	53.24%	\$953,920,649	\$10,691,983	\$6,065,898		\$7,224,872	\$10,691,983
County		\$1,595,047,713		\$1,033,501,376			\$1,158,974		
4	2009	\$1,512,292,589	-0.22%	\$947,375,272	\$17,179,939	\$6,768,369		\$7,886,151	\$17,179,939
County		\$1,559,199,640		\$994,432,123			\$1,117,782		
5	2010	\$1,539,047,900	1.77%	\$974,130,583	\$23,590,942	\$6,849,382		\$8,182,245	\$23,590,942
County		\$1,583,755,734		\$1,018,988,217			\$1,332,864		
6	2011	\$1,546,807,101	0.50%	\$981,889,784	\$29,976,530	\$7,235,640		\$8,557,298	\$29,976,530
County		\$1,589,222,014		\$1,024,304,697			\$1,321,658		
7	2012	\$1,762,069,405	13.92%	\$1,197,152,088	\$37,259,180	\$8,587,172		\$10,247,420	\$37,259,180
County		\$1,806,641,969		\$1,241,724,652			\$1,660,248		
8	2013	\$1,804,258,824	2.39%	\$1,239,341,507	\$44,397,709	\$8,889,797	\$1,657,062	\$10,546,858	\$44,397,709
9	2014	\$1,877,874,888	4.08%	\$1,312,957,571	\$51,600,140	\$9,417,845	\$1,755,490	\$11,173,335	\$51,600,140
10	2015	\$2,188,793,720	16.56%	\$1,623,876,403	\$60,083,973	\$11,648,065	\$2,171,204	\$13,819,269	\$60,083,973
11	2016	\$2,464,529,254	12.60%	\$1,899,611,937	\$69,535,777	\$13,625,916	\$2,539,876	\$16,165,793	\$69,535,777
12	2017	\$2,692,987,250	9.27%	\$2,128,069,933	\$79,620,092	\$15,264,646	\$2,845,336	\$18,109,982	\$79,620,092
13	2018	\$2,823,996,995	4.86%	\$2,259,079,678	\$89,815,457	\$16,204,379	\$3,020,502	\$19,224,881	\$89,815,457
14	2019	\$3,137,771,849	11.11%	\$2,572,854,532	\$100,873,981	\$18,455,086	\$3,440,035	\$21,895,121	\$100,873,981
15	2020	\$3,351,229,853	6.80%	\$2,786,312,536	\$112,279,694	\$19,986,220	\$3,725,439	\$23,711,659	\$112,279,694
16	2021	\$3,443,788,100	2.76%	\$2,878,870,783	\$122,601,641	\$20,650,140	\$1,881,376	\$22,531,517	\$122,601,641
17	2022	\$3,512,663,862	2.00%	\$2,947,746,545	\$131,826,780	\$21,144,186	\$0	\$21,144,186	\$131,826,780
18	2023	\$3,586,106,060	2.09%	\$3,021,188,743	\$140,831,522	\$21,670,987	\$0	\$21,670,987	\$140,831,522
19	2024	\$3,657,828,181	2.00%	\$3,092,910,864	\$149,611,058	\$22,185,450	\$0	\$22,185,450	\$149,611,058
20	2025	\$3,736,318,125	2.15%	\$3,171,400,808	\$158,184,713	\$22,748,458	\$0	\$22,748,458	\$158,184,713
21	2026	\$3,811,044,487	2.00%	\$3,246,127,170	\$166,542,495	\$23,284,470	\$0	\$23,284,470	\$166,542,495
22	2027	\$3,887,265,377	2.00%	\$3,322,348,060	\$174,689,189	\$23,831,203	\$0	\$23,831,203	\$174,689,189
23	2028	\$3,972,098,184	2.18%	\$3,407,180,867	\$182,646,057	\$24,439,708	\$0	\$24,439,708	\$182,646,057
24	2029	\$4,051,540,148	2.00%	\$3,486,622,831	\$190,400,714	\$25,009,546	\$0	\$25,009,546	\$190,400,714
25	2030	\$4,115,568,049	1.58%	\$3,550,650,732	\$197,921,727	\$25,468,818	\$0	\$25,468,818	\$197,921,727
26	2031	\$4,156,723,730	1.00%	\$3,591,806,413	\$205,167,621	\$25,764,027	\$0	\$25,764,027	\$205,167,621
27	2032	\$4,198,290,967	1.00%	\$3,633,373,650	\$212,148,334	\$26,062,189	\$0	\$26,062,189	\$212,148,334
28	2033	\$4,240,273,877	1.00%	\$3,675,356,560	\$218,873,453	\$26,363,333	\$0	\$26,363,333	\$218,873,453
29	2034	\$4,282,676,616	1.00%	\$3,717,759,299	\$225,352,221	\$26,667,487	\$0	\$26,667,487	\$225,352,221
30	2035	\$4,325,503,382	1.00%	\$3,760,586,065	\$231,593,554	\$26,974,684	\$0	\$26,974,684	\$231,593,554
Total						\$515,315,889	\$30,410,206	\$545,726,096	\$231,593,554
2006 NPV @ 5%						\$213,093,554	\$18,500,000	\$231,593,554	

Appendix G: Downtown Connection TIF Reimbursement Queue

- On September 16, 2009, the Downtown Connection TIF District Board of Directors approved a modified Queue Reimbursement method that established a project payment priority based upon the date evidence is provided to the City of the receipt of a building permit and executed construction loan or receipt of final certificate of occupancy for projects approved for TIF Reimbursement.

Downtown Connection TIF District
Reimbursement Queue
As of April 2013

Reimbursement Priority ¹	Project Name	Priority Date	Construction Status	Primary TIF Reimbursement	Maximum Interest	Total Eligible TIF Reimbursement	Project Generated Increment Only ⁴	Reimbursement Status
1	Stoneleigh Hotel	5/30/2010	Completed	\$2,500,000	\$0	\$2,500,000	Yes	To Be Paid
2	Hall Lone Star ²	5/30/2010	Completed	\$852,764	\$2,000,000	\$2,852,764	No	To Be Paid
3	Santa Fe IV - Aloft Hotel	5/30/2010	Completed	\$4,296,264	\$0	\$4,296,264	No	To Be Paid
4	1600 Pacific TIF #1	10/26/2010	Under Construction	\$8,830,000	\$4,040,200	\$12,870,200	No	N/A
5	Joule Hotel Expansion	1/19/2011	Under Construction	\$20,658,500	\$0	\$20,658,500	No	N/A
6	Atmos Complex Phase I	6/20/2011	Under Construction	\$3,250,000	\$3,000,000	\$6,250,000	No	N/A
7	Joule Hotel Expansion Amendment	8/10/2011	Under Construction	\$3,194,409	\$0	\$3,194,409	No	N/A
8	Continental Building ³	9/16/2011	Under Construction	\$13,305,700	\$4,222,588	\$17,528,288	No	N/A
TBD	Atmos Complex Phase II	TBD	Approved	\$11,750,000	\$5,000,000	\$16,750,000	No	N/A
TBD	1914 Commerce Street	TBD	Under Construction	\$13,168,950	\$0	\$13,168,950	No	N/A
TBD	1954 Commerce Street	TBD	Under Construction	\$3,020,350	\$0	\$3,020,350	No	N/A
TBD	Hall Lone Star Project - Phase II ²	TBD	Approved	\$5,000,000	\$0	\$5,000,000	No	N/A
TBD	1401 Elm Street	TBD	Approved	\$30,000,000	\$0	\$30,000,000	No	N/A
TBD	PetroCorrigan Project	TBD	Approved	\$10,300,000	\$0	\$10,300,000	No	N/A
TBD	500 S. Ervay	TBD	Approved	\$5,000,000	\$0	\$5,000,000	No	N/A
TBD	LTV Tower	TBD	Approved (TIF Board)	\$17,500,000	\$0	\$17,500,000	No	N/A
						\$170,889,725		

Notes:

¹The priority ranking of an approved project is established by the submittal of evidence to the City of an executed construction loan and building permit for the project.

²Hall Lone Star Project, Phases I and II, is eligible to receive up to \$2M in interest. The full \$2M in interest is shown in Phase I of the project.

³The Total TIF Reimbursement for the Continental Building project is \$22,528,288 (includes an additional \$5M in bond proceeds).

⁴Based on the development agreement for the project, reimbursement may take the form of project generated increment only or project generated increment plus shared increment.

Appendix H: HRI Properties

Company Information

- ◆ Founded in 1982 and based in New Orleans, Louisiana
- ◆ HRI Properties is a full-service real estate development company and a national leader in the adaptive reuse of historic structures and creation of large-scale mixed-use projects.
- ◆ HRI Properties has completed 64 large-scale projects totaling \$1.78 billion of development costs, including:
 - ◆ 4,897 apartment units and condominiums
 - ◆ 283,246 sq. ft. of retail space
 - ◆ 3,961 hotel rooms
 - ◆ 930,060 sq. ft. of office space
- ◆ HRI Properties and its affiliates work together as an integrated group to bring a holistic, team approach to public/private partnership real estate development.
 - ◆ Architectural service company
 - ◆ Construction management company
 - ◆ Residential/commercial property management company
 - ◆ Hospitality property management company



Hilton Garden Inn
Jackson Downtown
235 West Capital Street,
Jackson, MS 39201
Main (601) 353-5464
Fax (601) 353-5465

Completed: 2009
Units: 186 Guestrooms
Square Footage:
Hotel 159,481 Sq. Ft.
Retail 2,910 Sq. Ft.



Hilton Garden Inn
Richmond Downtown
230 North 6th Street,
Richmond, VA 23219
Main (804) 344-4300
Fax (804) 344-4375

Completed: 2009
Units: 250 Guestrooms
Square Footage:
Hotel 290,497 Sq. Ft.
Retail 21,000 Sq. Ft.



Humble Tower Hotels
Courtyard - Marriott
916 Dallas Street,
Houston, TX 77002

Completed: 2001
Units: 191 Guestrooms
Square Footage:
Hotel 158,000 Sq. Ft. (approx.)
Retail 5,800 Sq. Ft.

Appendix H: HRI Properties

Company Information (Continued)

- ◆ **Pres Kabacoff, Co-Chairman of the Board of Directors & Chief Executive Officer**
Mr. Kabacoff co-founded HRI Properties. in 1982 and serves as its Co-Chairman and Chief Executive Officer. Mr. Kabacoff serves as the Director of Economic Development, Dillard University, New Orleans, Louisiana.
- ◆ **A. Thomas Leonhard, Jr., HRI Properties, President and COO**
Mr. Leonhard is responsible for all of HRI's operations, which includes 738 employees managing 40 properties in five states. Under Mr. Leonhard's 23-years of service, HRI Properties has successfully completed 55 large-scale projects, including 4,635 apartment units, 3,487 hotel rooms, and over one million square feet of office and retail space, with a total funding value of \$1.6 billion.
- ◆ **Steven Nance, HRI Properties, Vice President Development**
Mr. Nance is responsible for HRI's acquisition and repositioning of operating hotel properties and also is involved in hotel development opportunities. Since joining HRI in 2008, Mr. Nance has completed hotel acquisitions, repositioning, dispositions and refinancing totaling over \$100 million. Prior to joining HRI, Mr. Nance spent 15 years in commercial banking with J.P. Morgan Chase and Hibernia National Bank, focusing on hospitality, real estate, financial services and energy service companies.

Appendix I: LTV Tower Redevelopment *Development Team*

- ◆ **Developer:** 1600 Pacific Landlord, LLC (single asset entity formed to redevelop the building)
 - ◆ Historic Restoration, Incorporated (dba HRI Properties)
- ◆ **Architect:** HCI Architecture and Merriman and Associates Architects
- ◆ **Residential Management Company:** HRI Management Corporation
- ◆ **Hotel Management Company:** HRI Lodging
- ◆ **General Contractor:** Andres Construction Service, LLC

Memorandum



DATE April 12, 2013

TO Members of the Economic Development Committee: Tennell Atkins (Chair),
Ann Margolin (Vice Chair) Jerry R. Allen, Sheffie Kadane, Monica Alonzo

SUBJECT **Creation of a new Public Improvement District (PID): University Crossing PID**

On Monday, April 15, 2013 the Economic Development Committee will be briefed on the University Crossing PID.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.



Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council

Mary K. Suhm, City Manager

Rosa Rios, City Secretary

Tom Perkins Jr., City Attorney

Craig Kinton, City Auditor

Judge Daniel Solis, Administrative Judge Municipal Court

A.C. Gonzalez, First Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager

Forest Turner, Assistant City Manager

Joey Zapata, Assistant City Manager

Jeanne Chipperfield, Chief Financial Officer

Karl Zavitkovsky, Director, Office of Economic Development

J. Hammond Perot, Assistant Director, Office of Economic Development

Stephanie Pegues-Cooper, Assistant to the City Manager

Creation of a new Public Improvement District University Crossing PID (UCPID)

Economic Development Committee

April 15, 2013



Office of Economic Development
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Purpose

- ◆ Provide the Economic Development Committee with a brief overview of the proposed University Crossing Public Improvement District (UCPID) located in the area generally between Mockingbird Lane and Lovers Lane east of Central Expressway and west of Greenville Avenue
- ◆ Request approval for Council action on the following items
 - May 22, 2013 - Call public hearing to be held on June 12, 2013 to consider creation of the UCPIID
 - June 12, 2013 - Hold public hearing and consider creation of the UCPIID

Public Improvement Districts (PIDs)

Background

- ◆ Public Improvement Districts (PIDs) are special assessment areas created at the request of the property owners for enhanced services like: marketing and promotion, additional security, landscaping and lighting, street cleaning, and cultural or recreational improvements. Property owners pay a special annual assessment used to fund eligible PID expenditures
- ◆ The City of Dallas currently has ten PIDs located throughout the City:
 - Deep Ellum PID
 - DID – Dallas Downtown Improvement District
 - Knox Street PID
 - Lake Highlands PID
 - Oak Lawn – Hi Line PID
 - Prestonwood PID
 - Southside PID
 - Uptown PID and
 - Vickery Meadow PID
 - Tourism PID
- ◆ A summary of the Dallas PID Policy is contained in Appendix B

The proposed University Crossing PID is located near the Mockingbird DART light rail station, bounded by the following right-of-ways:

- North Central Expressway
- Lovers Lane
- Mockingbird Lane
- and Greenville Avenue

as shown in the map



University Crossing PID

Purpose

The purpose of the UCPID is to:

- ◆ Enhance security
- ◆ Install landscape improvements
- ◆ Promote the University Crossing PID area
- ◆ Improve the signage and wayfinding system
- ◆ Improve and create public green spaces



University Crossing PID Creation Requirements

- ◆ Petition Requirement

- Petition of support from owners representing at least **60% of total value** of all properties within the UCPID
AND
- Petition of support from **EITHER** at least **60% of record owners** of all properties within the UCPID **OR** at least **60% of the total land area** within the UCPID

- ◆ Applicant (Prescott Realty Group) submitted formal application containing:

- Petitions
- Map
- Proposed Service Plan for UCPID
- Assessment Rate & supporting Information

University Crossing PID Creation Requirements (continued)

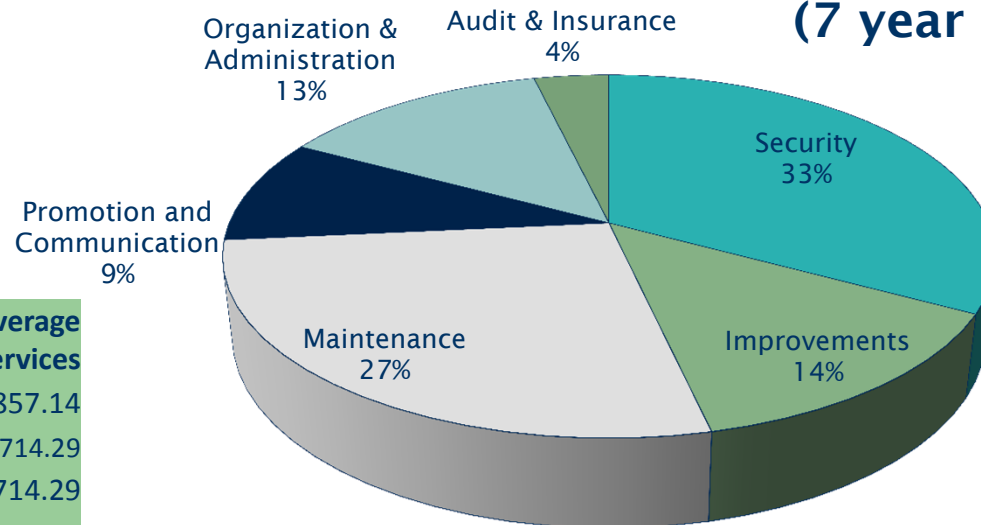
- ◆ Petition Received exceed minimum requirements
 - Petitions received reflected support for the UCPID property owners representing:
 - 61% of property value and
 - 62% of land area

University Crossing PID Petition Review			
	Property Values	Area (SF)	Record owners
Total Accounts within the PID	\$521,528,032	7,321,689	251
Accounts supporting PID creation	\$318,059,674	4,560,728	138
% Accounts supporting PID creation *	60.99%	62.29%	55%
*60% of value and 60% land area (or) 60% of all record owners. These benchmarks exceed State requirements for creation of a PID.			

University Crossing PID Proposed Service Plan (continued)

UCPID Service Plan (7 year average)

Description of Services	7 year average cost of services
Security	\$192,857.14
Improvements	\$79,714.29
Maintenance	\$158,714.29
Promotion and Communication	\$54,714.29
Organization & Administration	\$78,857.14
Audit & Insurance	\$22,000.00



Note: The initial one-time creation/setup cost (\$34,000) is not included in the above chart.

The University Crossing PID Service Plan is include in Appendix A

University Crossing PID Assessment

- ◆ The proposed UCPID assessment rate is \$0.12 per \$100.00 of appraised value as determined by the Dallas Central Appraisal District
- ◆ Annual assessment rate shall not exceed \$0.15 per \$100.00 valuation
- ◆ Assessment rate will be reviewed annually by the City Council
- ◆ Southern Methodist University (which has tax exempt properties), agreed to participate in the UCPID to pay a special assessment
- ◆ Other tax exempt properties like City of Dallas, DISD and DART will not be paying the assessment

University Crossing PID Management and Operation

- ◆ UCPID will be managed by University Crossing Improvement District Corporation, a nonprofit corporation created under the provisions of Section 501(c)(4)
- ◆ Subject to the City Council approval:
 - UCPID will operate for seven years
 - January 1, 2014 to December 31, 2020

Recommendations

- ◆ Economic Development Committee recommendation for Council approval of:
 - May 22, 2013 - Call public hearing to be held on June 12, 2013 to consider creation of the UCPID
 - June 12, 2013 - Hold public hearing and consider creation of the UCPID

◆ Appendices

Appendix A – University Crossing PID Proposed Service Plan

University Crossing Public Improvement District - Seven-Year Budget

	2014 Budget ¹	2015 Budget ¹	2016 Budget ¹	2017 Budget ¹	2018 Budget ¹	2019 Budget ¹	2020 Budget ¹
REVENUES & RESERVES							
Fund balance from previous year	\$0.00	\$0.00	\$2,000.00	\$1,000.00	\$3,000.00	\$1,000.00	\$2,000.00
Net assessment revenue	\$479,000.00	\$506,000.00	\$551,000.00	\$592,000.00	\$645,000.00	\$665,000.00	\$685,000.00
Exempt jurisdictions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest on cash balances	\$2,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
Other income & contributions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL INCOME	\$481,000.00	\$509,000.00	\$556,000.00	\$596,000.00	\$651,000.00	\$669,000.00	\$690,000.00
EXPENDITURES							
Security ²	\$163,000.00	\$178,000.00	\$195,000.00	\$191,000.00	\$202,000.00	\$207,000.00	\$214,000.00
Improvements ³	\$55,000.00	\$61,000.00	\$72,000.00	\$89,000.00	\$104,000.00	\$87,000.00	\$90,000.00
Maintenance ⁴	\$97,000.00	\$127,000.00	\$139,000.00	\$155,000.00	\$182,000.00	\$204,000.00	\$207,000.00
Promotion and Communication ⁵	\$41,000.00	\$45,000.00	\$50,000.00	\$56,000.00	\$58,000.00	\$63,000.00	\$70,000.00
Organization & Administration ⁶	\$72,000.00	\$76,000.00	\$78,000.00	\$80,000.00	\$81,000.00	\$82,000.00	\$83,000.00
Audit & Insurance ⁷	\$19,000.00	\$20,000.00	\$21,000.00	\$22,000.00	\$23,000.00	\$24,000.00	\$25,000.00
Creation ⁸	\$34,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL EXPENDITURES	\$481,000.00	\$507,000.00	\$555,000.00	\$593,000.00	\$650,000.00	\$667,000.00	\$689,000.00
FUND BALANCE/RESERVES	\$0.00	\$2,000.00	\$1,000.00	\$3,000.00	\$1,000.00	\$2,000.00	\$1,000.00

NOTES:

1. The University Crossing PID is anticipated to be approved by the City Council for operation in the 2014 calendar year. Budgets and Expenses for ongoing years will be approved annually by the Dallas City Council.
2. Police patrol of the University Crossing area, owner safety coordination, etc.
3. Public Improvements, landscape, parks and pedestrian amenities for the PID.
4. Sidewalk, public planters, waste disposal, clean area programs, and landscape maintenance throughout the University Crossing area expenses.
5. University Crossing area coordination among owners, program services for area promotion and awareness. 2014 includes creation of area website.
6. Expenses of the PID and salary of PID director.
7. Annual audit of the PID finances and liability insurance for the PID.
8. Reimbursement of creation expenses for the PID. This is a one expense at the actual amount of costs incurred in creation.

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Appendix B - Dallas PID Policy

- ◆ PIDs are governed by state law (Chapter 312).
- ◆ A City policy related to local administration of the PID program was originally adopted in December 2005 and last amended on October 28, 2009.
- ◆ Property owners petition the City to create a PID. City Council approval is required to create a PID.
- ◆ PID revenue is collected as part of the standard tax collection process. To date, all PID assessments are based on property value.
- ◆ Individual PIDs are governed by property owner elected boards and managed by a specifically formed non-profit organization or homeowners' association.

Appendix B - Dallas PID Policy (cont)

- ◆ State law requires that City Council annually adopt an updated PID Service Plan, hold a public hearing and set the PID assessment rate for each district for the upcoming year.
- ◆ To create a PID, property owners petition the City Council to adopt a special assessment on all property within PID boundaries for the purpose of improving services and infrastructure within the PID boundaries.
- ◆ For new PIDs and PID renewals, the City requires that Owners representing at least 60% of the value and 60% of all record Owners or 60% of land area support the creation of a new or renewing PID.

Appendix B - Dallas PID Policy (cont)

- ◆ In new Single-Family PIDs, the City will require that Owners representing at least 66.7% of the value and 66.7% of all record Owners or 66.7% of land area support the creation of a new PID.
- ◆ In Dallas, PIDs are authorized for a period of no longer than seven (7) years with the option of renewal. The renewal process requires preparing a budget, service plan and assessment plan for the district and having property owners sign a petition supporting renewal of the PID.

Appendix B - Dallas PID Policy (cont)

- ◆ A PID application for creating or renewing a PID shall include a section that clearly identifies the benefit of the PID to the affected property owners and to the city as a whole, an assessment plan, and also evidence of insurance.
- ◆ PID applications include a map and a legal or clear description of the property included in the District.

Appendix B - Dallas PID Policy (cont)

- ◆ Most of the PIDs are in mixed-use districts but the PID policy allows for the establishment of PIDs in residential districts like Prestonwood.
- ◆ The PID Policy does NOT allow the creation of PID Districts in undeveloped subdivisions.
- ◆ PIDs are required to be self-sufficient and not adversely impact ordinary service delivery of the City.
- ◆ PIDs in Dallas will be allowed to fund any item provided by state law.

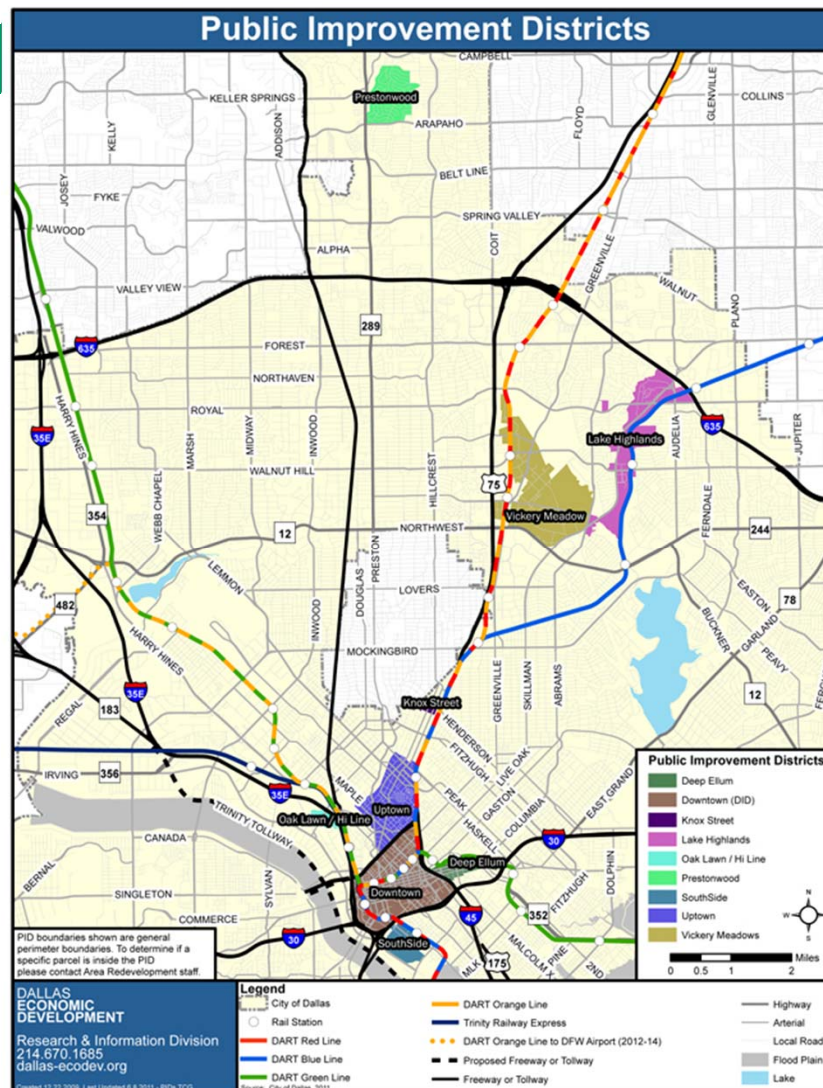
Appendix B - Dallas PID Policy (cont)

- ◆ PID assessments are typically based on a set rate applied to total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
- ◆ PID assessments in the Tourism PID will be a set fee based on hotel collections on rooms.
- ◆ Administrative expenses, including costs for day to day City Staff administration, for a PID are limited to **15%** of the total budget in any year.

Appendix B - Dallas PID Policy (cont)

- ◆ A PID Service Plan shall contain procedures for the termination of the PID without imposing unintended costs on the City of Dallas. A PID cannot be dissolved without a petition from property owners and must be sufficient as for creation or renewal in accordance with Chapter 372, Section 372.005(b)
- ◆ All PID management entities are required to:
 - Submit quarterly reports on activities and expenditures
 - Have an independent annual audit
 - Hold an annual open meeting with at least 2 weeks notice to all property owners for input on the budget and service plan

Appendix C – Overview of Existing PIDs



Overview of Existing PIDs (continued)

	Deep Ellum		Downtown		Knox Street		Lake Highlands	
Expiration	12-31-2013		12-31-2013		12-31-2017		12-31-2014	
Accounts	420		1901		59		976	
Value	\$141,842,860		\$4,102,475,390		\$120,166,610		\$184,466,130	
Assessment	\$170,211		\$4,881,945		\$180,250		\$239,806	
Change in value	1.2%		6.5%		-0.4%		-1.2%	
Budget	Park Impvmnts., L/S Svcs.	24%	Public Safety	46%	Public Safety	0%	Public Safety	53%
	Professional Svcs.	1%	Capital Improvements	8%	Capital Improvements	69%	Improvements	19%
	Promotion	46%	Park Impvmnts. L/S Services	22%	Marketing/Promotion	26%	Promotion	10%
	Audit/Insurance	7%	Administration	10%	Administration	0%	Administration	11%
	Administration	14%						
	PID Renewal Fee	8%						

Overview of Existing PIDs (continued)

	Oak Lawn-Hi Line		Prestonwood		South Side		Uptown		Vickery Meadow	
Expiration	12-31-2016		12-31-2018		12-31-2019		12-31-2019		12-31-2014	
Accounts	49		1032		134		2250		2411	
Value	\$132,541,770		\$346,621,470		\$74,585,120		\$3,049,101,950		\$727,054,300	
Assessment	\$198,812		\$311,959		\$105,097		\$1,372,096		\$514,606	
Change in value	32.3%		-0.4%		1.0%		10.6%		4.4%	
Budget	Public Safety	41%	Public Safety	90%	Safety & Security	56%	Services (incl safety) & Promotion	38%	Community Service	11%
	Improvements	45%	Administration	3%	Improvements	20%	Capital Improvements	29%	Property Standards	14%
	Promotion	1%	Audit/Insurance	7%	Business Promotion	7%	Landscape Improvements	16%	Safety & Security	50%
	Administration	9%			Audit/Insurance	7%	Administration	11%	Audit/Insurance	2%
									Economic Devel	2%
									Administration	11%

Tourism Public Improvement District Summary

- ◆ A Tourism PID (TPID) is a Public Improvement District composed solely of hotels, focused on marketing, promotional activities, improving transit connections, attracting conventions, group meetings and increasing hotel activities within Dallas.
- ◆ TPID assessment is based on two percent assessment on hotel room-nights sold at Dallas hotels with 100 or more rooms.
- ◆ Funding is used for the following expenditures:
 - **Incentives** - 50% of TPID budget used to provide incentives to bring more conventions, meetings and visitors to Dallas
 - **Marketing** - 45% of TPID budget allocated for marketing efforts
 - **Administration** - 5% of TPID budget dedicated for administrative expenses

Memorandum



CITY OF DALLAS

DATE April 12, 2013

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Ann Margolin (Vice Chair) Jerry R. Allen, Sheffie Kadane, Monica Alonzo

SUBJECT **Cypress Waters Municipal Management District Development and Operating Agreement (Cypress Waters MMD), April 24, 2013 Council Agenda**

These items represent the next steps in the establishment and operation of the Cypress Waters Municipal Management District (CWMMD), which was created to support the Cypress Waters TIF District, near LBJ Freeway (I-635) and Belt Line Road and within City boundaries. In 2011, Billingsley Development Corporation began to develop 948 acres around the 362-acre North Lake. The first phase of the multifamily portion of the development is due to be completed in 2014.

The next phase of Cypress Waters requires that the water level of the adjacent North Lake be lowered to increase the buildable area of the development.

The City of Coppell owns the lake's spillway and has agreed to lower the spillway (thus lowering the lake level). Luminant owns property next to the lake's spillway and has agreed to grant the City of Coppell the rights required to accomplish this, provided (since Luminant will not benefit from the MMD) the MMD takes some action to protect Luminant from any MMD-related expenses.

Luminant has requested three actions from the Cypress Waters MMD board, all of which require Council approval:

- 1) A land substitution, to include in the MMD three parcels Luminant is trading to Billingsley and to remove from the MMD one parcel Luminant is receiving from Billingsley. In addition to Council approval, this action requires a now-pending minor amendment to state legislation that governs the district.
- 2) A grant agreement to repay Luminant (from future MMD revenues, if any) for expenses it incurs from being in the MMD, in the event the state legislation allowing the land substitution is not approved in this session.
- 3) Assurance that the City retains exclusive rule making authority over any mineral rights in the MMD. That is, Luminant would be required to follow City regulations regarding any drilling or extraction inside the MMD boundary.

These actions require a development and operating agreement between the City and the Cypress Waters MMD. This item proposes a partial development and operating agreement that only provides for these necessary actions. All other potential Cypress Waters MMD activity requiring City approval, including building public improvements, levying taxes, etc., would require an amendment to the development and operating agreement and future Council action.

The development and operating agreement 1) gives the City exclusive rule making authority over any mineral estates in the CWMMD; 2) authorizes the land substitution; and 3) authorizes the economic development grant.

The final portion of the item amends Resolution No. 09-0458 (which consented to the creation of the CWMMD) by replacing the draft legislation in Exhibit A with the final state enabling legislation. Revision of Section 4 of the consent resolution provides for an approval process in the event there are any discrepancies between state law and Resolution 09-0458.

The CWMMD was created by a special act of state legislature codified as Special District Local Laws Code, Chapter 3874 on June 19, 2009, to promote development and redevelopment in the CWMMD.

The final build out of Cypress Waters includes 10,000 residential units, 4 million square feet of commercial space, and an estimated 150,000 square feet of pedestrian-oriented retail space.

Financing

No cost consideration to the City

Staff

Karl Stundins, Manager, Area Redevelopment
Pam Thompson, Economic Development analyst

Recommendation

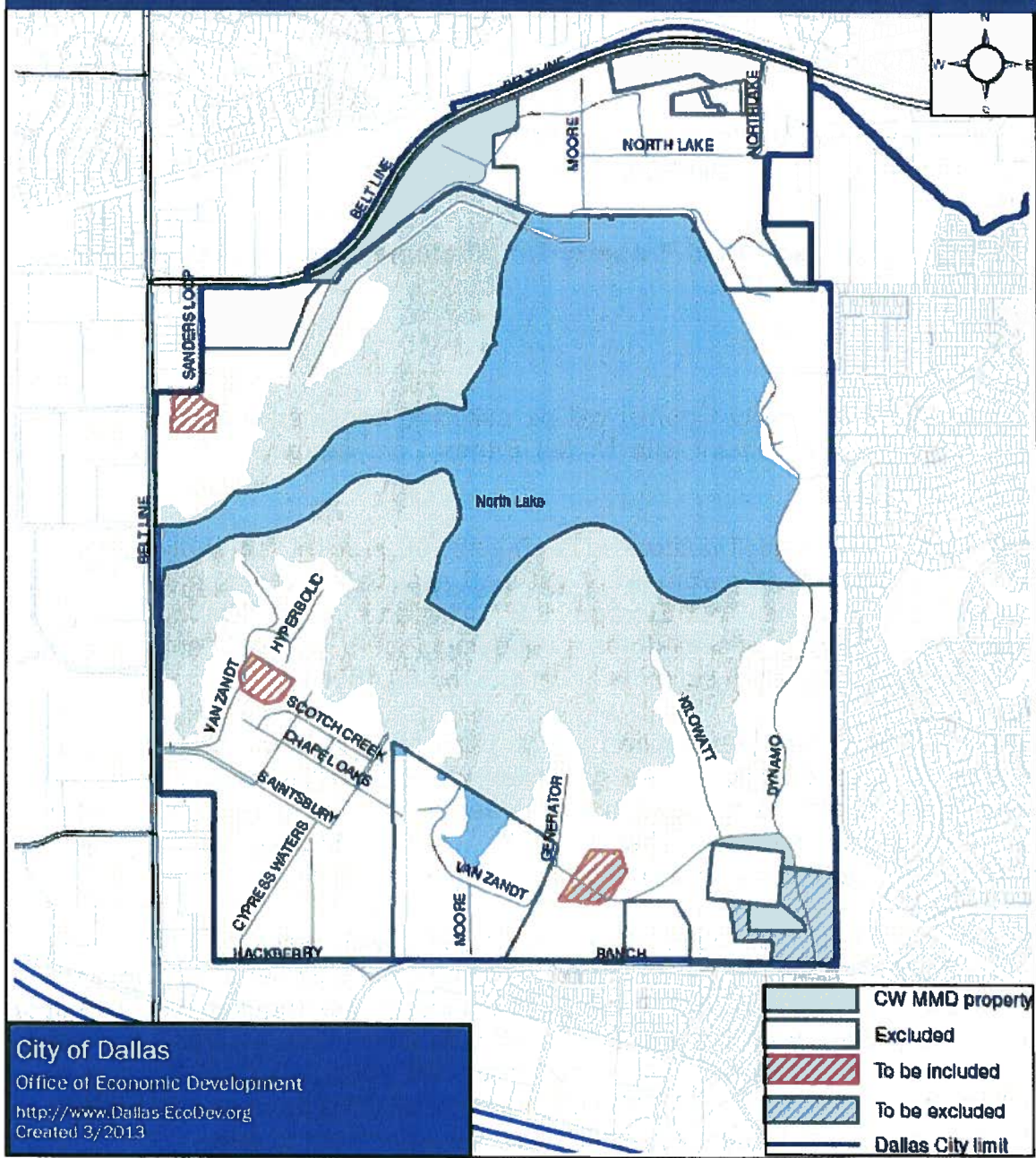
Staff recommends City Council approval of the item. Should you have any questions, please contact me at (214) 670-3296.



Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Tom Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
A.C. Gonzalez, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitskovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

Exhibit D Cypress Waters Municipal Management District (MMD) Inclusion/Exclusion Map



Memorandum



DATE April 12, 2013

TO Members of the Economic Development Committee:
Tennell Atkins (Chair), Ann Margolin (Vice Chair), Monica Alonzo, Jerry R. Allen,
Sheffie Kadane

SUBJECT **United States Cold Storage – Real Property Tax Abatement Agreement Amendment;
Council Agenda April 24, 2013**

Background

On Wednesday, April 24th, City Council will be asked to consider amending a real property tax abatement agreement with United States Cold Storage, L.P. (US Cold Storage).

On March 8, 2006, City Council authorized a 10-year, 90 percent tax abatement on added value of real property with Turnpike West, LLC associated with a potential new development by United State Cold Storage, L.P. The anticipated development by United States Cold Storage included the construction of a 500,000 square foot industrial/warehouse facility at an estimated cost of \$16,500,000.

As anticipated, US Cold Storage acquired the property in 2007 from Turnpike West, LLC with plans to build a large climate controlled warehouse that would meet the requirements of the approved tax abatement agreement. The date of substantial completion for the project was December 31, 2008. US Cold Storage put the project on hold indefinitely in 2008 due to the economic downturn.

In late 2012, US Cold Storage decided to move forward with plans to build a new facility and requested a modification of the original abatement agreement. City staff agreed to pursue City Council consideration of extending the required substantial completion of the project from December 31, 2008 to December 31, 2013 but not extend the term of the agreement. The modification will allow US Cold Storage to potentially benefit from the remaining 5-years of the original tax abatement agreement. US Cold Storage has not received any benefit from the agreement to date.

The original agreement required a minimum investment of \$16,500,000. The current anticipated investment for the new facility is over \$25,000,000 in real property and over \$2,700,000 in equipment. Estimated benefit from the tax abatement agreement to US Cold Storage over the proposed remaining term of the agreement is approximately \$897,638. US Cold Storage anticipates 60 employees at the facility.

Owner

United States Cold Storage, L.P., a Texas limited partnership
James Slamon
VP Finance & CFO

Staff

J. Hammond Perot, Assistant Director
Christopher O'Brien, Sr. Coordinator

Recommendation

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3296.



Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
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Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitskovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

Memorandum



DATE April 12, 2013

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Ann Margolin (Vice Chair) Jerry R. Allen, Sheffie Kadane, Monica Alonzo

SUBJECT **Actions Related to Setting the Annual Assessment Rate for the Tourism Public Improvement District; May 22, 2013 and June 12, 2013 Council Agendas**

Background

On May 22, 2013, City Council will be asked to consider a resolution to call for a public hearing to set the annual assessment rate for the Tourism Public Improvement District (T-PID). This rate will not change over the term of the T-PID.

The T-PID was established on June 13, 2012 by Resolution Number 12-1581. The District is located wholly within the City of Dallas. Its boundaries consist of noncontiguous areas authorized under Subchapter 372.0035 of the Act and include hotel properties with 100 or more rooms ordinarily used for sleeping. The District's primary purpose is to provide incentives and increased marketing that will attract more conventions and group meetings to Dallas as authorized by the Texas Local Government Code (the "Act") and approved by the Dallas City Council.

The total estimated cost of services and improvements provided by the District for the five year period is approximately sixty million, seven hundred ninety-seven thousand, seven hundred thirty-one dollars (\$60,797,731). The estimated average annual cost of services for the District is approximately twelve million, one hundred fifty-nine thousand, five hundred forty-six dollars (\$12,159,546). The apportionment of such costs shall be based on 2% of hotel room nights sold at Dallas hotels with 100 or more rooms. The 2% rate will only apply to hotel stays that are subject to the City's hotel occupancy tax.

The T-PID assessment has resulted in approximately \$5.3 million in collections through the 2nd quarter of fiscal year 2012-13. The collections have enabled the Dallas Convention & Visitors Bureau to initiate the "Big Things Happen Here" campaign and secure a variety of 38 events and meetings that will occur in the City over the next 10 years. This represents approximately \$58 million in additional hotel lodging revenue for the District's hotels.

The management group for the T-PID, the Dallas Tourism Public Improvement District Management Corporation, has requested that the start of the District's fiscal year be adjusted from August 1st to October 1st so that it is consistent with the City and the Dallas Convention Center & Visitors Bureau's fiscal year. As a result, the 2013 budget reflects an increase in all categories. The 2016 budget reflects a corresponding decrease. Total funding over the term of the T-PID remains the same.

The assessment rate will be reviewed and approved annually by the Dallas City Council and will be carried out in accordance with procedures stipulated in Chapter 372 of the Act.

The District shall automatically dissolve on July 31, 2017, unless the District is renewed through the petition and approval process as provided by the Act, or the District is sooner terminated as provided by law. During the term of the T-PID, if required, the T-PID can be dissolved by petitions signed by the majority of the property owners within the public improvement district as provided in Section 372.005(b) of the Act. If the District is dissolved, the District nonetheless shall remain liable for the payment of any indebtedness for the District.

The City desires, by the calling and holding of such public hearing, to provide a reasonable opportunity for any interested person to speak for or against the T-PID's special assessment on Dallas hotels with a 100 or more rooms, to provide funding for the District for the purpose of increasing hotel activities within the City of Dallas.

Financing

No Cost Consideration to the City

Staff

Karl Stundins, Area Redevelopment Manager, Office of Economic Development
Telemachus Evans, Economic Development Analyst

Recommendation

Staff recommends City Council's approval of the item.

5-year Service Plan

Attached

Map

Attached

Should you have any questions or concerns, please contact me at (214) 670-3296.



Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Tom Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
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Karl Zavitskovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

Tourism Public Improvement District (PID) Service Plan

FISCAL YEAR	2013-14 ¹	2014-15	2015-16	2016-17 ²	2017-18 ³	TOTAL
Assessment Revenue	\$ 13,188,924	\$ 11,710,855	\$ 12,062,181	\$ 10,437,046	\$ 12,796,767	\$ 60,195,773
Prior Year Balance	\$ 2,089,251	\$ 6,003,898	\$ 8,583,266	\$ 11,120,402	\$ 13,184,612	-
Investment Income	\$ 131,889	\$ 117,109	\$ 120,622	\$ 104,370	\$ 127,968	\$ 601,958
TOTAL INCOME	\$ 15,410,065	\$ 17,831,862	\$ 20,766,068	\$ 21,661,819	\$ 26,109,347	\$ 60,797,731

Marketing (Promotion/Advertising)	\$ 3,996,244	\$ 3,548,389	\$ 3,654,841	\$ 3,162,425	\$ 3,877,421	\$ 18,239,319
Marketing Support for DCVB	\$ 666,041	\$ 591,398	\$ 609,140	\$ 527,071	\$ 646,237	\$ 3,039,887
Marketing/Event Application Pool	\$ 999,061	\$ 887,097	\$ 913,710	\$ 790,606	\$ 969,355	\$ 4,559,830
Marketing Reserve	\$ 333,020	\$ 295,689	\$ 304,570	\$ 263,535	\$ 323,118	\$ 1,519,943
Marketing Sub-total	\$ 5,994,366	\$ 5,322,584	\$ 5,482,261	\$ 4,743,637	\$ 5,816,131	\$ 27,358,979
Site Visits & Familiarization Tours	\$ 1,332,081	\$ 1,182,796	\$ 1,218,280	\$ 1,054,142	\$ 1,292,474	\$ 6,079,773
Incentives ⁴	\$ 1,080,688	\$ 1,856,119	\$ 2,031,414	\$ 1,888,822	\$ 2,027,104	\$ 8,884,117
Incentives Reserve	\$ 333,020	\$ 295,689	\$ 304,570	\$ 263,535	\$ 323,118	\$ 1,519,943
Incentives Sub-total	\$ 2,745,760	\$ 3,334,614	\$ 3,554,264	\$ 3,206,499	\$ 3,642,696	\$ 16,483,833
Start-up expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance and Audit	\$ 133,208	\$ 118,280	\$ 121,828	\$ 105,414	\$ 129,247	\$ 607,977
Research	\$ 266,416	\$ 236,559	\$ 243,656	\$ 210,828	\$ 258,495	\$ 1,215,955
Administration	\$ 266,416	\$ 236,559	\$ 243,656	\$ 210,828	\$ 258,495	\$ 1,215,955
Operations Sub-total	\$ 666,041	\$ 591,398	\$ 609,140	\$ 527,071	\$ 646,237	\$ 3,039,887
TOTAL EXPENSES	\$ 9,406,166	\$ 9,248,596	\$ 9,645,666	\$ 8,477,207	\$ 10,105,063	\$ 46,882,699
NET Balance⁵	\$ 6,003,898	\$ 8,583,266	\$ 11,120,402	\$ 13,184,612	\$ 16,004,283	\$ 13,915,032

Notes:

¹ 14 month budget to align the PID's fiscal year with the City and Dallas Convention & Visitors Bureau's fiscal year

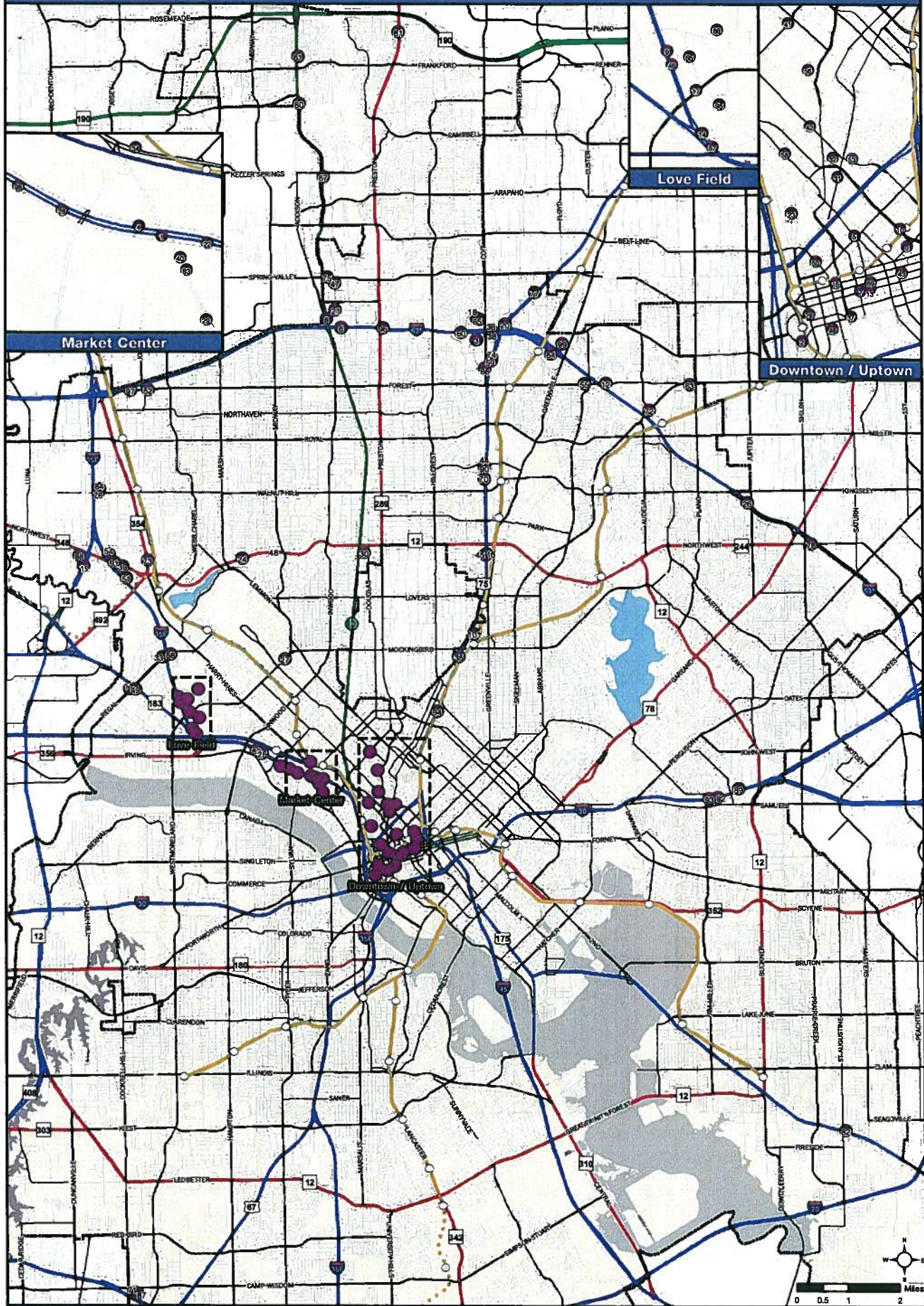
² 10 month budget to finish the PID's existing term

³ Expenses for 2017-18 are estimates subject to the Tourism PID's successful renewal

⁴ Reflect actual payments occurring in the fiscal year for meetings that take place in Dallas

⁵ Reflect the remaining Incentives budget that has been obligated, but will not be spent until the meeting occurs

Tourism PID Hotels



DALLAS ECONOMIC DEVELOPMENT
 Research & Information Division
 214.670.1685
 dallas-econdev.org
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- Legend**
- Proposed PID Hotel
 - Rail Station
 - Future Station
 - DART Light Rail
 - Commuter Rail
 - Future DART Light Rail
 - Freeway
 - Tollway
 - Highway
 - Arterial
 - Local Road
 - Escarpment
 - Flood Plain
 - Lake
 - City of Dallas

Source: Hotels - Texas State Comptroller's Office, 2011 - Hotels with 100+ rooms; All Other Data - City of Dallas, 2011

Memorandum



DATE: April 12, 2013

TO: Members of the Economic Development Committee: Tennell Atkins (Chair), Ann Margolin (Vice Chair) Jerry R. Allen, Sheffie Kadane, Monica Alonzo

SUBJECT: **Call and Hold a public hearing to receive comments regarding the renewal of Downtown Improvement District – May 22, 2013 and June 12, 2013 Council Agenda**

On May 22, 2013, City Council will be asked to consider a resolution calling for a public hearing regarding the renewal of the Downtown Improvement District (DID) to be held on June 12, 2013.

On April 1, 2013, Dallas CBD Enterprises, Inc., representing property owners of Downtown area delivered to the City of Dallas a petition to renew the DID in accordance with the parameters of Chapter 372 of the Texas Local Government Code.

City staff reviewed the petitions and determined that the owners of more than sixty percent of the property value and more than sixty percent of the land area had signed the petitions for the renewal of the DID. These benchmarks exceed the minimum requirements set in the City of Dallas PID Policy for the City Council to consider creation of the District and exceed State requirements for sufficiency of the petition. Staff has also evaluated the service plan and recommended that the services be made as outlined by the proposed service plan. The plan is viable.

DID was initially established in 1992, renewed in 2001 and 2006. The area is located in Council Districts 2 and 14, consists of approximately 1,777 properties and is primarily a combination of business, office and residential uses. The general nature of the proposed services and improvements to be performed by the District includes the Downtown Safety Patrol program, safety awareness and education programs, the Clean Team program, operation of the mass transportation facilities, landscaping, the banner program, installation and maintenance of trash containers, the promotion of downtown, installation of lighting, the implementation of signage and wayfinding systems, development of new public green spaces, and related expenses incurred in establishing, administering and operating the District as authorized by the Act and approved by the Dallas City Council.

The total estimated cost of services and improvements provided by the District for the seven year period is approximately forty-four million three hundred thirty-nine thousand five hundred fifty dollars (\$44,339,550). The estimated average annual cost of services for the District is approximately six million three hundred thirty-four thousand two hundred twenty-one dollars (\$6,334,221). Properties within the District will be charged with a special assessment to cover the cost of additional services. The following table shows the budget allocations for the next seven years:

DID Services (2014-2020)		
	Amount	Percentage
Organization & Administration	\$4,670,000.00	11%
Capital Improvements	\$3,770,000.00	9%
Transportation and Improvements	\$2,800,000.00	6%
Communications & Events	\$6,520,000.00	15%
Maintenance	\$9,151,000.00	21%
Safety	\$17,428,550.00	39%
TOTAL EXPENDITURES	\$44,339,550.00	

The proposed assessment rate for the seven year period is \$0.1190 per \$100.00 valuation. The annual assessment rate shall not exceed \$0.15 per \$100.00 valuation. The assessment rate will be reviewed and approved annually by the Dallas City Council and will be carried out in accordance with procedures stipulated in Chapter 372 of the Texas Local Government Code.

The City of Dallas has agreed to pay assessments against exempt City property in the District. The City has been paying an assessment on city-owned property in the DID since 1992. The City signed the petition to continue their support in the renewed DID. The City has participated because of the large amount of City-owned property and employees in the downtown area. The City facilities and employees benefit from the services of the DID. City right-of-way, railroad right-of-way, parks and cemeteries are not specially benefitted and therefore are not subject to an assessment. The approximate total liability for the City for the next seven years would be \$4,050,032 (based on 2012 City participation amount \$578,576).

Subject to City Council approval, the renewed DID will start operating from January 1, 2014 for seven years. The District will be managed through Dallas CBD Enterprises, Inc., a private nonprofit corporation established under the provisions of Section 501(c) (3) of the Internal Revenue Code. The Dallas City Council will review and approve annually the Service Plan and Assessment Plan that determines and levy assessments and conducts other functions as required by the Act. The Dallas CBD Enterprises, Inc., will be responsible for the management of the District.

The District shall automatically dissolve on December 31, 2020 unless the District is renewed through the petition and approval process as provided by the Act. During the term

of the PID, if required, the PID can be dissolved by petitions signed by majority of the property owners within the PID as provided in Section 372.005(b) of the Act. If the District is dissolved, the District nonetheless shall remain liable for the payment of any indebtedness for the District.

The City desires, by the calling and holding of such public hearing, to provide a reasonable opportunity for any owner of property located within the District to speak for or against the creation of the DID for a special assessment against each property owner of record for real property and real property improvements to provide funding for the District for the purpose of providing supplemental services and improvements.

The term of the District upon creation is seven years (2014 to 2020). Pending approval, the renewed DID operations will commence next year.

FISCAL INFORMATION

No cost consideration to the City

STAFF

Karl Stundins, Manager, Area Redevelopment Division
Vasavi Pilla, Economic Development Analyst

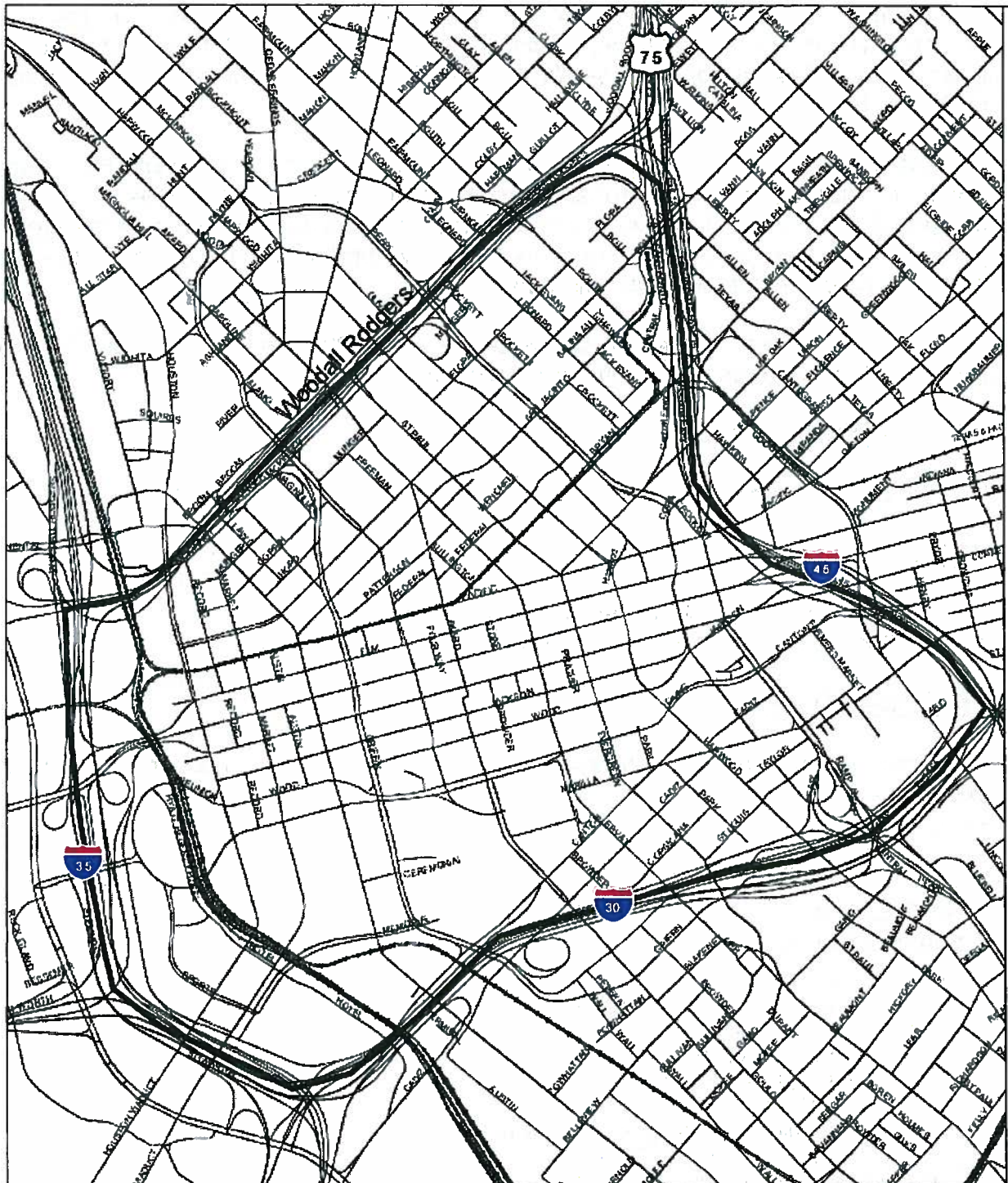
RECOMMENDATION

Staff recommends approval of the subject item. Please contact me if you have any questions.



Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Tom Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
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Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager



Downtown Improvement District Map

 PID Boundary

Office of Economic
Development
July 2006



Memorandum



DATE April 12, 2013

TO Members of the Economic Development Committee:
Tennell Atkins (Chair), Ann Margolin (Vice Chair), Monica Alonzo,
Sheffie Kadane, Jerry R. Allen

SUBJECT **Patriot Tower – Council Agenda April 24, 2013**

Background

On September 26, 2012 pursuant to Resolution Nos. 12-2399 and 12-2400, the City Council authorized a 10-year, 90 percent real property tax abatement agreement and a \$2 million Chapter 380 economic development grant with Encore Office to support the redevelopment of Patriot Tower in Downtown Dallas. On December 12, 2012, pursuant to Resolution No. 12-3073, City Council authorized replacing Encore Office with Saint Paul Holdings, LP as the developer and excluding land under the building, subject to two different ground leases, from the proposed tax abatement.

The project includes redevelopment of a 600,000 square foot office building. Half of the building will remain office space and half will be converted to a minimum of 200 modern apartment units. Redevelopment of the office portion of the building will result in retention of Greyhound's headquarters and recruitment of HKS Architects. Work is underway and will be completed in two phases. The office portion of the building is scheduled for completion in August 2013 and the multi-family portion should finish in June 2014.

Since the item was amended in December 2012, the developer has acquired one of the existing ground leases. Staff requests an amendment to the prior City Council approved resolutions to include the acquired ground lease which was previously excluded from the agreement.

This amendment does not change the terms and conditions of the original incentives for the project. The total foregone revenue associated with this 10-year tax abatement is \$2,872,440.

Owner

St. Paul Holdings, LP, a Texas limited partnership acting by and through its general partner, St. Paul Holdings GP, LLC, a Texas limited liability corporation
Shawn Todd

Patriot Tower
April 12, 2012
Page 2 of 2

Staff

J. Hammond Perot, Assistant Director
Christopher O'Brien, Sr. Coordinator

Recommendation

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3296.



Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
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Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

Patriot Tower: 350 N. St. Paul St.

Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.



Legend

○ Rail Station

— DART Light Rail

— Freeway

— Arterial

— Local Road

DALLAS
ECONOMIC
DEVELOPMENT

Research & Information Division
214.670.1685
dallas-ecodev.org

Source: City of Dallas, 2012