

Memorandum



CITY OF DALLAS

DATE June 30, 2010

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

SUBJECT **Consolidated Container Company and Weingarten Realty Investors; Agenda Item, October 11 and 25, 2010**

Background

On Wednesday, August 11, 2010 City Council will be asked to call a public hearing August 25, 2010 in order to receive comments on the creation of a reinvestment zone. At the close of the public hearing, Council will consider creating Reinvestment Zone 74 and consider economic development incentives for Consolidated Container Company and Weingarten Realty Investors.

For the past several months, city staff has negotiated with Consolidated Container Company regarding a possible reactivation of its 45,000 sq. ft. manufacturing facility located at 4525 Joseph Hardin Drive in Dallas, Texas. This plant was closed in 2008 and plans had called for the site to be sub-leased or remain vacant until the termination of the company's lease in 7 years. Sites in Houston and Sherman were also considered for this expansion project.

The company plans to invest approximately \$7.8 million in business personal property in order to reactivate the site, as well as make an investment of \$100,000 in real property improvements resulting in a minimum of 40 new jobs, with an average salary of \$36,400.

Consolidated Container Company and Weingarten Realty Investors seek City Council approval of a 60 percent real property abatement on the added value of business personal property related to this project. The creation of a reinvestment zone is necessary in order to provide an abatement for this project.

Consolidated Container Company is a leading provider of blow-molded plastic packaging with over 3,400 employees and 71 manufacturing facilities across North America.

The proposed agreement is estimated to result in approximately \$116,672 of new direct annual revenue for the City of Dallas and annual forgone revenue of approximately \$175,000. In addition to the proposed abatement, a Chapter 380 Economic Development Grant of \$25,000 is proposed to offset project related fees and other costs.

Project Details

Project Site: 4525 Joseph Hardin Drive, Dallas, Texas

Facilities: 45,000 sq. ft. Manufacturing and Warehouse Building

Business Personal Property Investment: approximately \$7.8 million

City Incentives

New Business Personal Property Tax Abatement: 60% - 5yrs Tax abatement will commence on or before January 2012.

	<u>Investment</u>	<u>Tax Abatement</u>	<u>Foregone Revenue</u>	<u>City of Dallas Tax Revenue</u>	
BPP One	\$7.8M	60% - 5yrs	\$35,000	\$23,334	Year
5-year totals			\$175,000	\$116,667	

Proposed Estimated Schedule of the Project

Begin Construction July 2010
Substantial Completion October 2010

Fiscal Information

- Revenue: First year revenue estimated at \$23,334; five-year revenue estimated at \$116,667; (Estimated revenue foregone for five-year abatement estimated at \$175,000).
- Economic Development Grant: \$25,000 Public Private Partnership Program

Owner

Weingarten Realty Investors

Staff

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

Recommendation

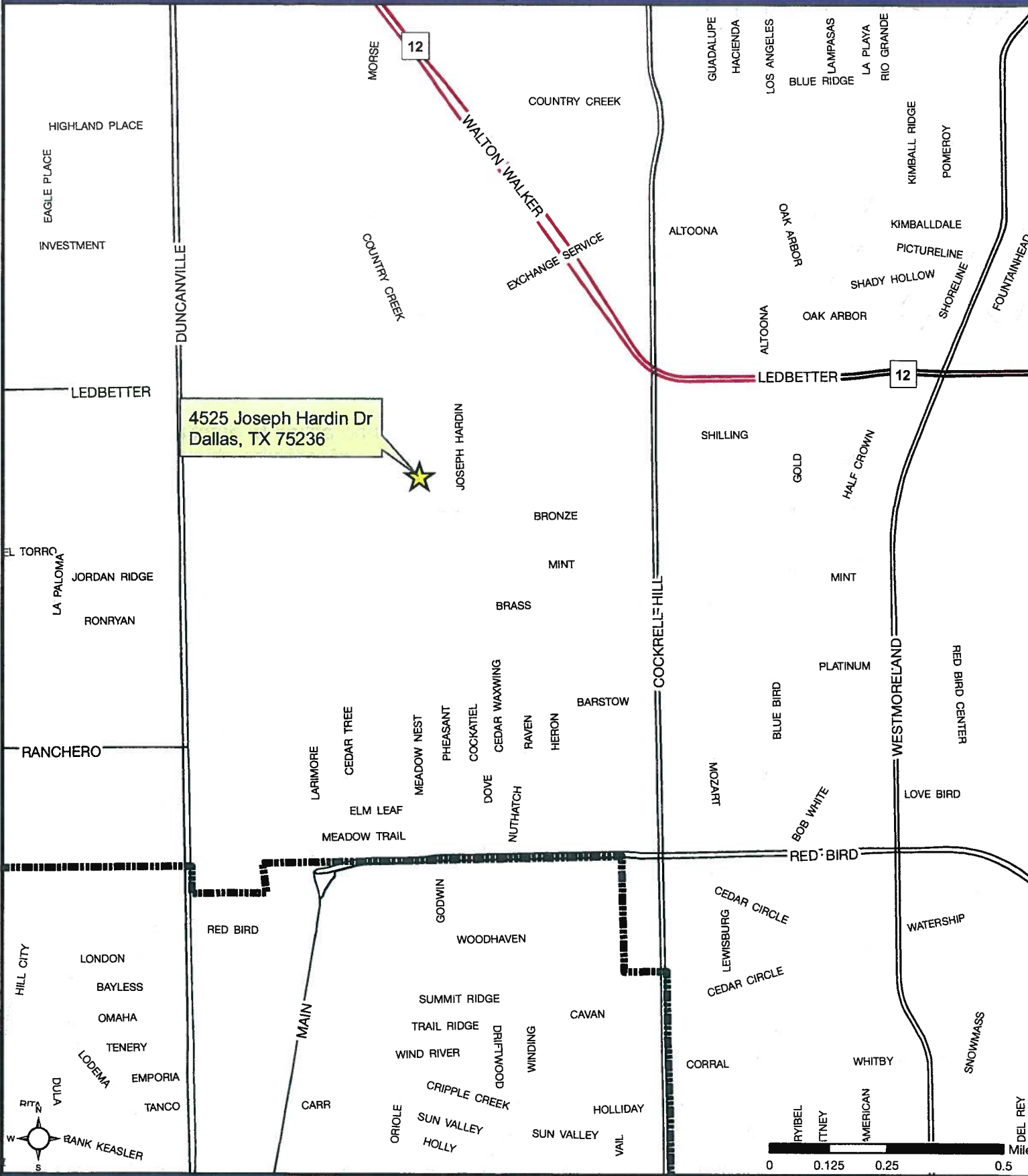
Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3314.



A.C. Gonzalez
Assistant City Manager

- C: The Honorable Mayor and Members of the City Council
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Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge Municipal Court
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Karl Zavitkovsky, Director, OED
- Hammond Perot, Asst. Director, OED
Helena Stevens-Thompson, Asst. to the CMO

4525 Joseph Hardin Dr.



4525 Joseph Hardin Dr
Dallas, TX 75236

DALLAS ECONOMIC DEVELOPMENT
 Research & Information Division
 214.670.1685
 dallas-ecodev.org

Legend

-  City of Dallas
-  Highway
-  Arterial
-  Local Road

Source: City of Dallas, 2010

Memorandum



DATE July 30, 2010

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

SUBJECT **Call Public Hearing regarding Enterprise Zone Program Participation in Order to
Nominate by Ordinance DRS Technologies for Enterprise Zone Project
Designation**

Background

On Wednesday, August 11, 2010 the City Council will be asked to authorize a public hearing to take place on August 25, 2010 for the purpose of receiving citizen comments on the city's participation in the Texas Enterprise Zone Program as required by the Texas Enterprise Zone Act, Chapter 2303 Texas Government Code. Upon completing the public hearing, Council will then be asked to approve an ordinance to ordain the City of Dallas' participation in the Texas Enterprise Zone Program. The recent adoption of new guidelines and criteria for the Public/Private Partnership Program necessitates the new ordinance and public hearing.

The City of Dallas has been approached by DRS Technologies to nominate by ordinance its application for an Enterprise Project designation to the Governor's Office of Economic Development and Tourism. The designation will allow for a rebate of state sales and use tax refunds on qualified expenditures of up to \$2,500 per job created or retained. DRS currently employs over 400 jobs at its Dallas facility and plans to apply for the Retention designation of the Enterprise Zone program. This project has no cost consideration to the City of Dallas.

DRS Technologies, a defense technology solutions and services leader with revenue of \$3.9 billion, plans to make significant investments in its Dallas facility for lab and production equipment, computer and systems upgrades as well as other leasehold improvements. DRS anticipates spending approximately \$30 million over the five year Enterprise Zone project designation period to expand the capabilities of its Dallas facility.

The Dallas facility is part of DRS' Reconnaissance, Surveillance & Target Acquisition Division (RSTA). Globally, DRS employs over 10,000 people at facilities in 27 U.S. states, Canada, the U.K., Germany and Kuwait in functions such as Naval Displays and Networks, Ruggedized Computing, Electro-optical and Infrared Technologies.

Project Details

Project Site: 13544 & 13532 Central Expressway

Existing Facility:

Jobs: 400

Retention:

- 400 jobs

New Real & Business Personal Property Investment: Approx. \$30,000,000

Incentives

Authorize and Enterprise Zone Project application for State of Texas incentives

Proposed Estimated Schedule of the Project

Begin Tenant Improvements	September 2010
Substantial Completion	December 2015

Fiscal Information

No Cost Consideration to the City

Staff

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

Recommendation

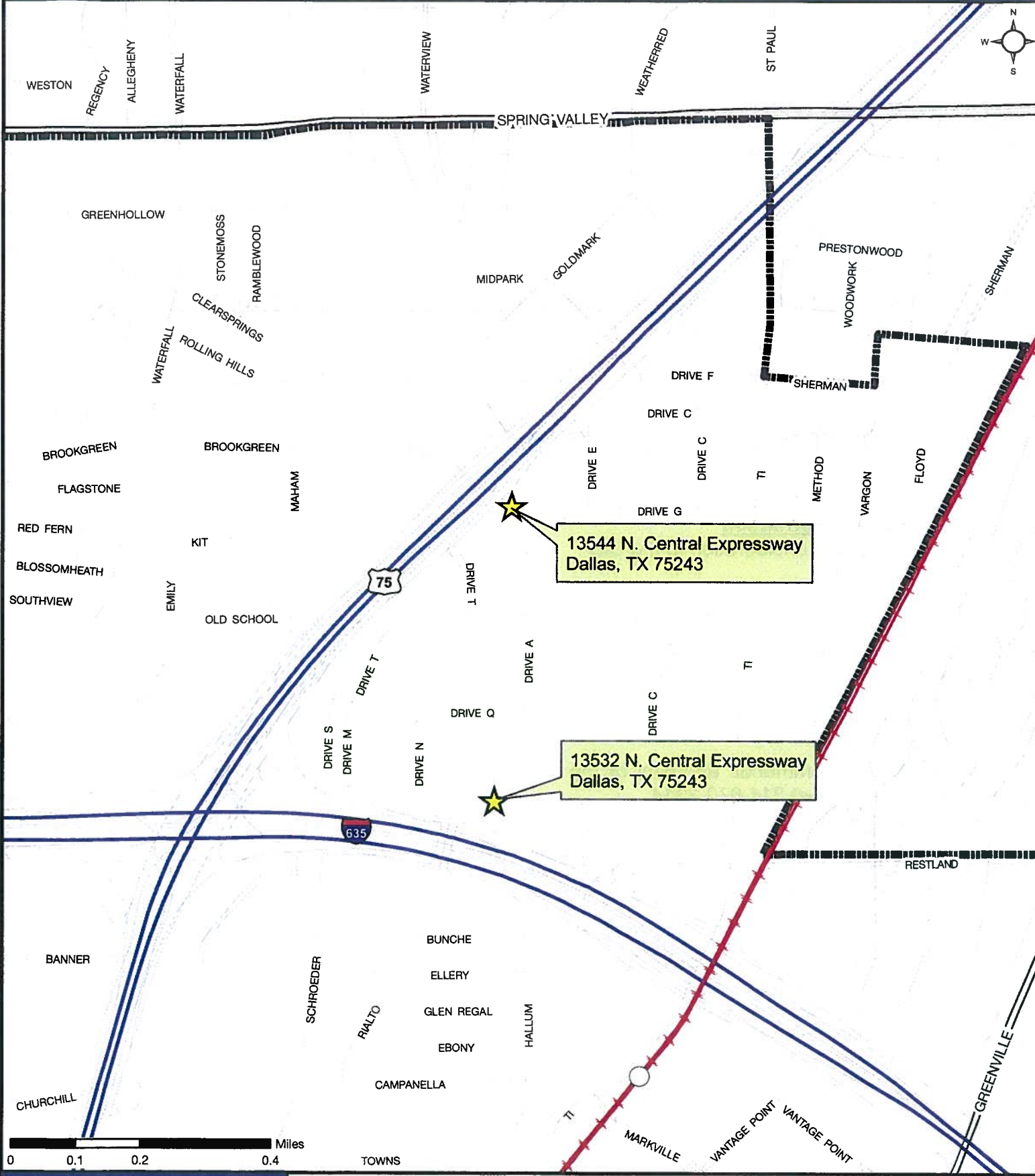
Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3314.



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Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

13532 & 13544 N. Central Expressway



DALLAS ECONOMIC DEVELOPMENT
 Research & Information Division
 214.670.1685
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Legend

- Rail Station
- +— DART Red Line
- ◻ City of Dallas
- Freeway
- Arterial
- Local Road

Source: City of Dallas, 2010

Memorandum



DATE July 30, 2010

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

SUBJECT **Cambium Learning Group; Agenda Item, August 11, 2010**

Background

Cambium Learning Group, Inc. (Cambium) seeks City Council approval of an economic development grant in an amount not to exceed \$100,000 in consideration of the relocation of its regional headquarters to Dallas. In addition to the Dallas site, Cambium considered Addison, Allen, Farmers Branch, Frisco, Irving, Plano and Richardson as potential locations for this operation. Cambium will lease 32,756 square feet of the 127,083 square foot Class A office building for 7 years.

Cambium will make a private investment of approximately \$1,000,000 in tenant improvements, as well as relocate and maintain 200 positions in order to be eligible for the proposed economic development grant. The city grant will be payable upon the substantial completion of the approximately \$1,000,000 in improvements and the relocation of 200 jobs to the site by November 30, 2010. Cambium is subject to repaying the grant if the any of the following occurs: (a) if during the first 5 years of the lease, Cambium fails to maintain at least 200 jobs then Cambium repays the City \$1,000 per every employee below the minimum not to exceed \$100,000 and (b) if Cambium leaves the City of Dallas prior to the 5th year, Cambium repays the entire \$100,000.

PROJECT DETAILS

Project Site: 17855 N. Dallas Parkway

Jobs: 200

New Real Property Improvements: \$1.0 million

Annual Payroll: \$19,000,000

Average Salary: \$77,870

PROPOSED ESTIMATED SCHEDULE OF THE PROJECT

Begin Construction September 1, 2010

Complete Relocation December 31, 2010

CITY INCENTIVES

Economic Development Grant: \$100,000

FISCAL INFORMATION

Revenue: Ten-year revenue estimated at \$878,421.

Owner

Cambium Learning Inc,

Brad Almond, CFO

Staff

J. Hammond Perot, Assistant Director
Carlos Guzman, Economic Development Analyst
Kim L. Moore, Senior Coordinator, Marketing

Recommendation

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3314.



A.C. Gonzalez
Assistant City Manager

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Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager



17855 N. Dallas Parkway



**DALLAS
ECONOMIC
DEVELOPMENT**
Research & Information Division
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Legend

-  Tollway
-  Arterial

-  Local Road
-  City of Dallas

Source: City of Dallas, 2010

Memorandum



CITY OF DALLAS

DATE July 30, 2010

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

SUBJECT **Authorize amendments Santa Fe IV Hotel, LP Development Agreement – Downtown Connection TIF District – Agenda Item, August 11, 2010**

This action will authorize amendments to the development agreement with Santa Fe IV Hotel, LP for the redevelopment of 1033 Young Street to: (1) adjust the valuation year to the earlier of: (a) tax year 2013, or (b) the year in which the TIF Funding becomes available for project reimbursement; (2) update the listing of projects to be funded; and (3) update and replace Exhibit F to reflect the revisions made to the administration of future available TIF revenues in accordance with the Modified Queue System approved by the Downtown Connection TIF District Board of Directors on September 30, 2009.

Santa Fe IV Hotel, LP, represented by Larry and Ted Hamilton, request the City's approval of several amendments the development agreement between the City of Dallas and Santa Fe IV Hotel, LP. Those amendments are as follows:

- (1) Adjust the valuation year to the earlier of: (a) tax year 2013, or (b) the year in which the TIF Funding becomes available for project reimbursement -

The development agreement with Santa Fe IV Hotel, LP, was approved with the valuation year as "one year after completion of the renovations". Due to the certain bond obligations and unexpected changes in the current financial environment, updates to the TIF increment projections indicate that funds are not expected to be available until 2017. This amendment will adjust the valuation year to the earlier of: (a) tax year 2013, or (b) the year in which the TIF Funding becomes available for project reimbursement.

- (2) Update the listing of projects to be funded –

This action removes projects which are no longer eligible for TIF District funds or which have been funded by other sources. Such projects include: Tower Petroleum/1900 Pacific, Main Street Gardens Park, The Park, Cedar Springs Median improvements, and the McKinney Avenue Trolley extension.

- (3) Update and replace Exhibit F -

Exhibit F of the Santa Fe IV Hotel LP development agreement documents was a chart documenting the administration of future available TIF revenues for reimbursement of certain project costs.

The Modified Queue Reimbursement System, which was approved by the Downtown Connection TIF District Board of Directors on September 30, 2009, establishes a set position with the reimbursement queue for each project. This change adds a level of comfort to financial institutions seeking to invest funds in Dallas' central core.

On June 10, 2010, the Downtown Connection TIF District Board of Directors reviewed and approved amendments to the Development Agreement with Santa Fe IV Hotel LP as described above.

OWNER

Santa Fe IV Hotel LP

Lawrence E. Hamilton, III
1310 Elm Street, Suite #140
Dallas, TX 75202

DEVELOPER

Hamilton Properties

Lawrence E. Hamilton, III
1310 Elm Street, Suite #140
Dallas, TX 75202

Fiscal Information

No Cost Consideration.

Council District(s)

14

Staff

Karl Stundins, Manager, Area Redevelopment Division
Bryan Haywood, Senior Coordinator

Recommendation

 Staff recommends approval. Please contact me if you have any questions.

A.C. Gonzalez
Assistant City Manager

- C: The Honorable Mayor and Members of the City Council
- Mary K. Suhm, City Manager
- Deborah Watkins, City Secretary
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Exhibit F

TIF Increment Allocation Policy Downtown Connection TIF District As of September 30, 2009

It is important for the City of Dallas to encourage as many projects as possible in the Downtown Connection TIF District (the "Downtown Connection TIF" or "District"). After satisfying all bond Downtown Dallas Development Authority ("DDDA") obligations related to reserves and debt service coverage requirements, Downtown Connection TIF funds will be allocated to Developers based on the increment created by the Project (as defined below) and Related Projects/Developers (as defined below) within the District and the distribution of any remaining funds in accordance with the reimbursement queue policy.

Definitions

Accrued Priority Increment - The unpaid balance of the *Individual Increment* owed to a project.

Administrative Expenses – the City will take a share of the District's annual TIF revenue to compensate for the amount billed to the District for costs related to the administration of its TIF program. This may include charges from the Office of Economic Development as well as other departments.

Available Funds – Total Increment less: (1) debt service on DDDA Bonds excluding Bonds issued pursuant to the Continental Building Improvements, (2) Bond trustee fees and expenses, (3) Administrative Expenses, (4) payment of any other DDDA obligations related to Bonds issuance, and (5) reimbursement to the City of Dallas for any grant of loan payments made to the DDDA.

Completed Projects – Projects which received City approval for satisfying all of its project obligations and approval on all supporting documentation required by their executed development agreements.

Cumulative Individual Increment – sum of all *Individual Increment* that a Project or Related Project produces in all years since its completion.

Developer/Owner – a person or entity that has completed all the requirements for a TIF-eligible Project as prescribed by the Project's fully executed development agreement.

District-Wide Improvements – improvements that benefit multiple properties or blocks but are not specific to a single development site such as public parks, gateways, trails, public open space, public facilities, or utility/streetscape improvements.

Individual Increment – the annual amount of increment deposited into the District’s TIF fund by its participating jurisdictions that is generated by a Project eligible for TIF reimbursement. Dallas Central Appraisal District (DCAD) certified values for each tax year will be the data source used to determine values for the increment allocation procedure.

Performance Percentage – percentage of Individual Increments divided by the total Shared Increment.

Project (TIF-eligible) – development or redevelopment that increases the taxable value of real property at a particular site or a space or facility of public benefit such as improvements to City parks, open space, trails or cultural facilities. The Project has been approved for TIF funds and all requirements set forth in the development agreement have been completed.

Related Project/Developer – if a Developer or a Developer’s affiliates (as defined in a development agreement) has other development or redevelopment projects in addition to a TIF-eligible Project, increment from those Related Project(s) may be included in Individual Increment for reimbursement of the TIF-eligible Project expenses. A Developer of a TIF-eligible Project must have at least 50% ownership in any Related Project. These requirements will be further specified in a development agreement where applicable.

Related Projects must create new taxable real property value for the District based on the following criteria:

- New development on previously vacant land or site of demolished structures.
- Redevelopment or major modification of an existing building that exceeds the building’s original taxable value by 50% or more, or any increase in a building’s original floor area if the expansion exceeds 50% for residential projects, 65% for mixed-use projects, and 75% for office/showroom projects

Remaining Funds – Funds leftover after distribution of all *Accrued Priority Increment* payments and all Individual Increment payments to *Completed Projects*.

Shared Increment – the sum of all Individual Increments generated by all Completed Projects in a given year.

Total Increment – the annual amount of increment deposited into the District’s TIF fund by its participating jurisdictions.

Procedure

Annually, after the *Total Increment* has been deposited in the TIF Fund, the funds shall be used to meet the financial obligations of the Downtown Connection TIF District in the following order:

1. Payment of all principal, interest, premium (if any) and fund any reserves necessary or desirable in connection with outstanding District Bonds (excluding Bonds issued pursuant to Section 2.07 of the Mercantile Development Agreement for the Continental Building Improvements) pursuant to Bonds issued by the DDDA and to pay any DDDA obligations which are on a parity with such Bonds;
2. Payment of any fees and expenses of the trustee and paying agent/registrars due and owing;
3. Reimbursement to the City for staff costs, administrative costs and other costs and expenses of the City and the Downtown Connection TIF District;
4. Payment of any other DDDA obligations which are subordinate to the Bonds, but are related to the DDDA's role in issuing the Bonds and administering contracts to be funded with Bond proceeds;
5. Reimbursement to the City for any grant or loan payments made to the DDDA to cover debt service on the Bonds or other DDDA obligations pursuant to the Chapter 380 Program as a result of any shortfalls in tax increment of the Downtown Connection TIF District;

Should for any reason the District fail to meet all of the above financial obligations and satisfying all DDDA bond obligations related to reserves and debt service coverage requirements, no funds shall be distributed to any projects

If, after meeting the above financial obligations and satisfying all DDDA bond obligations related to reserves and debt service coverage requirements, the remaining funds may be used as *Available Funds* to meet other TIF financial obligations including but not limited to the reimbursement of certain project costs for eligible projects.

A *Completed Project* shall be entitled to receive its *Individual Increment* each year if the total amount of *Available Funds* is greater than the total *Shared Increment* for all *Eligible Projects*. Should the amount of *Available Funds* be less than the total *Shared Increment* in a given year, a *Completed Project* shall be reimbursed based on their *Performance Percentage*. The unpaid balance of the *Individual Increment* owed to a project shall be deemed as "*Accrued Priority*

Increment and shall be paid in the following year(s) prior to the distribution of any Individual Increment payments.

Should any *Available Funds* remain after distribution of all *Accrued Priority Increment payments* and all *Individual Increment payments* to *Eligible projects*, the *Remaining Funds* shall be distributed in accordance to the Downtown Connection TIF District Modified Queue Reimbursement Policy approved by the Downtown Connection TIF District Board of Directors on September 30, 2009.

THE REIMBURSEMENT QUEUE

The *Reimbursement Queue* shall list all approved Downtown Connection TIF District projects in order of priority based upon the earlier date in which the developer submits evidence of an executed construction loan and receipt of a building permit. Projects, such as Stoneleigh Hotel and Santa Fe IV, which were completed prior to the adoption of this policy, shall be placed in the queue based on their date of completion.

Each year, City staff is required to verify the status of all approved Downtown Connection TIF District projects as of June 1st. Those projects which have been completed shall be eligible to receive their Individual Increment; and shall be eligible to receive all or a portion of those funds which remain after the distribution of all Individual Increment payments. Payments from the *Remaining Funds* shall be made to completed projects in order of their priority ranking.

The amount of *Remaining Funds* distributed to a project shall not exceed the project's Total TIF Award (including interest when applicable) less the amount of *Cumulative Individual Increment* paid to date for a project. After such payment(s) are made, any leftover funds shall be distributed to the next completed project in order of their priority ranking.

Should a project which has not been completed as of June 1st of a given year have priority ranking over a project which has been completed, the uncompleted project shall be deemed "bumped" and shall not receive any payments for that year. A project may be "bumped" by more than one project in a given year. However, a "bumped" project shall retain its priority ranking for subsequent years.

As projects are approved by City Council for funding from the Downtown Connection TIF Fund, they shall be given the lowest priority ranking until such time the developer submits evidence of: (1) an executed construction loan and receipt of a building permit or (2) final certificate of occupancy. At which time, the reimbursement queue shall be updated. Once a project has been completed, its priority ranking shall not be subject to change. The City's Director of Economic Development will make the final determination in applying future available revenues in the TIF Fund among Projects.

Downtown Connection TIF District
Reimbursement Queue
(as of June 1, 2010)

	Project Name	Priority Date	Construction Status	TIF Funding	Increment Only	Reimbursement Status
1	Stoneleigh Hotel	05/30/2010	Completed	\$ 2,500,000	Yes	To Be Paid
2*	Hall Lone Star Project - Phase I	05/30/2010	Completed	\$ 4,000,000	No	To Be Paid
3**	Santa Fe IV	05/30/2010	Completed	\$ 4,296,000	No	To Be Paid
4***	Grand Ricchi Dallas	TBD	Under Construction	\$ 8,830,000	No	N/A
5****	Continental Building	TBD	Approved	\$ 22,528,288	No	N/A
6****	Atmos Complex	TBD	Approved	\$ 23,000,000	No	N/A
7****	Joule Hotel Expansion	TBD	Approved	\$ 20,658,500	No	N/A
8****	Hall Lone Star Project - Phase II	TBD	Approved	\$ 5,000,000	Yes	N/A

Notes:

- * Hall Lone Star Project is eligible to receive up to \$2M in interest. That amount has been added to Phase 1.
- ** Santa Fe IV development agreement amendments must be approved by Dallas City Council.
- *** Grand Ricchi Dallas project must be approved by Dallas City Council.
- **** The priority ranking of any project which has not been completed is subject to change pending the submittal of evidence of an executed construction loan and building permit for the project.

Santa Fe IV Building



City of Dallas
Office of Economic Development



Area Redevelopment Division
<http://www.Dallas-EcoDev.org>

Legend

- Santa Fe IV
- Downtown Connection TIF Boundary
- Downtown Connection TIF Parcels