MEMORANDUM

DATE September 3, 2009

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

SUBJECT Hilton Hotels Corporation Regional Headquarters Relocation:
Economic Development Grant, September 23, 2009, Council Agenda

MAIN TOPIC

Authorize an economic development grant of $150,000, pursuant to Chapter 380 of the Local
Government Code, with Hilton Hotels Corporation related to the relocation of its regional
headquarters to 16000 N. Dallas Parkway.

BACKGROUND

Hilton Hotels Corp. seeks City Council approval of an economic development grant in an amount
not to exceed $150,000 to help defray a portion of the relocation costs for its regional
headquarters to 16000 N. Dallas Parkway from Farmers Branch, TX. In addition to the Dallas
site, Hilton considered Farmers Branch, Addison, and Plano as a potential location for the
relocation. Hilton will lease 50,000 square feet of Class A office space at 16000 N. Dallas
Parkway for a minimum of 5 years. The 187,000 square feet building is presently 45% vacant.

Hilton Hotels Corporation will make a private investment of approximately $3,000,000 in tenant
improvements and approximately $1,100,000 in business personal property, as well as create a
minimum of 200 jobs in order to be eligible for the proposed economic development grant. The
city grant is designed to defray relocation costs and building improvements. The city grant will be
payable upon substantial completion of approximately $3,000,000 in improvements and the
creation of 200 jobs at the site by April 30, 2010.

This proposed regional headquarters relocation is non conforming project under the Public
Private Partnership Program as adopted by the City Council on April 9, 2008 and requires a 3/4
City Council vote for approval. Hilton Hotels Corporation is bringing 200 jobs to Dallas which is
below the minimum North Dallas Commercial Zone requirement of 250.

PROJECT DETAILS

Project Site: 16000 N. Dallas Parkway

Jobs: 200

New Business Personal Property Investment: $1.1 million

New Real Property Improvements: $3.0 million

Average Salary: $43,975
PROPOSED ESTIMATED SCHEDULE OF THE PROJECT

Commence Relocation  February 1, 2010
Complete Relocation   April 30, 2010

CITY INCENTIVES

Economic Development Grant: $150,000

FISCAL INFORMATION

Financing: Public Private Partnership Program Funds - $150,000

Owner

Hilton Hotels Corp
Robert King
VP Finance

MAP

Attached

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

A.G. Gonzalez
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
   Mary K. Suhm, City Manager
   Deborah Watkins, City Secretary
   Tom Perkins, City Attorney
   Craig Kinton, City Auditor
   Judge C. Victor Lander, Judiciary
   Ryan S. Evans, First Assistant City Manager
   A.G. Gonzalez, Assistant City Manager
   Forest Turner, Assistant City Manager
   Jill A. Jordan, P.E., Assistant City Manager
   Jeanne Chipperfield, Director, Budget & Management Services
   Karl Zavitkovsky, Director, Office of Economic Development
   Hammond Perot, Assistant Director, Office of Economic Development
   Helena Stevens-Thompson, Assistant to the City Manager
### Exhibit B

**Proposed Project Information Worksheet**  
Economic Development Committee

#### A. Project Summary

<table>
<thead>
<tr>
<th>City Council District</th>
<th>Hilton Hotels Corp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project/Company Name</td>
<td>Hilton Hotels Corp.</td>
</tr>
<tr>
<td>Project Location</td>
<td>16000 N. Dallas Parkway</td>
</tr>
<tr>
<td>Project Type</td>
<td>Office Relocation</td>
</tr>
<tr>
<td>Facilities (Square Feet)</td>
<td>50,000</td>
</tr>
<tr>
<td>Construction Schedule</td>
<td>Begin 2/1/2010, Complete 4/30/2010</td>
</tr>
<tr>
<td>Private Improvement Investment</td>
<td>Real Property 3,000,000, Business Property 1,100,000</td>
</tr>
<tr>
<td>Jobs</td>
<td>Created 200</td>
</tr>
<tr>
<td>Average Wage Rate</td>
<td>Salary 43,974.33</td>
</tr>
<tr>
<td>City Incentive Summary</td>
<td>Tax Abatement N/A, Infrastructure N/A, Grant 150,000</td>
</tr>
</tbody>
</table>

#### B. Economic Impact Estimates (Dallas City Economy Only, $ Million)

<table>
<thead>
<tr>
<th></th>
<th>10-Year</th>
<th>20-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jobs</td>
<td>Economic Output</td>
</tr>
<tr>
<td>Direct Impact</td>
<td>100</td>
<td>$64,548,636</td>
</tr>
<tr>
<td>Indirect and Induced Impact*</td>
<td>180</td>
<td>$57,833,773</td>
</tr>
<tr>
<td><strong>Total Impact</strong></td>
<td><strong>280</strong></td>
<td><strong>$122,382,409</strong></td>
</tr>
</tbody>
</table>

#### C. City of Dallas General Fund Fiscal Impact ($ Million)

(From direct, indirect and induced economic impacts)

<table>
<thead>
<tr>
<th></th>
<th>10-Year</th>
<th>20-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total City GF Revenue Generated</td>
<td>$3,327,540</td>
<td>$8,980,618</td>
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<tr>
<td>Total City GF Service Costs</td>
<td>$2,807,753</td>
<td>$5,748,153</td>
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<tr>
<td>Net Impact Before Incentives</td>
<td>$519,787</td>
<td>$3,322,465</td>
</tr>
<tr>
<td>City Incentives</td>
<td>$150,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Net City Fiscal Impact</td>
<td>$369,787</td>
<td>$3,062,465</td>
</tr>
</tbody>
</table>

* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

#### D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue*

<table>
<thead>
<tr>
<th></th>
<th>Property Taxes</th>
<th>Sales Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>DISD</td>
<td>$1,163,402</td>
<td>N/A</td>
</tr>
<tr>
<td>Dallas County</td>
<td>$233,028</td>
<td>N/A</td>
</tr>
<tr>
<td>DCCC D</td>
<td>$89,400</td>
<td>N/A</td>
</tr>
<tr>
<td>Parkland Hospital</td>
<td>$254,000</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Based on previous valuations and following the income approach, this project will add $10M to the improvement value.