

Memorandum

REVISED

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CITY OF DALLAS

DATE September 18, 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 **Economic Development Committee**
Tuesday, September 22, 2009, 2:30 – 4:30 p.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Approval of September 8, 2009 Minutes of the Economic Development Committee
2. Continental Building Redevelopment/
Amendment to Mercantile Agreement Karl Zavitkovsky, Director
Office of Economic Development
(estimated time 15 minutes)
3. The Butler Development – Southwestern
Medical TIF District Karl Zavitkovsky, Director
Office of Economic Development
(estimated 15 minutes)
4. Upcoming Agenda Items for September 2009
 - Maple-Mockingbird TIF District Final Project and Reinvestment Zoning Financing Plan
 - Authorization of the FY 2009-10 Business Assistance Center Program Contracts
 - Renewal of World Affairs Council of Dallas/Fort Worth Grant Agreement
 - Southern Dallas Development Corporation (SDDC) fourth and final twelve-month Contract Renewal

Ron Natinsky, Chair
Economic Development Committee

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.C. 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

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.

DRAFT

Economic Development
Committee
Meeting Record
September 8, 2009

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: September 8, 2009 **Meeting Start time:** 9:40 AM

Committee Members Present:

Ron Natinsky
Tennell Atkins
Sheffie Kadane
Linda Koop
Ann Margolin
Steve Salazar
Jerry Allen
Dwayne Caraway

Staff Present:

AC Gonzalez, *Assistant City Manager*
Karl Zavitkovsky, *Director, Economic Development*
Theresa O'Donnell, *Director, Development Services*
Hammond Perot, *Assistant Director, Economic Development*
John Rogers, *Assistant City Attorney, City of Dallas Attorney's Office*
Karl Stundins, *Manager, Area Redevelopment Program*

Other Presenters:

John Crawford, *CEO, Downtown Dallas*

1. Approval of August 17, 2009 Minutes of the Economic Development Committee
Presenter(s):

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

Motion made by: Mr. Atkins

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. Streetscape Briefing II

Presenter(s): AC Gonzalez, Assistant City Manager; Theresa O'Donnell, Director, Development Services; John Rogers, Assistant City Attorney, City of Dallas Attorney's Office, John Crawford, CEO, Downtown Dallas:

Action Taken/Committee Recommendation(s): Motion made to have staff make modifications for next Economic Development Committee Meeting

Motion made by: Ms. Margolin

Motion seconded by: Mr. Salazar

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

- Councilwoman Margolin suggested staff to work with the City Attorney's Office on having performance bonds posted upfront as an initial condition for permanent improvements in the right-of-way to ensure remediation of funds and reinstatement of the right-of-way to its previous condition.
- Councilman Salazar suggested staff to draft guidelines when the City requires removal and repair of improvements in the right-of-way.
- Staff to work with the City Attorney's Office on placing liens on Licensee's private property if payment for use of the right-of-way is not received.

3. Dallas Public Improvement Districts (PID) Overview and Update

Presenter(s): AC Gonzalez, Assistant City Manager; Karl Zavitkovsky, Director, Economic Development; Karl Stundins, Manager, Area Redevelopment Program:

Action Taken/Committee Recommendation(s): Motion made to authorize a call for public hearing for existing PIDs on September 9, 2009 and September 23, 2009

Motion made by: Mr. Natinsky

Motion seconded by: _____

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

- Councilwoman Margolin requested clarification of how petitions will be counted if there is a disagreement between parties with community property and clarification of the petition requirement for renewals of the Prestonwood PID.
- Staff will review comments and present amendments to PID Policy for Council review.

4. Upcoming Agenda Item for September 2009

- Hilton Hotels Corporation Regional Headquarters Relocation: Economic Development Grant

Presenter(s): AC Gonzalez, Assistant City Manager; Karl Zavitkovsky, Director, Economic Development; Hammond Perot, Assistant Director, Economic Development:

Economic Development Committee
September 8, 2009
Meeting Record – Page 3 of 3

Action Taken/Committee Recommendation(s): Motion made to recommend item

Motion made by: Mr. Atkins

Motion seconded by: Mr. Allen

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: 11:30 AM.

Approved By: _____
Ron Natinsky, Chair

Memorandum



CITY OF DALLAS

DATE September 18, 2009

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

SUBJECT Continental Building Redevelopment / Amendments to Mercantile
Agreement

Attached is the briefing material on the Continental Building Redevelopment / Amendments to Mercantile Agreement to be presented to the Economic Development Committee on Tuesday, September 22, 2009.

Please contact me if you need additional information.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez', written over a horizontal line.

A.C. Gonzalez
Assistant City Manager

C: Honorable Mayor and Members of the City Council
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Deborah A. Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
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Karl Zavitkovsky, Director of Office of Economic Development
Helena Thompson-Stevens, Assistant to the City Manager

Continental Building Redevelopment/ Amendment to Mercantile Agreement

Economic Development Committee
September 22, 2009

Purpose

- Explain the previous Mercantile/Forest City deal related to the Continental Building.
- Provide details of the Forest City redevelopment proposal and needed amendments to the Mercantile Agreement.
- Describe TIF assistance requested.
- Provide recommendations and propose next steps.

Background – Forest City Agreement

- On August 2005, City Council approved a Development Agreement with Forest City to redevelop the Mercantile Block, the Continental Building and the Atmos Complex.
- The agreement called for the Continental Building to be redeveloped by Forest City into 140-160 residential units, 9,000 sf of retail space and 350 parking spaces.
- TIF funding, up to \$10 million, was allocated out of the Downtown Connection TIF District to Forest City for redevelopment of the Continental Building.
 - o \$2.5 million from TIF Bond Proceeds for Environmental Remediation; and
 - o \$7.5 Million in privately placed DDDA bonds to be supported solely by the property tax increment generated by the property itself.
- Authorization of a development agreement for the Continental Building as proposed, requires an amendment to the Mercantile Agreement as it relates to this property.

Amendments to Mercantile Agreement

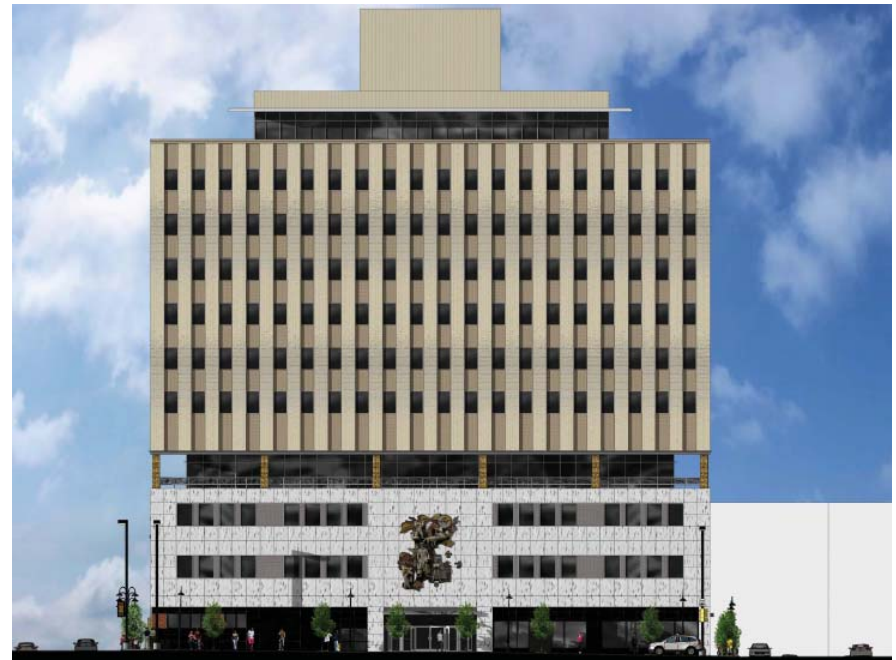
Since 2005, there have been significant changes in the marketplace and in specific redevelopment plan for the Continental Building.

On September 16, 2009, the Downtown Dallas Development Authority reviewed the following amendments to the Mercantile Agreement that are needed to allow the redevelopment of the Continental Building and recommended approval by the Dallas City Council:

- Decrease the retail square footage from 9,000 square feet to 5,000 square feet to accommodate requirements from the National Park Service related to historic tax credits;
- Adjust the number of parking space from 350 spaces to 250 spaces to correct a typographical error in the original agreement;
- Extend the project completion date from June 30, 2011 to December 31, 2011;
- Decrease the amount of Bonds to be issued by the DDDA from \$7,500,000 to \$2,500,000 (Privately Placement Bonds to be purchased by Forest City and supported only by increment generated by Continental Building);
- Increase the aggregate limit on City funding from \$10,000,000 to \$22,528,288.

Project Details – Continental Building

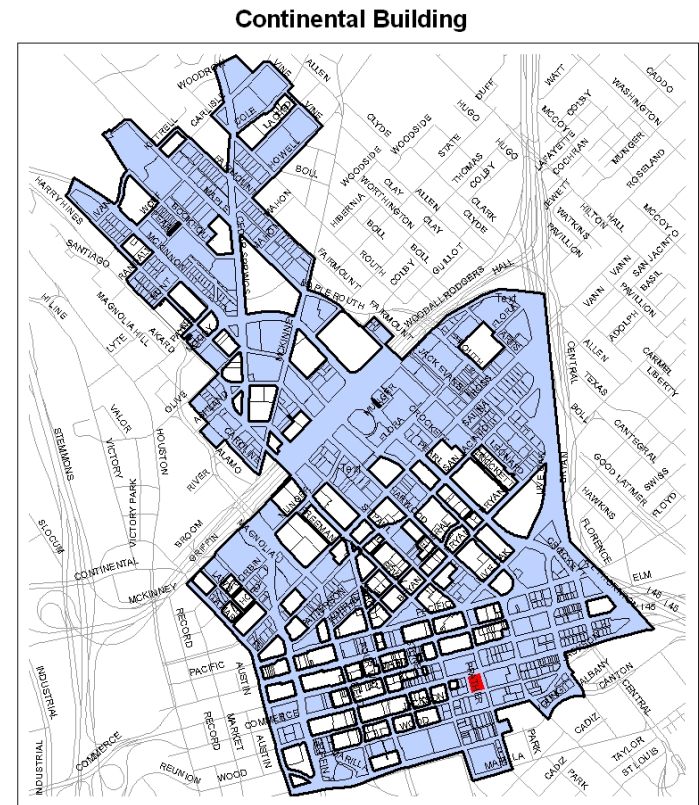
- FC Continental Complex LP proposes to renovate the Continental Building into approximately 199 residential units, 5,000 square feet of retail space, and 250 parking spaces.
- FC Continental Complex LP estimates a total project cost of \$57.1 Million, including \$32.5 million in hard construction costs. (See Appendices A & B, Project Proformas.)



Continental Building – Northern Elevation (Proposed)

Project Details – FC Continental LP

- Continental Building is located across Commerce Street from the redeveloped Mercantile Tower/ Element Building and Main Street Garden Park, and adjacent to the Dallas Grand Hotel.
- The building contains over 304,860 square feet of obsolete office space (Source: Dallas Central Appraisal District)



Downtown Connection TIF District

Continental Building
Properties outside TIF
Properties inside TIF

Project Details – Development Team

- **DEVELOPER:** FC Continental Complex, LP (Forest City Enterprises, Inc.) Forest City recently completed Mercantile Place on Main and the Element Building as part of the Mercantile Block Redevelopment Project.
- **OWNERS REP:** David Levey, Executive Vice President of Forest City Residential Group. Jim Truitt, Vice-President of Development for Forest City Residential Group and George Burchlaw, Director of Development of Texas Region.
- **ARCHITECT:** Merriman Associates
- **GENERAL CONTRACTOR:** Turner Construction
- **HISTORICAL CONSULTANT:** Architexas
- **LENDER:** Housing of Urban Development (HUD)

TIF Assistance - FC Continental Complex LP

On September 16, 2009, the Downtown Dallas Development Authority approved the 4th Amendment to the Mercantile Agreement.

Both the DCTIF and DDDA approved an amended and restated Article II to the Mercantile Agreement for the redevelopment of the Continental Building at 1810 Commerce Street, providing for future TIF subsidies consisting of an amount not to exceed \$18,305,700 (includes \$13,305,700 for TIF base funding, \$2,500,000 for reimbursable environmental remediation cost, and bond funding in an amount not to exceed \$2,500,000*) plus interest in an amount not to exceed \$4,222,588 for a total incentive amount not to exceed \$22,528,288.

*Note: \$2.5M in reimbursable environmental remediation costs are funded from previously issued DCTIF Bonds; \$2.5M in DDDA Private Placement Bonds, supported solely by property tax increment generated by the Continental Building; interest on \$13,305,700 Base TIF Reimbursements accrues at 5.65%

TIF Assistance – Conditions for Funding

As a condition for funding, FC Continental Complex LP will be required to:

- Provide a minimum of 180 residential units. Twenty percent (20%) of the total number of residential units shall be set-aside as Affordable (80% of Area Family Median Income).
- Provide a minimum of 5,000 square feet of ground floor retail space. Fifty percent (50%) of the total net leasable space must be occupied prior to TIF payment.
- Provide a minimum of 200 parking spaces.
- Provide evidence of a minimum private investment of \$46,000,000 into the project.

TIF Assistance – Conditions for Funding cont'

FC Continental Complex LP will be required to meet the following deadline dates:

- Provide evidence of a receipt of a building permit by June 1, 2010.
- Obtain Landmark Commission review by December 31, 2010.
- Provide evidence of a receipt of a final certificate of occupancy by December 31, 2011.

The Office of Economic Development Director may authorize adjustments to the project deadlines should reasonable adjustments be needed and supported by additional consideration (the project will be in the shared queue for TIF payment).

Why Do The Deal?

- Maintain Downtown momentum.
- Strengthens redevelopment efforts surrounding Main Street Garden Park.
- Create a total of 40 new affordable housing units.
- Remove more than 300,000+ square feet of vacant office space from the City's Vacant Building Registration list.

Recommendations and Next Steps

Staff requests Committee approval and recommendation for approval by City Council for the following items at the October 14, 2009 Council meeting:

- Amendments to the Mercantile Agreement as follows:
 - o Decrease retail square footage from 9,000 square feet to 5,000 square feet.
 - o Adjust the number of required parking spaces to 250 to correct an error in the previous agreement.
 - o Extend the project completion date from 6/30/2001 to 12/31/111.
 - o Reduce the amount of the DDDA Private Placement Bonds from \$7.5M to \$2.5.
 - o Increase the aggregate TIF Reimbursement Funding support from \$10M to \$22,528,288.
- Authorize a development agreement with FC Continental Complex LP for the redevelopment of the Continental Building.

Appendix A – Proforma Information - Project Requirements/Other Information

	<u>Continental Building</u>
Total Project Cost	\$57,133,000*
Hard Costs	\$32,497,000
Soft Costs	\$11,295,000
Acquisition	\$6,196,000
2009 DCAD Value	\$2,132,000
Personal Property	\$0
# units	199
# of affordable units (10% required for TIF)	40
Retail sf	5,572
Total Square Feet	304,860
*Project cost as submitted by developer included several carrying related cost were not allowed and were removed from total project cost for purposes of calculating TIF amount.	

Appendix B – Proforma Information - Continental Building Project NOI

INCOME

Rental Income - Market Rate Units	\$2,802,000
Rental Income - Affordable Units	\$456,000
Other Income	\$80,000
Retail Rental Income	\$134,000
Retail Reimbursement Income	
Parking Income	\$261,000
Gross Potential Income	\$3,733,000
Less Estimated Vacancy/Collection Loss	(\$229,000)

EFFECTIVE GROSS INCOME

\$3,504,000

EXPENSES

Multifamily Operating Expenses	\$1,487,000
Retail Operating Expenses	\$6,000

TOTAL EXPENSES

\$1,493,000

NET OPERATING INCOME (NOI)

\$2,011,000

RETURN ON INVESTMENT (without subsidies)

3.76%

RETURN ON INVESTMENT (with subsidies not including TIF interest)

7.71%

* Based on DC TIF Increment Projections assumption or 0% property appreciation and approval of modified queue reimbursement method.

** Return of investment calculated on revised project cost of \$53,522,288.

Appendix C – Continental Building: Sources and Uses of Funds

SOURCES

\$27,687,000	HUD 221-d(4) Loan
\$ 7,600,000	Section 108 Loan
\$ 2,500,000	DDDA Private Placement Bonds
\$ 2,000,000	Housing Department Grant
\$ 7,150,000	Historic Tax Credit
<u>\$10,196,000</u>	Equity
\$57,133,000	Total Project Cost

USES

\$32,497,000	Hard Costs
\$11,295,000	Soft Costs
\$ 6,196,000	Property Acquisition
<u>\$ 7,145,000</u>	Financing & Operating Deficit
\$57,133,000	Total Project Cost

Appendix D – FC Continental Complex LP TIF Value Point Worksheet

Value/ Point Matrix
Downtown Connection TIF District
Continental Building

VALUES	15pts	10pts	8pts	4pts	0pts
Reaching Critical Mass - Residential	200 + Units	199 - 150 Units	149 - 100 Units	99 - 1 Unit(s)	0 Units
Reaching Critical Mass - Retail	10,000 + sq. feet	9,999 - 5,000 sq. feet	4,999 - 2,500 sq. feet	< 2,500 sq. feet	0 sq. feet
Proximity to Main Street Core or Catalyst Project / Park	Within Main Street Core or Directly Adjacent to Catalyst Project / Park	Adjacent to Main Street Core	Within one block of catalyst project / park	Inside Downtown Freeway Loop	Outside Downtown Freeway Loop
Public vs. Private Investment (Benefit Analysis)	Benefit = 2x > Cost	Benefit = 1.9x - 1.5x > Cost	Benefit = 1.4x - 1.1 > Cost	Benefit = 1x > Cost	Benefit = 0.9x > Cost
Historic Restoration	Yes				No
Reuse of Existing Structure	Yes				No
Affordable Housing > 10 % (actual units not including buyout)		Yes			No
Buildings with 3 stories or less (existing/historic buildings)		Yes			No
Years to Recover Public Investment		< 5 Years	6 - 8 Years	9 - 10 Years	11 + Years
New Construction				Yes	No
Permanent Jobs Created > 20				Yes	No
Commitment to Minority / Women Bus.(all funding sources) > 25 %				Yes	No
Offering Public Parking > 50 Spaces				Yes	No
Land Use - Hotel and/or Office				Yes	No
Impact Project - Bonus Points = 15 Points	Yes				No
	60	30	0	0	0
				90	
				Tier Levels	Funding Levels
				Tier 1 = 100 - 81 Points	25 % cap
				Tier 2 = 80 - 66 Points	20 % cap
				Tier 3 = 65 - 51 Points	15 % cap
				Tier 4 = 50 - 0 Points	0 % cap

High Ranking = 15 point maximum
Medium Ranking = 10 point maximum
Low Ranking = 4 point maximum
Special Impact Project = Bonus 15 points

Appendix E – Continental Building Affordable Housing Grant Worksheet

Affordable Housing Computation for Continental Building

Stablized Market Rate per sf. = \$1.60 / sf

Affordable Rate per sf. = \$1.03 / sf

# of Units	Avg. sf	Affordable units by sf	market rent/ s.f	Market Rent/ Unit	Annual Rents @ Market Rate	affordable rent/s.f	Affordable Rent/ Unit	Annual Rents @ Affordable Rate
28	806	22568	\$1.60	\$1,289.60	\$433,305.60	\$1.03	\$830.18	\$278,940.48
12	1108	13296	\$1.60	\$1,772.80	\$255,283.20	\$1.03	\$1,141.24	\$164,338.56
40	957	35,864			\$688,588.80			\$443,279.04
						Gap		\$245,309.76
						Cap. Rate		7.00%
					Max. Affordable Housing TIF Grant			\$3,504,425.14

Appendix F – Downtown Connection TIF Budget

Downtown Connection TIF District Budget

	Budget in 2006 Dollars	Budget in Actual, Anticipated Dollars
Total Project Costs*	\$189,807,592	\$364,776,643
Debt Service (Interest Only)		(\$150,363,000)
Catalyst Projects:**	(\$58,000,000)	(\$58,000,000)
Administration and Implementation	(\$3,940,386)	(\$6,765,600)
Park and Plaza Design and Acquisition	(\$1,500,000)	(\$1,736,109)
Affordable Housing	(\$3,000,000)	(\$3,000,000)
Retail Initiative/ Streetscape Improvements	(\$2,500,000)	(\$1,985,000)
Downtown Area Plan		(\$515,000)
Remaining for Other Redevelopment Projects	\$100,520,961	\$142,411,934
--Stoneleigh		(\$2,500,000)
--Santa Fe IV		(\$4,296,264)
--Atmos Complex		(\$23,000,000)
Arts District Garage		(\$9,000,000)
Remaining for Redevelopment Projects After Existing Commitments		\$103,615,670
--Continental Building		(\$22,525,288)
Remaining After Refunding Existing Commitments funded by Other Sources		\$81,090,382

**Anticipated increment could increase or decrease depending on the actual rate of tax increment collections..

**Catalyst Project amount was reduced by \$10M and funds were redistributed to Funds Remaining for Redevelopment Projects.

Memorandum



CITY OF DALLAS

DATE September 18, 2009

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

SUBJECT The Butler Development - Southwestern Medical TIF District

Attached is the briefing material on the Butler Development - Southwestern Medical TIF District to be presented to the Economic Development Committee on Tuesday, September 22, 2009.

Please contact me if you need additional information.

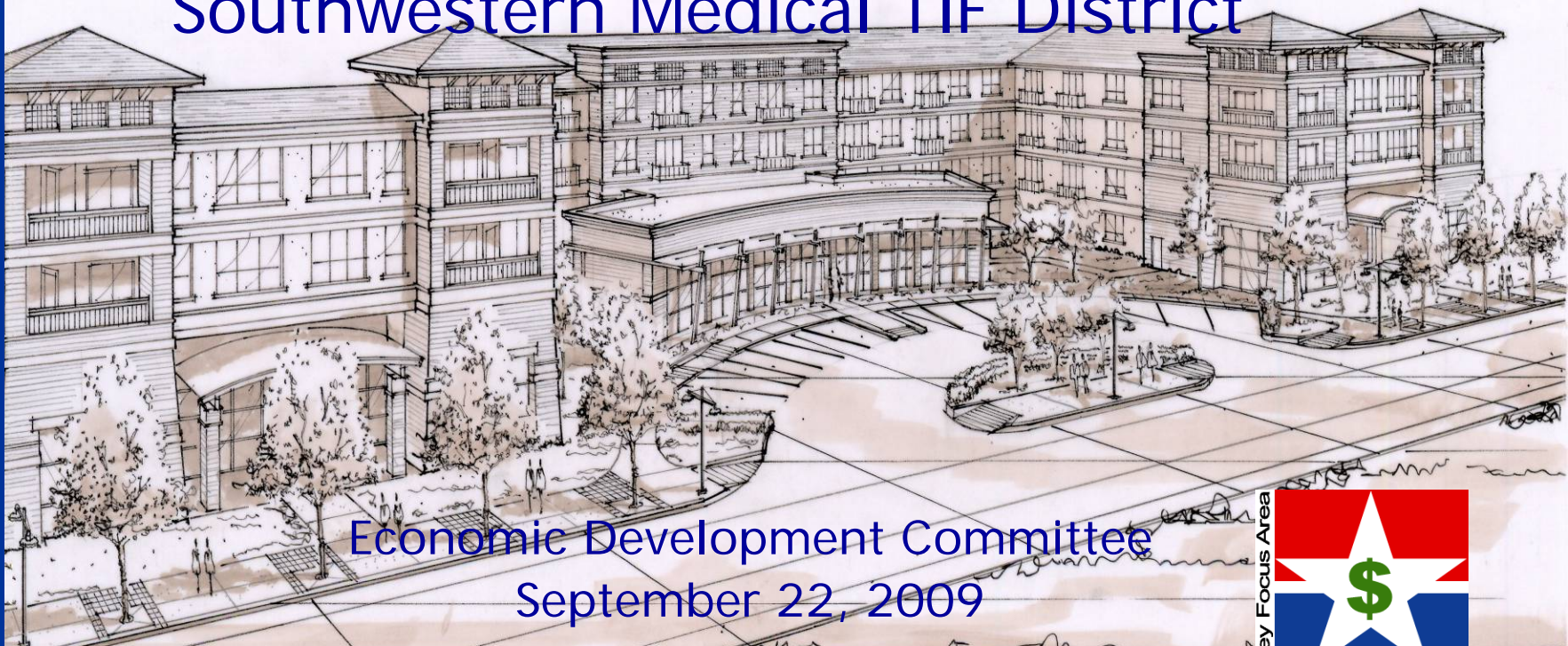
A handwritten signature in black ink, appearing to read 'A.C. Gonzalez'.

A.C. Gonzalez
Assistant City Manager

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The Butler Development

Southwestern Medical TIF District



Economic Development Committee
September 22, 2009



Office of Economic
Development
www.dallas-ecodev.org



Purpose

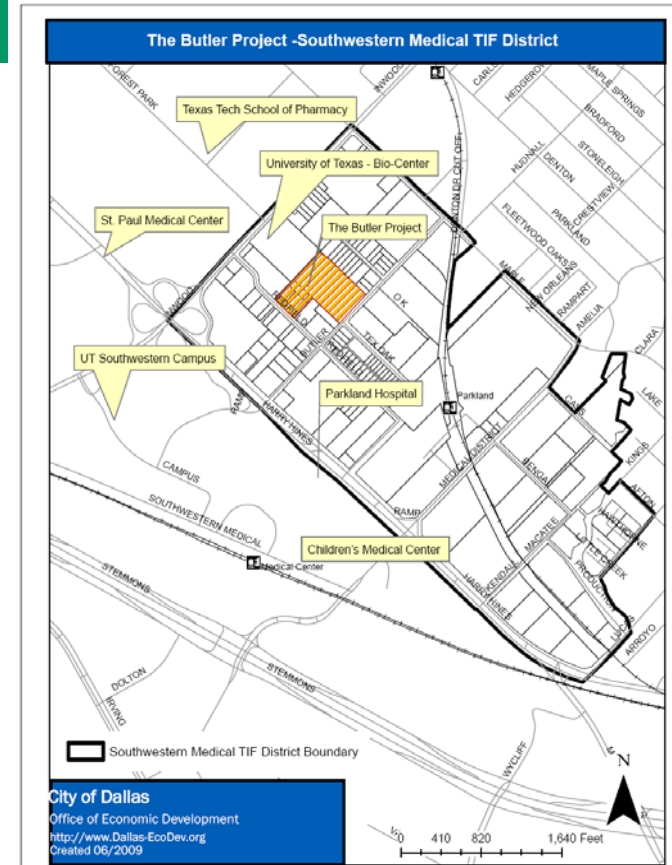
- ❖ Review proposed The Butler project and recommended TIF funding.
- ❖ Obtain Economic Development Committee approval for consideration by City Council on September 23, 2009.

Project Description

- Located in the Southwestern Medical TIF District at the corner of Redfield Street and Butler Street.
- New construction of 390,000 sq. ft residential space (approximately 468 apartments) and 5,020 sq. ft retail space.
- The development is located on a reclaimed “Brownfield Site” – existing old, contaminated industrial buildings will be demolished and cleaned up to develop a new residential project.

Location

- ◆ Site is close to major employment centers:
 - ❖ Parkland Hospital
 - ❖ Children's Medical Hospital
 - ❖ UT Southwestern Medical Center
 - ❖ St. Paul Medical Center
 - ❖ University of Texas Southwestern Medical Center
 - ❖ Bio-Center at Southwestern Medical District
 - ❖ Texas Tech School Of Pharmacy



Location (cont'd)

- ◆ Two blocks from the DART Southwestern Medical District/Parkland Green Line light rail station, (scheduled to be operational in the fall of 2010).
- ◆ Less than $\frac{3}{4}$ mile from the existing Medical/Market Center Station.
- ◆ Less than $\frac{1}{4}$ mile walking distance from the existing DART Bus lines on Maple Avenue, Inwood Road and Harry Hines Boulevard.

Key Project Facts

(See Appendix 1 Dev. Agreement Terms)

Square footage	390,000 Sq.Ft Residential 5,020 Sq. Ft Retail
Required private investment for the project - acquisition, design costs, and infrastructure improvements	\$50,000,000
Total project cost including actual investment, land acquisition, all soft costs, debt expenses, etc.	\$61,500,000
Construction costs per sf	\$169.85
Projected Average Rent per sf per month	\$1.70
Developer fees - % of total project cost	0.28%
TIF funding	\$7,650,000
Return on Cost with TIF reimbursement	7.80
Return on Cost without TIF reimbursement	7.5
% TIF Funds to required project cost	14.4%
% TIF Funds to total project cost	12.4%
Construction start date	October 30, 2009
Project completion date	December 31, 2011

TIF Funding:

Summary of Reimbursable Improvements

- ◆ TIF funds for The Butler project will be used to offset the cost of:
 - wide, heavily landscaped sidewalks (see appendix - 1 and appendix- 2 for existing sidewalk conditions and proposed improvements).
 - environmental remediation.
 - a portion of the cost of structured parking.
 - provision of affordable housing for the project.

TIF Funding: Existing Sidewalk Conditions



Narrow, cracked sidewalk on Butler
Street



Redfield Street -existing sidewalk

TIF Funding: Summary by Line Item

Description	Amount
Environmental	\$340,000
Streetscape	\$780,000
TIF Grant	\$6,530,000
* Structured Parking - \$3,530,000	
* Affordable Housing - \$3,000,000	
Total TIF funds	\$7,650,000

Note: TIF funding commitment for structured parking will be reduced on a proportional basis if the total project cost is less than \$61 million (See Appendix 2)

Developers

- ◆ Amarone L.P., was formed to develop The Butler project.
- ◆ Mitchell Vexler, President, Mockingbird Properties will manage the project.
- ◆ The Mockingbird Group of Companies is a vertically integrated real estate operation that acquires, designs, and builds retail, multi-family, mixed-use and high-rise projects.
- ◆ The developers have 25 years of experience and have done multifamily, residential, retail and industrial developments in several locations in Canada, Dallas, and Plano.

Conclusion

- ◆ The project is not financially viable without the TIF subsidy.
- ◆ The project meets Southwestern Medical TIF criteria for funding.
- ◆ It will provide linkages to the Parkland Light Rail Station.
- ◆ Located in a prominent area on Butler Street in the heart of the Medical District.
- ◆ Provides needed housing for the large employment base in the area.
- ◆ The City will enact and implement controls sufficient to ensure that any grant funds provided will be used to fulfill the public purposes of the Southwestern Medical Grant Program.

Recommended Next Steps

- ◆ Economic Development Committee Recommendation for Council approval of \$7,650,000 in TIF funding in accordance with the terms of the proposed Development Agreement.
- ◆ Council Consideration on September 23, 2009.

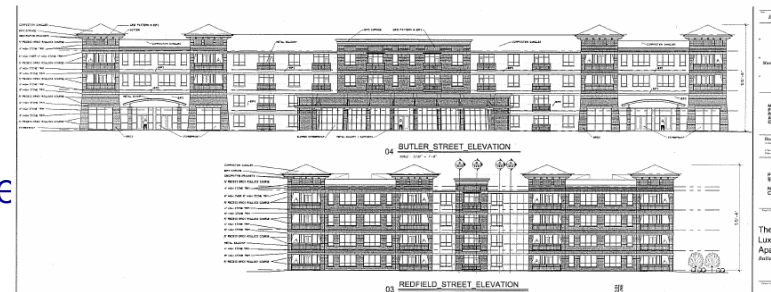
Appendix 1

Development Agreement Terms

1. Build structure containing a minimum 390,000 square feet for residential use and 5,020 square feet for retail use;
2. Invest a minimum of \$50,000,000 for property acquisition cost and hard costs for construction;
3. Begin construction by October 30, 2009;
4. Complete approximately 468 units and obtain a final certificate of occupancy for all units by December 31, 2011;
5. Complete and obtain a final certificate of acceptance by the Department of Public Works and Transportation by December 31, 2011 for public infrastructure improvements associated with the project;



The Butler Conceptual Elevation:



The Butler Elevations – Redfield and Butler Street

Appendix 1

Development Agreement Terms (cont'd)

6. Execute an operating and maintenance agreement for the public infrastructure improvements associated with the project by December 31, 2011 for a period of 20 years;
7. Comply with the Business Inclusion and Development ("BID") goal of twenty-five percent (25%) for the TIF reimbursable improvements, the Owner shall make a good faith effort to achieve a goal of certified Minority/Women-owned Business Enterprise (M/WBE) participation for the private improvement construction of 15% of total private expenditure, and meet all reporting requirement for each;
8. Submit quarterly (once in every three months, starting from the construction start date) project status reports to the OED Staff;
9. Market the apartments pursuant to an affirmative fair housing marketing plan approved by the City;
10. Construct public and private improvements that conform in design and materials shown in elevations and site plans approved by Southwestern Medical Design Review Committee and OED staff;

Appendix 1

Development Agreement Terms (cont'd)

11. If required, the project deadline can be extended up to 6 months, subjected to the approval from the Southwestern Medical TIF District Board of Director's and the Director of Office of Economic Development;
12. Affordable Housing Requirements: The funding for the project is based on meeting the affordable housing requirement of 20%.

Appendix 2

Special Conditions: TIF Reimbursement Reduction

TIF reimbursement reduction if the project under budget:

- ◆ Since TIF reimbursement will be used for work outside the public right-of-way in this project (structured parking), TIF funding commitment will be reduced if project expenditures are less than the proposed project budget.
 - If the total project cost is less than \$61,000,000 (an amount greater than the required minimum investment), then the TIF Subsidy/Grant for the structured parking (\$3,530,000) will be reduced on a proportional basis. No reduction in funding for the environmental/streetscape/affordable housing (\$4,120,000) component of the TIF funding; and
 - Complete a post construction audit to show the total project investment of \$61,000,000.

Appendix 2

Special Conditions: TIF Reimbursement Reduction (cont'd)

◆ How does it work?

Total Private investment	% in reduction	Reduction in funding for parking	Total TIF Funding
\$61,000,000	0%	\$0	\$7,650,000
\$57,950,000	5%	\$176,500	\$7,473,500
\$54,900,000	10%	\$353,000	\$7,297,000
\$51,850,000	15%	\$529,500	\$7,120,500
\$48,800,000	20%	No Funding as it does not meet the minimum TIF requirement – \$50,000,000	

➤ The table shows the proportional reduction in the funding from \$61,000,000.

➤ Funding will be reduced only for the parking structure (\$3,530,000).

➤ Remaining funding (\$4,120,000 for public right-of-way improvements + affordable housing) will remain the same if the project meets all other TIF requirements (slides 9 -11) .

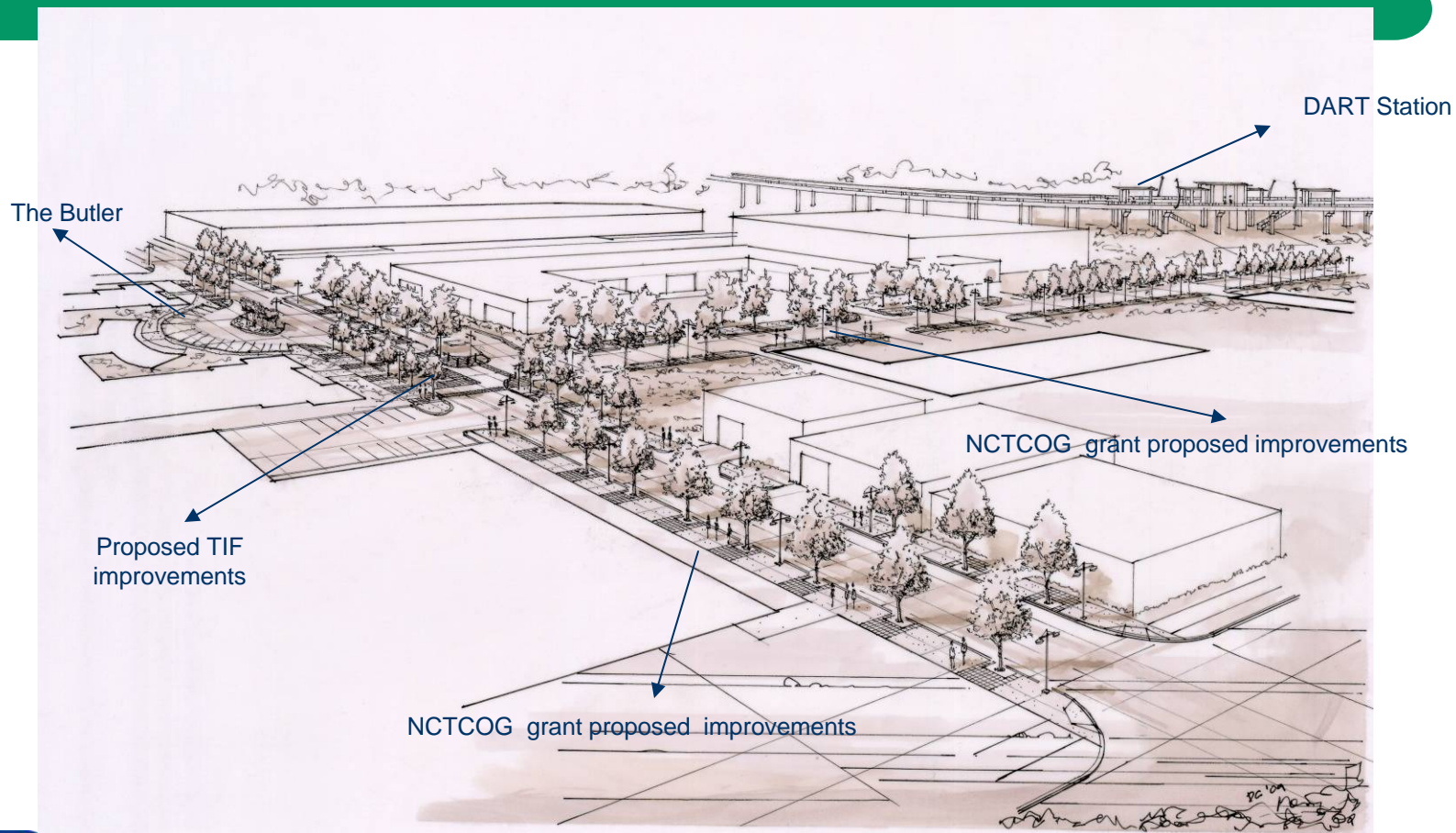
Appendix 3

Special Conditions–NCTCOG Grant

- The Butler has submitted a proposal to the NCTCOG Sustainable Development Grant Program.
- If they receive the grant money (\$1,980,000), proposed improvements include along both sides of Tex Oak Avenue from Butler Street to the DART Light Rail Station.
 - ❖ wider patterned & standard concrete sidewalks
 - ❖ installation of larger street trees in tree wells with custom metal grates
 - ❖ additional landscaping and irrigation systems
 - ❖ relocation of the overhead utilities for widening the sidewalks
 - ❖ installation of custom street lights
 - ❖ trash containers & benches
- Decision on funding for this grant is not expected until March 2010.

Appendix 3

Special Conditions-NCTCOG Grant



Memorandum



DATE September 18, 2009

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

SUBJECT **Maple/Mockingbird Tax Increment Financing District Final Project and Reinvestment Zoning Financing Plan - September 23, 2009 Council Agenda**

As part of the statutory process for TIF Districts, state law requires that a Final Project Plan and Reinvestment Zone Financing Plan (the "Plan") be developed for the TIF District and approved by the City Council after it has been prepared and adopted by the Board of Directors of the District. The Plan forecasts planned private development, describes the public infrastructure improvement program for the District, and details public improvement spending.

Tax Increment Financing Reinvestment Zone Number Eighteen (Maple/Mockingbird Tax Increment Financing District) was created by Ordinance No. 27435, approved by City Council on December 10, 2008. The Maple/Mockingbird TIF District (the District) is located in an area southwest of Love Field Airport and northwest of the Southwestern Medical Center.

The District was established to encourage the redevelopment of obsolete multi-family and commercial buildings, inadequate retail centers, and underutilized industrial facilities in the area between Love Field Airport and the medical district to the southwest. This district will promote the development of denser, pedestrian-oriented residential development, expansion of retail activity and support of existing medical related uses while taking advantage of DART's expanding light rail system (two stations in or near Maple/Mockingbird area).

The Project Plan and Reinvestment Zone Financing Plan forecasts the planned private development projects and public infrastructure improvement expenditures over its 25-year term. The City of Dallas will contribute approximately \$47,238,950 in total dollars (\$23,589,322 NPV 2009 dollars) to the TIF District. It is expected that Dallas County will contribute approximately \$7,930,758 in total dollars (\$4,191,044 NPV 2009 dollars) to the TIF District. The TIF Project Plan Improvements include line items for infrastructure/utility improvements, environmental remediation and demolition, affordable housing, retail/high density development grant program, and administration and implementation.

It is estimated that with City and County participation, the cumulative increased property value is expected to reach approximately \$553 million during the life of the TIF District. This includes approximately \$361 million in increased taxable value attributable to new private investment and \$192 million in increased taxable value due to property appreciation. Additionally, approximately \$47 million (total dollars) in incremental sales tax revenue is anticipated to be generated as a result of new retail development in the District.

On August 24, 2009, the Maple/Mockingbird TIF District Board of Directors reviewed and recommended adoption of the Maple/Mockingbird Project Plan and Reinvestment Zone Financing Plan.

STAFF

Karl Stundins, Manager, Area Redevelopment Division
Tamara L. Leak, Economic Development Analyst

RECOMMENDATION

Staff recommends approval of the subject item.

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

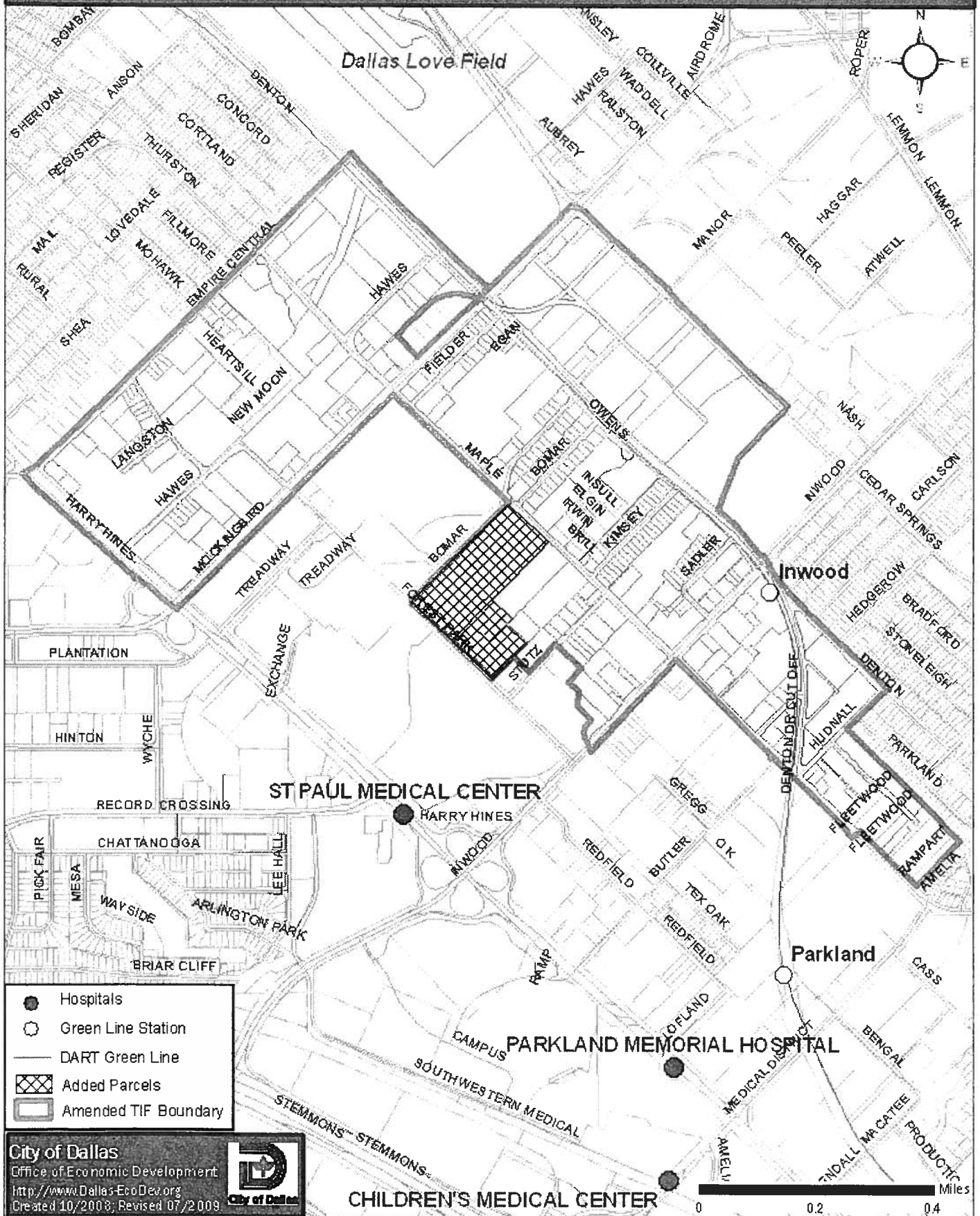


A. C. Gonzalez
Assistant City Manager

Attached
Maple/Mockingbird TIF District Map
Proposed Boundary Amendments

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Judge C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Dave Cook, Chief Financial Officer
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

Maple/Mockingbird TIF District



Memorandum



DATE September 18, 2009

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 **Authorization of the FY 2009-10 Business Assistance Center Program Contracts**

On September 23 you will be considering the Business Assistance Center (BAC) Program contract award to eight agencies that will be providing technical assistance and support services (as applicable) to Low-and-Moderate Income persons (LMIs) who own or are interested in starting microenterprises (for profit businesses with up to five employees including the owner(s) of the business) in the City of Dallas for the period October 1, 2009 through September 30, 2010. Each agency will be awarded an eligible expenditure reimbursement contract not to exceed \$80,000 from the \$640,000 allocated for this program in the 2009-10 Community Development Grant funds for the contract period to provide the referenced BAC services to the intended eligible recipients.

This will be the first of two renewal options for BAC services with: Greater Dallas Hispanic Chamber of Commerce – BAC 1 at 4622 Maple Ave; Innercity Community Development Corporation – BAC 2 at 4907 Spring Ave; Greater Dallas Hispanic Chamber of Commerce BAC 3 at 2060 Singleton Blvd; Greater Dallas Hispanic Chamber of Commerce – BAC 4 at 351 W Jefferson Blvd; MBA Consultants BAC 5 at 1201 W Camp Wisdom Rd; Greater Dallas Asian American Chamber of Commerce/Multi-Ethnic Education and Economic Development Center – BAC 6 - at 1327 N Peak St; Organization of Hispanic Contractors DBA Regional Hispanic Contractors Association – BAC 7 at 2210 W. Illinois Avenue; and a BAC contract with one-year renewal option with the Greater Dallas Indo American Chamber of Commerce – BAC 8 at 3643 W Northwest Highway.

The City has recognized the importance of its role in supporting entrepreneurial and small business development to benefit CDBG eligible persons of the City by supporting the BAC program. BACs under this contract located within the City will provide technical assistance, incubator space (if applicable) and other support services to microenterprises.

September 18, 2009

Members of the Economic Development Committee

Authorization of the FY 2009-10 Business Assistance Center Program Contracts

Page 2

Services may include, but not be limited to: business counseling, seminars, training, incubator space (if applicable), business plan and loan packaging assistance, financial and business management, and other eligible services which foster economic development opportunities for low-to-moderate income (LMI) persons operating or starting a microenterprise within the City.

Since 1993, the City has been using Community Development Block Grant (CDBG) funds in addition to other funding sources to fund the technical assistance and other support services of the Business Assistance Centers (BACs) in the City to promote community and economic development.

On July 31 and August 7, 2008, the City made a Request For Competitive Sealed Proposals (RFCSP) from organizations to manage and operate microenterprise Business Assistance Centers within the City of Dallas.

On October 2, 2008, the Economic Development Committee was briefed on the BAC program and the FY2008-09 contracts.

On November 3, 2008, the Economic Development Committee was briefed and updated on the City-BAC-HUD meetings and the recommendation for FY2008-09 contract award. Several issues were discussed including clarification of the program, eligibility, documentation and reporting requirements, monitoring of the FY2007-08 contracts and renewal of the contracts for FY2008-09.

On November 10, 2008, the City Council authorized the award and funding for the six existing BACs for a twelve-month service contract with two additional twelve-month renewal options by Resolution No. 08-3118.

On March 25, 2009, the FY2008-09 Consolidated Plan Reprogramming Budget authorized the funding for two additional BACs for six-month service contracts by Resolution No. 09-0856.

On June 24, 2009, the City Council adopted the FY2009-10 Consolidated Plan Budget for the U.S. Department of Housing and Urban Development (HUD) grant funds approving \$640,000 to be used to support eight BACs in Dallas. The grant funds are available beginning on October 1, 2009.

Please find attached partial activity information for the FY 2008-09 Business Assistance Center Program.

September 18, 2009

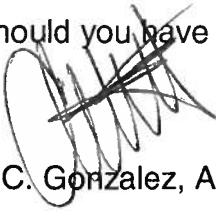
Members of the Economic Development Committee

Authorization of the FY 2009-10 Business Assistance Center Program Contracts

Page 3

On Wednesday, September 23, 2009, you will be considering the authorization of the BAC program contract awards.

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



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

Tom Perkins, City Attorney

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Joseph H. Perot, Assistant Director, Office of Economic Development

Helena Stevens-Thompson, Assistant to the City Manager

**FY 2008-09 BUSINESS ASSISTANCE PROGRAM
PRELIMINARY ACCOMPLISHMENTS**

BAC #1 - Greater Dallas Hispanic Chamber of Commerce (GDHCC)

4622 Maple Ave, Dallas, TX, 75219

FY 2008-09 Accomplishments for Stated Period of Time

BAC #1	Performance Indicators	Goal	Period 10/1/08 – 07/31/09	% of Goal Met	Average Per Month
	Number of inquires received/Answered	250	231	92.40%	23.10
	Number of Individual Technical Assistance sessions	30	47	156.67%	4.70
	Number of Group/seminar training sessions	6	0	0.00%	0.00
	Number of actual business incubator tenants housed	3	4.00	133.33%	4.00
	Number of New Microenterprise businesses created	4	0	0.00%	0.00

Incubator Tenants Included:

MODA Modelos Agency – Model/ Talent Agency

Mundo Tours – Group and Individual Travel Agency

Target Production- Film, Adverting, Radio/ Commercial, Event Production

Smart Business Ideas- Language Interpretation/ Translations, Corporate Language Training

BAC #2 – Inner City Community Development Corporation (ICDC)

4907 Spring Ave, Dallas, TX, 75210

FY 2008-09 Accomplishments for Stated Period of Time

BAC #2	Performance Indicators	Goal	Period 10/1/08 – 06/30/09	% of Goal Met	Average Per Month
	Number of inquires received/Answered	250	218	87.20%	24.22
	Number of Individual Technical Assistance sessions	30	47	156.67%	5.22
	Number of Group/seminar training sessions	6	4	66.67%	0.44
*	Number of actual business incubator tenants housed	3	N/A	N/A	N/A
	Number of New Microenterprise businesses created	4	3	75.00%	0.33

* Note BAC #2 Is not providing business incubation services on this FY 2008-09 contract

Incubator Tenants Included

Not applicable – BAC is not providing business incubation services during FY 2008-09 program contract

FY 2008-09 BUSINESS ASSISTANCE PROGRAM PRELIMINARY ACCOMPLISHMENTS
(Continued)

BAC #3 – Greater Dallas Hispanic Chamber of Commerce (GDHCC)

2060 Singleton Blvd., Dallas, TX, 75212

FY 2008-09 Accomplishments for Stated Period of Time

BAC #3	Performance Indicators	Goal	Period 10/1/08 – 07/31/09	% of Goal Met	Average Per Month
	Number of inquires received/Answered	250	155	62.00%	15.50
	Number of Individual Technical Assistance sessions	30	50	166.67%	5.00
	Number of Group/seminar training sessions	6	7	116.67%	0.70
	Number of actual business incubator tenants housed	3	2.80	93.33%	2.80
	Number of New Microenterprise businesses created	4	0	0.00%	0.00

Incubator Tenants Included

EC Driving (Defensive Driving Class)

United Medical Evaluators (Medical Evaluation/Screening Logistics)

Aden's Home Healthcare (Home Healthcare)

BAC #4 – Greater Dallas Hispanic Chamber of Commerce (GDHCC)

351 West Jefferson Blvd., Dallas, TX 75208

FY 2008-09 Accomplishments for Stated Period of Time

BAC #4	Performance Indicators	Goal	Period 10/1/08 – 07/31/09	% of Goal Met	Average Per Month
	Number of inquires received/Answered	250	174	69.60%	17.40
	Number of Individual Technical Assistance sessions	30	77	256.67%	7.70
	Number of Group/seminar training sessions	6	1	16.67%	0.10
	Number of actual business incubator tenants housed	3	3.20	106.67%	3.20
	Number of New Microenterprise businesses created	4	1	25.00%	0.10

Incubator Tenants Included

Multiservices Rioverde

Graciela's Nutrition

Meza Bilingual Staffing

John Rizo (Legal services)

FY 2008-09 BUSINESS ASSISTANCE PROGRAM PRELIMINARY ACCOMPLISHMENTS
(Continued)

BAC #5 – MBA Consultants

1201 W. Camp Wisdom Rd, Dallas, TX 75204

FY 2008-09 Accomplishments for Stated Period of Time

BAC #5	Performance Indicators	Goal	Period 10/1/08 – 08/31/09	% of Goal Met	Average Per Month
	Number of inquires received/Answered	250	520	208.00%	47.27
	Number of Individual Technical Assistance sessions	30	56	186.67%	5.09
	Number of Group/seminar training sessions	6	32	533.33%	2.91
*	Number of actual business incubator tenants housed	3	N/A	N/A	N/A
	Number of New Microenterprise businesses created	4	9	225.00%	0.82

* Note BAC #5 is not providing business incubation services on this FY 2008-09 contract

Incubator Tenants Included

Not applicable – BAC is not providing business incubation services during FY 2008-09 program contract

BAC #6 – Greater Dallas Asian American Chamber of Commerce (MEED Center)

(MEED Center)

1327 N. Peak Street, Dallas, TX 75204

FY 2008-09 Accomplishments for Stated Period of Time

BAC #6	Performance Indicators	Goal	Period 10/1/08 – 06/30/09	% of Goal Met	Average Per Month
	Number of inquires received/Answered	250	218	87.20%	24.22
	Number of Individual Technical Assistance sessions	30	70	233.33%	7.78
	Number of Group/seminar training sessions	6	34	566.67%	3.78
	Number of actual business incubator tenants housed	3	4.33	144.44%	4.33
	Number of New Microenterprise businesses created	4	6	150.00%	0.67

Incubator Tenants Included

American Research Services (Data Management)

Apedia Communications (Multi-Media Marketing)

Out of Africa Village (Educational displays on Africa/Schools/Community)

Creating Global Connections (Marketing)

Ayuda Consulting (Consulting)

CloudPoint LLC (Computing networks)

FY 2008-09 BUSINESS ASSISTANCE PROGRAM PRELIMINARY ACCOMPLISHMENTS
(Continued)

BAC #7 - Hispanic Contractors DBA Regional Hispanic Contractors Association (HCA)

2210 West Illinois Avenue
 Dallas, TX 75224

FY 2008-09 Accomplishments for Stated Period of Time

BAC #7	Performance Indicators	Goal	Period 04/01/09 – 08/31/09	% of Goal Met	Average Per Month
	Number of inquires received/Answered	125	186	148.80%	37.20
	Number of Individual Technical Assistance sessions	15	21	140.00%	4.20
	Number of Group/seminar training sessions	3	13	433.33%	2.60
*	Number of actual business incubator tenants housed	N/A	N/A	N/A	N/A
	Number of New Microenterprise businesses created	2	8	400.00%	1.60

* Note: BAC #7 Is not providing business incubation services on this FY 2008-09 contract

(Contract with BAC #7 started in April 2009)

Incubator Tenants

Not applicable

BAC # 8 Greater Dallas Indo American Chamber of Commerce

3643 West Northwest Highway
 Dallas, TX 75220

Note: BAC # 8 performance indicators from April 1, 2009 to September 30, 2009 - there are none to report at this time given that it is estimated that the BAC will not become active and operational until October 2009.

Memorandum



CITY OF DALLAS

DATE September 18, 2009

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

SUBJECT **Renewal of World Affairs Council of Dallas/Fort Worth Grant Agreement
September 23, 2009 Council Agenda**

BACKGROUND

Since February 2003, the City has entered into a series of grant agreements for economic development and protocol services with the World Affairs Council of Dallas/Fort Worth. The World Affairs Council of Dallas/Fort Worth's responsibilities include:

- Working with the office of the Mayor, City Council Members and City officials to market Dallas to the international community and provide protocol and logistical support for international delegations visiting Dallas
- Supporting the International Business Division of the Office of Economic Development to promote foreign investment and attract foreign companies to Dallas, particularly in the southern sector
- Managing the Sister Cities International Program

For the past four years, the World Affairs Council of Dallas/Fort Worth has received annual grants from the City to fund the City of Dallas Protocol office. The grant agreements stipulated funding to pay for salaries of two full time persons to work exclusively for the City of Dallas, plus a portion of the salaries and overhead of the executive staff of the World Affairs Council of Dallas/Fort Worth.

In October 2005, the City created an International Business Development Division within the Office of Economic Development. The goal of this division is to increase foreign investment and create jobs by recruiting foreign companies to Dallas, with concentration on Canada, China, Mexico and other target trading partners.

The grant agreement with the World Affairs Council of Dallas/Fort Worth is currently managed by this division. The third of 3 twelve month renewal options will expire on September 30, 2009.

Since economic development is a high priority of the City, in addition to measuring protocol related responsibilities, the grant agreement also measures economic development criteria such as promoting business referrals from target trading partners; providing logistical and technical assistance to business-related inbound delegations and supporting partnership events such as trade workshops.

BACKGROUND (Continued)

Furthermore, the World Affairs Council of Dallas/Fort Worth has committed to provide an average of \$97,428 annually in private sector funding and in-kind support for City of Dallas economic development and protocol activities. The goal is to leverage this agreement to create more synergy with economic development programs and priorities. The ultimate objective is to encourage more international companies to move to Dallas, thereby creating a higher tax base and more jobs.

The term of the current grant agreement was from October 1, 2008 through September 30, 2009, in the amount of \$233,005. The renewal amount for FY 2009-10 is \$200,000 which is appropriated in the Capital Budget, Economic Development, Public/Private Partnership.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On February 12, 2003, the City Council authorized a grant agreement with the World Affairs Council of Greater Dallas for the period March 1, 2003 through February 29, 2004, by Resolution No. 03-0664.

On February 11, 2004, the City Council authorized a three-year grant agreement with the World Affairs Council of Dallas/Fort Worth for the period March 1, 2004 through February 28, 2007, by Resolution No. 04-0560.

On February 20, 2007, the Economic Development and Housing Committee was briefed on the World affairs Council of Dallas/Fort Worth grant agreement.

On February 28, 2007, City Council authorized a grant agreement with the World Affairs Council of Dallas/Fort Worth for the period March 1, 2007 through September 30, 2007, by Resolution No. 07-0692.

On January 23, 2008, the City Council authorized the first of three twelve-month renewal terms to the grant agreement with the World Affairs Council of Dallas/Fort Worth for the period October 1, 2007 through September 30, 2008 by Resolution No. 08-0307.

On September 24, 2008, the City Council authorized the second of three twelve-month renewal terms to the grant agreement with the World Affairs Council of Dallas/Fort Worth for the period October 1, 2008 through September 30, 2009 by Resolution No. 08-2542.

FISCAL INFORMATION

Public/Private Partnership Funds - \$200,000

STAFF

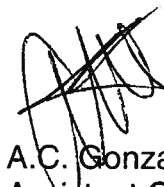
George Chee, Assistant Director, Office of Economic Development International Business & Protocol Services

Eugene Shen, ECO Analyst / Asian Coordinator, Office of Economic Development International Business & Protocol Services

RECOMMENDATION

Staff recommends approval of the subject item.

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



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
Thomas P. Perkins, City Attorney
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Karl Zavitkovsky Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
George Chee, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

Memorandum



DATE September 18, 2009

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

SUBJECT **The fourth and final twelve-month renewal option to the contract with the Southern Dallas Development Corporation (SDDC) to administer the City of Dallas CDBG Revolving Loan Program - City Council Agenda – September 23, 2009**

On September 23, 2009, the City Council will consider (1) authorizing the fourth and final twelve-month renewal option to the contract with the Southern Dallas Development Corporation to administer the City of Dallas CDBG Revolving Loan Program, for the purpose of servicing and making loans to area businesses and creating and retaining jobs for low-to-moderate income persons; and (2) any unexpended balances of program income and allocations from prior contract years be rolled over to continue the CDBG Revolving Loan Program.

BACKGROUND

Since 1989, the City of Dallas has contracted with SDDC to use Community Development Block Grant (CDBG) dollars to administer and implement a business loan program designed to help revitalize and enhance community and economic development in the City of Dallas. SDDC is currently in the twentieth year of contracting with the City of Dallas to provide these loan services. On September 28, 2005, the City Council approved the 2005-06 contract authorizing an entitlement of \$566,000 with the option of four renewals by resolution # 05-2788.

On August 9, 2006 the first renewal option of the contract was approved by Resolution No. 06-2020. On August 22, 2007 the second one-year renewal option with SDDC was approved by Resolution No. 07-2359. On September 10, 2008 the third one-year renewal option with SDDC was approved by Resolution No. 08-2425.

SDDC has approved 169 loans through the Revolving Loan Program from inception to date. SDDC has a proven track record of administering loan programs and other services. SDDC has provided approximately \$18,600,000 in CDBG loans to foster economic development; leveraged an estimated \$42,550,000 in private investment and created/retained 1,854 jobs. The CDBG Revolving Loan Program provides loan of up to \$300,000 in financing for eligible businesses in low to moderate

Southern Dallas Development Corporation (SDDC)
September 18, 2009

income areas of the City of Dallas and requires that 1 new job per \$35,000 be created per loan.

Please find attached 8/31/YTD SDDC loan operations reports.

OWNER

Southern Dallas Development Corporation
Loren Montgomery, Board Chair

COUNCIL DISTRICT

All

FISCAL INFORMATION

No cost consideration to the City

RECOMMENDATION

Staff recommends the City Council authorize the fourth and final twelve-month renewal option to the contract with the Southern Dallas Development Corporation to administer the City of Dallas CDBG Revolving Loan Program.

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



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
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Interim Assistant City Manager
Dave Cook, Chief Financial Officer, City Managers Office
Jeanne Chipperfield, Director, Budget & Management Services
Karl Zavitskovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Lee McKinney, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

SOUTHERN DALLAS DEVELOPMENT CORPORATION - CDBG SUMMARY OF LOANS FISCAL YEAR ENDING 9-30-2009 -- AS OF 8/31/09

Report Date: 9-17-2009		LOAN CLOSED	LOAN AMOUNT	MONTHLY PAYMENT	LOAN BALANCE
CLIENT					
Elaine's Kitchen *		12/12/2008	76,850.00	701.54	67,107.95
Kangaroo Cases *		1/16/2009	300,000.00	4,675.86	204,033.34
Mona Roushdi (Discount Auto Service)		3/11/2003	81,000.00	950.00	0.00
Accurate Waste Control		3/30/2001	100,000.00	1,000.00	34,868.49
Bobsaith, LLC		2/10/2006	35,000.00	352.19	32,226.05
CF&H Corporation		4/8/2009	240,000.00	7,301.26	235,263.05
Cedric Bolden		1/18/2008	65,000.00	621.17	61,957.85
Claudia Zuniga (Alto Insurance)		2/1/2008	150,000.00	1,348.24	145,537.93
Dilbeck Court Limited		6/29/2005	300,000.00	3,561.06	217,879.01
Dilbeck Court Limited		7/6/2009	74,000.00	1,430.63	74,000.00
Evans Engraving & Stamping		9/1/2004	47,000.00	350.00	31,665.19
Genesis		8/6/2008	162,025.00	1,456.33	162,025.00
Footgear		4/22/2008	75,000.00	1,485.09	73,182.17
Imperial Beverage		1/12/2005	100,000.00	760.14	60,475.26
ICDC			690,133.00	2,643.82	619,851.00
ISIS, LLC		8/30/2006	220,000.00	1,466.67	220,000.00
J&S Distribution		5/13/2004	225,000.00	2,731.38	93,155.64
Nelson Masi		4/18/2008	138,000.00	920.00	138,000.00
La Avenida Joint Venture		5/3/1999	350,802.57	1,346.82	244,668.18
Metroplex South Texas Medical Center		12/19/2000	150,000.00	2,490.18	26,178.40
Moseley Furniture		9/17/2002	90,000.00	750.00	44,815.41
NOW Machining & Manufacturing		5/20/1999	70,000.00	867.90	41,067.52
On Target		6/9/2008	300,000.00	5,799.84	267,892.55
Saheed Lawal-Solarin (Lantern Dental)		9/22/2006	60,000.00	1,216.58	29,658.11
Stanley Francis (Stanley's Catfish)		7/26/2007	36,200.00	573.28	30,065.17
Thrash Memorial Funeral Home		7/6/2009	70,000.00	629.18	70,000.00
Tizoc's, Inc.		7/24/2008	65,000.00	1,287.08	57,381.63
Zycomm Industries		4/23/2008	156,309.22	911.80	151,869.61
Total Loan Outstanding Balance				\$49,628.04	\$3,434,824.51
* Loans not fully funded. Balance represents amount of loan that has been disbursed.					
** Anticipate Full Recovery					

SOUTHERN DALLAS DEVELOPMENT CORPORATION
LOANS CLOSED FYE 2009 -- AS OF AUGUST 31, 2009

Report Date: 9-17-09

<u>BORROWER</u>	<u>CDBG</u>	<u>SDDE</u>	<u>SBA504</u>	<u>LEVERAGED</u>	<u>SOURCE</u>	<u>LOAN CLOSING DATE</u>	<u>PROJ. JOBS TO BE CREATED/ RETAINED</u>	<u>CENSI TRAC COUNCIL DISTRICT</u>
Peter Marshall & Co.			763,000	935,000 170,000 195,000	Main Street Lender Victory Group Borrower	11/4/2008	15	
Discover Learning Group			879,000	1,425,000 570,000	Zions First Nat'l Bank Borrower	11/13/2008	30	
Elaine's Kitchen	76,850	197,400				12/12/2008	3	35.00 / 7
TOTAL 1QTR ENDING 12/31/08	\$76,850	\$197,400	\$1,642,000	\$3,295,000			48	
Meadow Oaks Academy			1,552,000	2,627,000 460,000	Southwest Securities Borrower	1/9/2009	2	
Kangaroo Cases, LLC	300,000	250,000				1/16/2009 3/24/2009	9	22.00 / 2
Williams Fried Chicken							11	
TOTAL 2QTR ENDING 3-31-09	\$300,000	\$250,000	\$1,552,000	\$3,087,000				
CF&H Corp (South Dallas Nursing Home)	240,000					4/8/2009 5/20/2009	7	37.00 / 7
Latern Dental Clinic			347,000	417,360 83,472	Bank of Texas Borrower		2	
Dilbeck Court	74,000					6/22/2009	3	43.00 / 3
TOTAL 3QTR ENDING 6-30-09	\$314,000		\$347,000	\$500,832			12	
Thrash Funeral Home	70,000	200,000				7/6/2009 7/7/2009	2	87.04 / 3
Rina Investments d/b/a Little Caesar's Pizza		74,555					10	
Del Rey Partners, LLC & Fronteras Mexican Restaurant, LLC		180,000				8/26/2009		
SUBTOTAL 4QTR AS OF 8-31-09	\$70,000	\$454,555	\$0	\$0			12	
SUBTOTAL	\$760,850	\$901,955	\$3,541,000	\$6,882,832			83	

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SOUTHERN DALLAS DEVELOPMENT CORPORATION - CURRENT PIPELINE / PROSPECTS

AS OF: AUGUST 31, 2009

Client Name	Loan Amount
Fronteras Mexican Restaurant	50,000
All Pro Collision	50,000
Dude Sweet Chocolates	40,000
Total	\$140,000

SOUTHERN DALLAS DEVELOPMENT CORPORATION
DELINQUENCY REPORT AS OF 8/31/2009

COMPANY	Original Amount	Principal Balance	31-60 Days Past Due	61-90 Days Past Due	91+ Days Past Due	Total Past Due	Last Paid
Accurate Waste Collateral: 1st lien R/E	\$ 100,000.00	\$ 34,868.49	\$ 1,050.00	\$ 1,000.00		\$ 2,050.00	8/21/2009
CF&H Corporation d/b/a South Dallas Nursing Home Collateral: 2nd lien R/E; 2nd lien FF&E; Medicare A/R; assignment of rents from lease to SDNH	\$ 240,000.00	\$ 235,263.05	\$ 7,301.26	\$ 7,301.26	\$ 7,301.26	\$ 21,903.78	6/18/2009
Footgear Collateral: 1st lien F&E, Inv., CD	\$ 75,000.00	\$ 73,182.17	\$ 1,485.09	\$ 1,485.09	\$ 6,110.77	\$ 9,080.95	2/17/2009
Genesis Automotive Collateral: Shared 1st lien R/E & equipment	\$ 162,025.00	\$ 162,025.00	\$ 1,456.33	\$ 1,219.17		\$ 2,675.50	8/28/2009
Zycomm Industries Collateral: 1st lien all business assets; 2nd lien R/E	\$ 156,309.22	\$ 151,869.61	\$ 1,293.65			\$ 1,293.65	8/21/2009
TOTALS	\$ 733,334.22	\$ 657,208.32	\$ 12,586.33	\$ 11,005.52	\$ 13,412.03	\$ 37,003.88	
TOTAL PRINCIPAL O/S	\$ 3,434,824.51						
TOTAL PRINCIPAL P/D	\$ 657,208.32						
PERCENT PAST DUE	19.13%						

**SOUTHERN DALLAS DEVELOPMENT CORPORATION
LOANS CHARGED TO LOSS YTD -- AS OF 8-31-2009**

COMPANY	Original Amount	Charge-Off Amount	Charge-Off Date
ISIS, LLC Collateral: 1st lien R/E	\$ 220,000.00	\$ 220,000.00	8/13/2009
Metroplex South Texas Medical Ctr. Collateral: 2nd lien on all business assets	\$ 150,000.00	\$ 26,178.40	8/13/2009
NOW Machining & Manufacturing Collateral: 1st lien R/E, equipment, accounts receivable and inventory	\$ 70,000.00	\$ 41,067.52	8/13/2009
TOTALS	\$ 440,000.00	\$ 287,245.92	

* includes payoff of loan, legal fees, utilities, realtor expenses, locksmith fees, taxes & misc. fees

SOUTHERN DALLAS DEVELOPMENT CORPORATION
LOAN LOSS RECOVERY YTD REPORT -- AS OF 8-31-2009

COMPANY	Original Amount	Charge-Off Amount	Charge-Off Date	Outstanding Balance	YTD Recovery Amount
THE COOKIE COMPANY Collateral: 1st lien inventory, furniture & equipment	75,000.00	54,442.61	2/24/2005	38,892.61	2,450.00
E.O. Systems Collateral: Pro-rata 1st lien A/R (62.5% Regions Bank); 2nd lien furniture, fixtures, equipment	150,000.00	112,000.00	75,000.00 3/9/2005 75,000.00 9/29/2005	41,000.00	6,000.00
NOW Machining & Manufacturing Collateral: 1st lien R/E, equipment, accounts receivable and inventory	\$ 70,000.00	\$ 41,067.52	8/13/2009	\$0.00	77,374.48 *
TOTALS	\$ 295,000.00	\$ 207,510.13		\$	85,824.48

* includes payoff of loan, legal fees, utilities, realtor expenses, locksmith fees, taxes & misc. fees