

# Memorandum



DATE December 4, 2009

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, and Steve Salazar

SUBJECT **NEC Lake June & Masters, L.P., Economic Development Grant Amendment, December 9, 2009 Council Agenda**

## **MAIN TOPIC**

Authorize an amendment to the economic development grant agreement with NEC Lake June & Masters, L.P. to: **(1)** extend the substantial completion date from December 31, 2009 to June 30, 2010, and **(2)** revise the job creation date from December 31, 2009 to June 30, 2010 with NEC Lake June & Masters, L.P. for the related improvements and redevelopment of the Lake June Plaza Shopping Center located at Lake June Road and Masters Drive.

## **BACKGROUND**

Pursuant to Resolution No. 08-1886 approved on June 25, 2008, the City provided a \$1,500,000 economic development grant to NEC Lake June & Masters, L.P. for its \$8,000,000 project to redevelop and remodel the 145,000 square foot shopping center. This 15-acre project is located at the northeast quadrant of the intersection of Lake June Road and Masters Drive. The construction of tenant improvements was delayed due to financing issues in the capital markets. Therefore, NEC Lake June & Masters, L.P. requests that (1) the substantial completion date of December 31, 2009 for the economic development grant be extended to June 30, 2010 and (2) the job creation date be revised from December 31, 2009 to June 30, 2010.

The shopping center has a 45,000 square foot grocery store space that was formerly occupied by Winn-Dixie. A large retail tenant, "dd's" (an affiliate of the Ross brand) recently opened in the shopping center and the developer has secured a lease with El Rio Grande, a full-service grocery store. While the shopping center renovation has been completed, the redevelopment of the grocery store space is proceeding but has been delayed.

The city grant is designed to offset certain development costs including demolition for the redevelopment of this shopping center. Should the developer not satisfy the substantial completion requirement for a full-service grocery store for the vacant 45,000 square foot grocery anchor space, the economic development grant will be reduced to \$750,000. The development meets minimum eligibility requirements of the Public/Private Partnership Program as adopted by the City Council on April 9, 2008.

This development meets minimum eligibility requirements of the Public/Private Partnership Program as adopted by the City Council on April 9, 2008. NEC Lake June's general partner, Syd Hurley of Vista Property Company, LLC, previously developed the Sierra Vista Plaza shopping center located at West Illinois Avenue and South Westmoreland Road.

**PROJECT DETAILS**

**Project Site:** Northeast corner of Lake June Road and Masters Drive

**Acreage:** 15 acres

**Existing Facility:** 145,000 square feet

**Real Property Investment:** Building improvements - \$8,000,000

**Minimum Required Jobs:** 50

**Average Wage:** \$12

**PROPOSED ESTIMATED SCHEDULE OF TENANT IMPROVEMENTS**

Begin Construction	November 2009
Complete Construction	June 30, 2010

**FISCAL INFORMATION**

**Financing:**

December 9, 2009: No cost consideration to the City.

June 25, 2008: Public/Private Partnership Program Funds - \$1,500,000

**OWNER**

**DEVELOPER**

**NEC Lake June & Masters, L.P. Vista Property Company, LLC.**

Syd Hurley  
Managing Partner

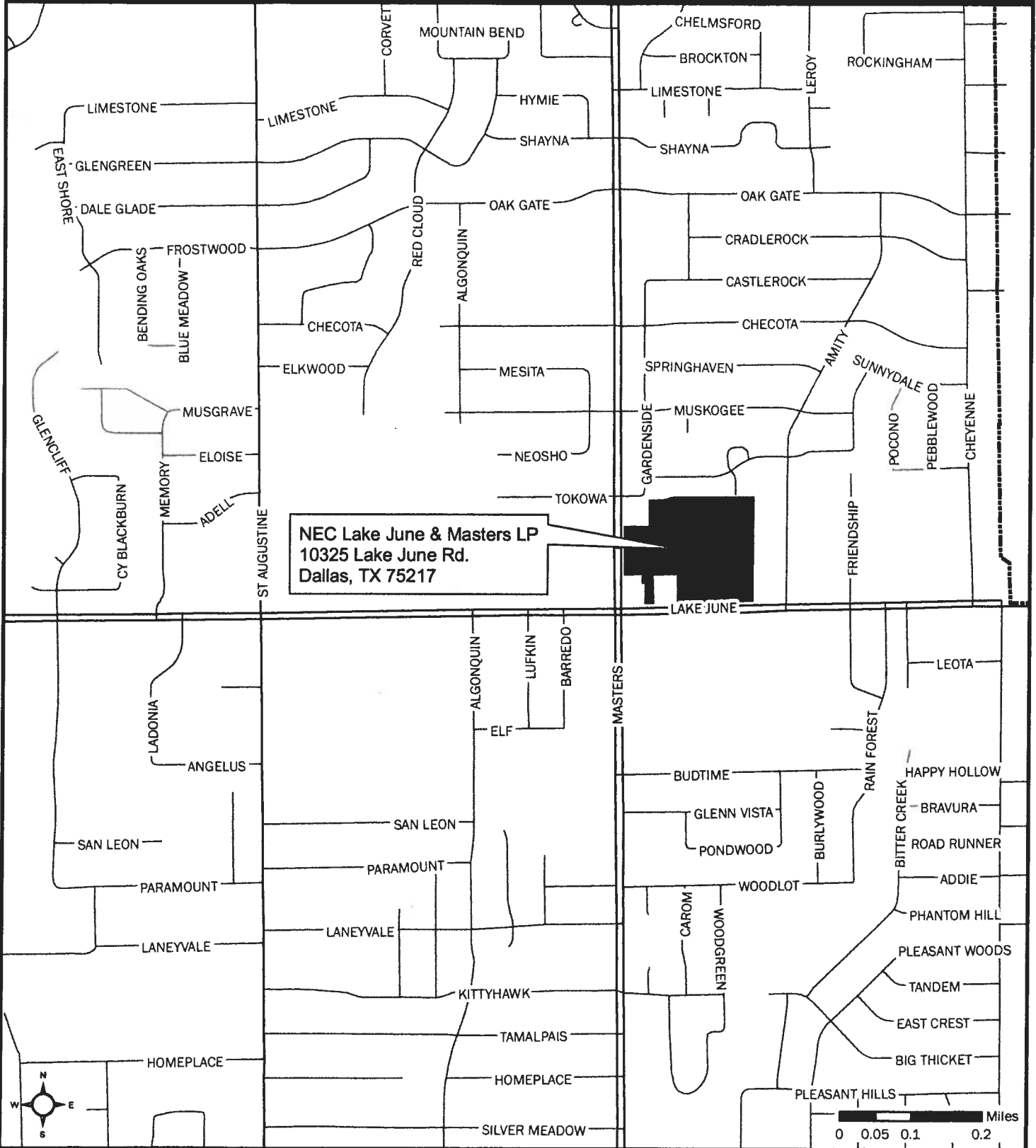
Syd Hurley  
President

If you have any questions, please contact me at 214-670-3314.

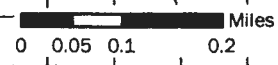
  
A.C. Gonzalez  
Assistant City Manager

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

# NEC Lake June & Masters, LP



**NEC Lake June & Masters LP**  
 10325 Lake June Rd.  
 Dallas, TX 75217



City of Dallas  
 Office of Economic Development



Research & Information Division  
 (214) 670-1685  
<http://www.Dallas-EcoDev.org>

**Legend**

- NEC Lake June & Masters, LP Property
- City of Dallas
- Primary Highway
- Secondary Highway
- Major Arterial
- Local Streets



# Memorandum



CITY OF DALLAS

DATE December 4, 2009

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

SUBJECT **The Beat at South Side Station – Amendment to the Development Agreement - Cedars TIF District - Agenda Item, December 9, 2009.**

This action will authorize an amendment to the Development Agreement with Bellview Condo Associates I, Ltd, in Tax Increment Financing Reinvestment Zone Number Four (Cedars TIF District), to (1) extend the project deadline from March 31, 2009 to December 31, 2010; and (2) amend Exhibit A, the TIF Public Improvement Cost Estimates.

The developer, Bellview Condo Associates I, Ltd., an affiliate of Matthews Southwest, has completed and received a certificate of occupancy for The Beat at South Side Station, an eleven story, 75 unit, condominium tower in the Cedars TIF District. The developer has met the \$14,400,000 minimum total private investment. The environmental and water/wastewater work on the project has been completed.

## **Requested amendment**

The sidewalks and pedestrian amenities are being built through a NCTCOG grant project called the South Side Pedestrian Improvement Project. This project is a public-private partnership between DART, the City of Dallas, and Matthews Southwest. Acceptance of the grant was authorized by City Council on January 8, 2003 to provide sidewalks, utility burial, and streetscaping along Belleview Street and Lamar Street from the Cedars DART station to the Convention Center DART station. The project was delayed both by engineering and by procurement issues beyond the control of the developer. The portion in front of the Beat is funded and partially complete but is not expected to be fully complete until December 31, 2010.

Due to these continued delays involving the South Side Pedestrian Improvement Project, the developer has requested deadline extensions to accommodate the completion of construction of enhanced pedestrian improvements and landscaping.

This action will amend the term of the original agreement to:

- Extend the deadline for the public construction and related items, such as the Operating and Maintenance Agreement, from March 31, 2009 to December 31, 2010.
- Amend Exhibit A, the TIF Public Improvement Cost Estimates

In addition to the amendments listed above, some additional clarifications to the original resolution are recommended at this time, including 1) clarifying that the

developer's contribution to the South Side Pedestrian Improvement Project in its entirety is a TIF-eligible expense, 2) that the timing of the reimbursement of their contribution is contingent upon completion only of the portion of the South Side Pedestrian Improvement Project directly adjacent to the Beat, and 3) as with other multi-agency partnerships, work completed under DART's management and authority, in compliance with DART's procurement process, will be determined to have satisfied the City's procurement process.

On November 4, 2009, the Cedars TIF District Board of Directors recommended that these amendments be approved.

**Project summary**

Residential square footage required (condos and common area)	90,000 sf minimum
Total square footage (including garage, deck, etc.)	155,000 sf
Developer fee (owner's capital expenditure)	none
Private investment estimate - hard costs of construction only	\$14,555,759
Required minimum project cost including actual investment, delta acquisition, all soft costs, debt expenses, etc.	\$14,400,000
Total project cost including site acquisition, hard costs of construction, and all soft costs.	\$19,367,310
TIF funding	\$800,000
% TIF funds to total project cost	4.1%
Rate of return with TIF funds	5.6%
Rate of return without TIF funds or other public assistance	1.4%
Deadline to purchase land	None (land is already acquired)
Deadline to start construction	December 2006
Deadline to complete construction	March 2009 December 2010
<i>*All estimates updated as of October 2009</i>	

**Square Footage by Use**

<b>Square footage breakdown</b>	
Condominium units (approximate)	90,000
Common interior space	15,000
Parking garage	38,000
Pool deck	10,000
Other exterior space	2,000
<b>Total</b>	<b>155,000</b>

**ESTIMATED SCHEDULE OF PROJECT**

Began Construction      December 2006  
 Complete Construction    December 31, 2010

**Owner**

**Bellview Condo Associates I, Ltd**

Kristian Teleki, Senior Vice President  
Matthews Southwest

**Developer**

**Bellview Condo Associates I, Ltd**

Kristian Teleki, Senior Vice President  
Matthews Southwest

Note: Bellview Condo Associates I, Ltd is a partnership comprised of Bellview Condo Associates I GP, LLC; the Dallas Police and Fire Pension System; and South Side Plaza L.P.

**Fiscal Information**

No cost consideration to the City

**Council District(s)**

2

**STAFF**

Karl Stundins, Manager, Area Redevelopment Division  
Pam Veshia, Economic Development Analyst

**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 A. Watkins, City Secretary  
Thomas P. Perkins, Jr., City Attorney  
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Hammond Perot, Assistant Director, Office of Economic Development  
Helena Stevens-Thompson, Assistant to the City Manager

**Conceptual Rendering**

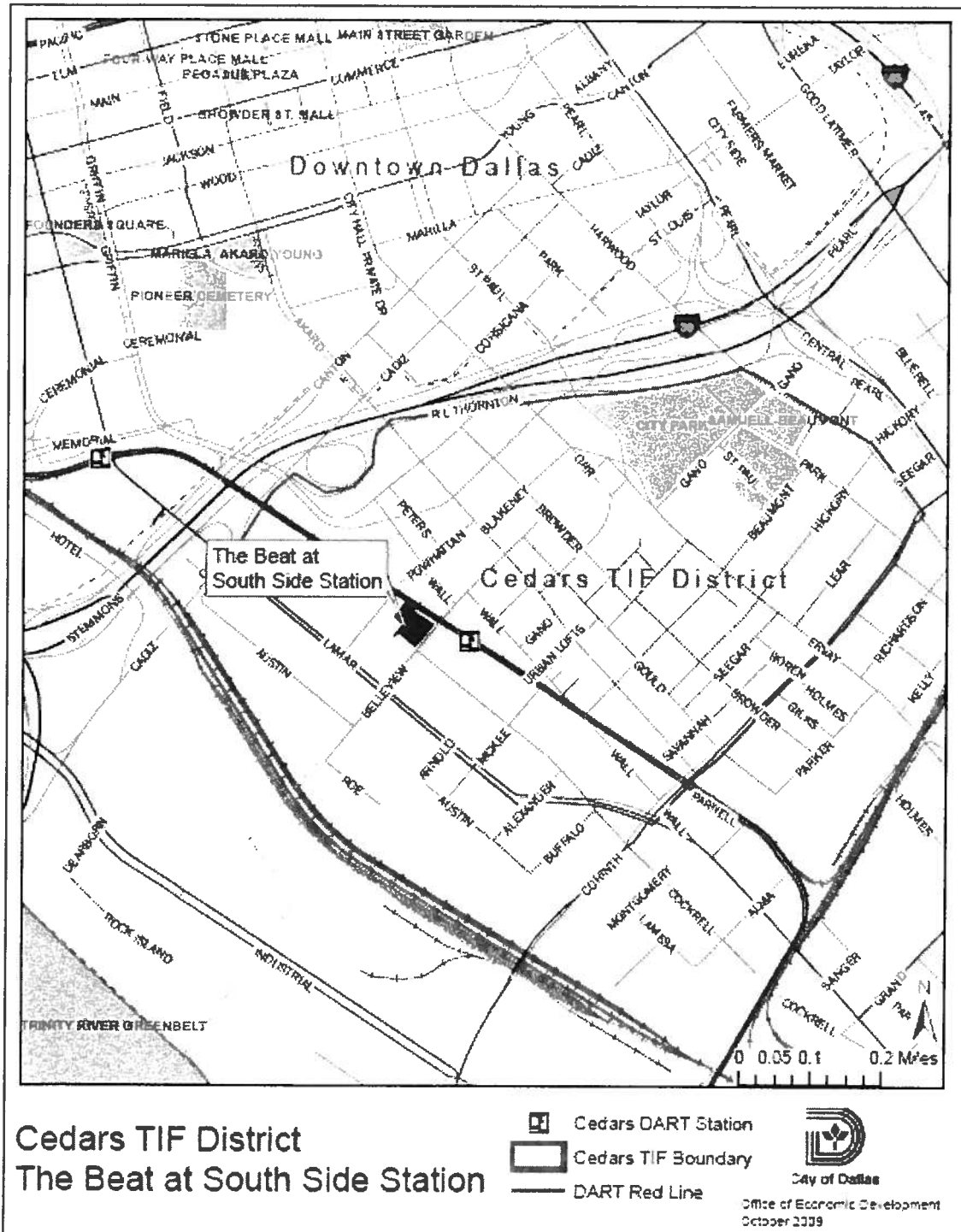


**Recent Photograph**



"Dallas, **Together**, we do it better."







# Memorandum



CITY OF DALLAS

DATE December 4, 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 **Authorize an amendment to the Development Agreement with INCAP Master Development, LLC (Davis Garden TIF District); Agenda Item, December 9, 2009**

This action will authorize an amendment to the development agreement with INCAP Master Development, LLC to: (1) add the completion date for the design of the median improvements component of December 31, 2010; (2) extend the completion deadline for the median improvements from July 15, 2010 to December 31, 2011; and (3) amend the priority status of TIF reimbursement for the project due to the additional time required to complete the median improvements on Davis Street between Hampton and Montclair Roads.

Affiliates of INCAP Master Development, LLC previously acquired six structurally and functionally obsolete apartment complexes located on approximately 30 acres of land throughout the Davis Garden TIF District. On May 28, 2008, City Council approved the entity's request for \$4,008,247 in TIF reimbursement for: (a) the apartment complexes' environmental remediation and demolition and (b) median improvements on Davis Street between Hampton Road and Montclair Avenue. INCAP's development agreement with the City does not include a commitment for vertical development.

The environmental remediation and demolition component of the entity's project has been completed. However, the median improvements on Davis Street have been delayed due to the economy and financial constraints. The amendment to development agreement will allow INCAP to complete the design of the median improvements by the end of December 2010 and the construction of the median improvements by the end of December 2011.

Assuming all conditions for payment have been met as defined by the Project's development agreement, the City will administer the payment of the TIF Subsidy for the Project in accordance with the TIF Board's adopted Increment Allocation Policy. This project was previously eligible for TIF reimbursement on a first priority basis. The amendment will allow TIF funds that are collected prior to the completion of the median improvements to be released to fund other projects.

Annually on or about June 1st of each calendar year, after the Total Increment has been deposited in the District's TIF fund, the fund will pay or set aside Administrative Expenses and Affordable Housing Set-asides. After these obligations are met all funds will be used to reimburse the 1st phase of the INCAP project until the obligations are fully reimbursed. If the INCAP Phase I Project is not complete by June 1st of each calendar year, the allocation procedures described in the District's Increment Allocation Policy will apply until the Project is complete.

The project summary is as follows:

Total square footage required	0
Developer fee	<4%
Required private investment – site acquisition and hard costs of construction	\$30,000,000
Total project cost including site acquisition, hard costs of construction, all soft costs, and TIF expenses/other public.	\$43,246,681
TIF funding	\$4,008,247
% TIF funds to total project cost	9.3%
Rate of return with TIF funds (horizontal develop)	7.00%
Rate of return without TIF funds or other public assistance	0.04%
Deadline to purchase properties	N/A
Deadline to complete environmental remediation and/or demolition	Completed
Deadline to complete the design for the median improvements	December 31, 2010
Deadline to complete the construction of the median improvements	December 31, 2011

**SCHEDULE**

Environmental Remediation and Demolition Activities	Completed
Begin the Design for the Median Improvements	January 2010
Complete the Design for the Median Improvements	December 2010
Begin the Construction of the Median Improvements	January 2011
Complete the Construction of the Median Improvements	December 2011

**FINANCING**

No additional funding will be provided.

**OWNER**

**INCAP Master Development, LLC  
 A Texas Limited Liability Company**

Michael Slaughter, Vice President

**DEVELOPER**

**INCAP Master Development, LLC  
 A Texas Limited Liability Company**

Alan McDonald, Vice President

**STAFF**

Telemachus Evans, Economic Development Analyst  
Karl Stundins, Manager, Area Redevelopment Division

**RECOMMENDATION**

Staff recommends City Council's approval of the amendment to the development agreement with INCAP Master Development, LLC.

**MAP**

Attached.

Should you have any further 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  
Tom Perkins, City Attorney  
Judge C. Victor Lander, Judiciary  
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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



**Pro Forma**

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**INCAP's Proposed Horizontal Development Activities and Streetscape Improvements Along Davis Street**

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<b>Expenses</b>	
Land Acquisition Costs	\$24,959,612
Supplemental Non-Reimbursable Costs (Private)	\$14,278,822
Demolition, Environmental Remediation, & Streetscaping (TIF Eligible Project Costs)	\$4,008,247
<b>Total</b>	<b>\$43,246,681</b>

<b>Revenue</b>	
Anticipated Sales Price	\$42,264,324
<b>Total</b>	<b>\$42,264,324</b>

<b>ROI Analysis (Return on Cost) - No TIF Reimbursement</b>	
Projected Sales	42,264,324
Land Acquisition Costs	(24,959,612)
Supplemental Non-Reimbursable Costs (Private)	(14,278,822)
Demolition, Environmental Remediation, & Streetscaping (TIF Eligible Project Costs)	(3,008,247)
<b>No TIF Reimbursement - Gross Profit (Loss)</b>	<b>\$17,643</b>
<b>ROI (Return on Cost)*</b>	<b>0.04%</b>

\* Streetscape improvement would not be done without TIF reimbursement. The projected land sale price is shown as 95% of the desired price of the land. Financing costs are included in the Supplemental Non-Reimbursable Cost Category. The longer that it takes to sell the property - the higher this number will be and the lower the ROI will be.

<b>ROI Analysis (Return on Cost) - with TIF Reimbursement</b>	
Projected Sales	\$42,264,324
Land Acquisition Costs	(\$24,959,612)
Supplemental Non-Reimbursable Costs (Private)	(\$14,278,822)
Demolition, Environmental Remediation, & Streetscaping (TIF Eligible Project Costs)	(\$4,008,247)
Anticipated TIF Reimbursement	\$4,008,247
<b>With TIF Reimbursement - Gross Profit (Loss)</b>	<b>\$3,025,890</b>
<b>ROI (Return on Cost)*</b>	<b>7.00%</b>

\* Streetscape improvement required for TIF reimbursement. The projected land sale price is shown as 95% of the desired price of the land. Financing costs are included in the Supplemental Non-Reimbursable Cost Category. The longer that it takes to sell the property - the higher this number will be and the lower the ROI will be.

<b>ROI without TIF Reimbursement</b>	<b>0.04%</b>
<b>ROI with TIF Reimbursement</b>	<b>7.00%</b>





# Memorandum



Date: December 04, 2009

To: City Council Economic Development Committee:  
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwaine Caraway, Sheffie Kadane, Linda Koop, Ann Margolin, Steve Salazar

Subject: Historic Preservation Tax Incentive - 501 2<sup>nd</sup> Avenue

On November 2, 2009, the Committee requested City Staff work with Kaelson Company Properties, Inc. to draft language to address concerns related to the proposed Tax Exemption and possible issues with the proposed I-30 realignment.

Below is the language drafted by the City Attorney's office and the legal representative for Kaelson Company Properties, Inc.

#### 4. CONVEYANCE TO TXDOT.

a. Written release. Owner may not convey all or any portion of the historic property to the Texas Department of Transportation (TxDOT) for improvements to I-30 unless the owner obtains a written release from the Director of Sustainable Development and Construction (or other department director that may administer the Historic Preservation Program when the release is requested). The Director shall execute a written release if the:

- (1) approved final TxDOT design for improvements to I-30 (TxDOT Design) does not include demolishing any contributing structure on the historic property;
- (2) the TxDOT Design requires demolition of a contributing structure on the historic property and the owner has relocated or has a binding written agreement for TxDOT to relocate those contributing structures before TxDOT closes on any portion of the historic property;
- (3) owner has repaid to the City of Dallas any city property taxes that were not paid because of this tax exemption on any contributing structure for which demolition is required to implement the TxDOT Design;

- (4) owner and TxDOT have a binding written agreement that at the closing of any portion of the historic property TxDOT will repay to the City of Dallas any city property taxes that were not paid because of this tax exemption on any contributing structure for which demolition is required to implement the TxDOT Design; or
  - (5) owner has placed funds equal to any city property taxes that were not paid because of this tax exemption on any contributing structure for which demolition is required to implement the TxDOT Design into an escrow or trust account to be paid to the City of Dallas when TxDOT closes on any portion of the historic property.
- b. Calculation for city property tax repayment. The amount of repayment required is equal to the amount of floor area for which demolition is required divided by the total floor area that received the tax exemption times the total tax exemption received for the added improvement value of the contributing structures (over the pre-rehabilitation improvement value of \$253,380). For purposes of this calculation, basement area is not considered "floor area" and "added improvement value of the contributing structures" does not include the value of building additions or new floor area constructed in the buildable area.

$$\frac{\text{floor area to be demolished}}{\text{total floor area that received tax exemption}} \times \text{total tax exemption amount for added improvement value of contributing structures} = \text{amount repaid}$$

**FISCAL INFORMATION**

Revenue: First year tax revenue foregone estimated at \$10,580 (Estimated revenue foregone over ten years is \$105,802)

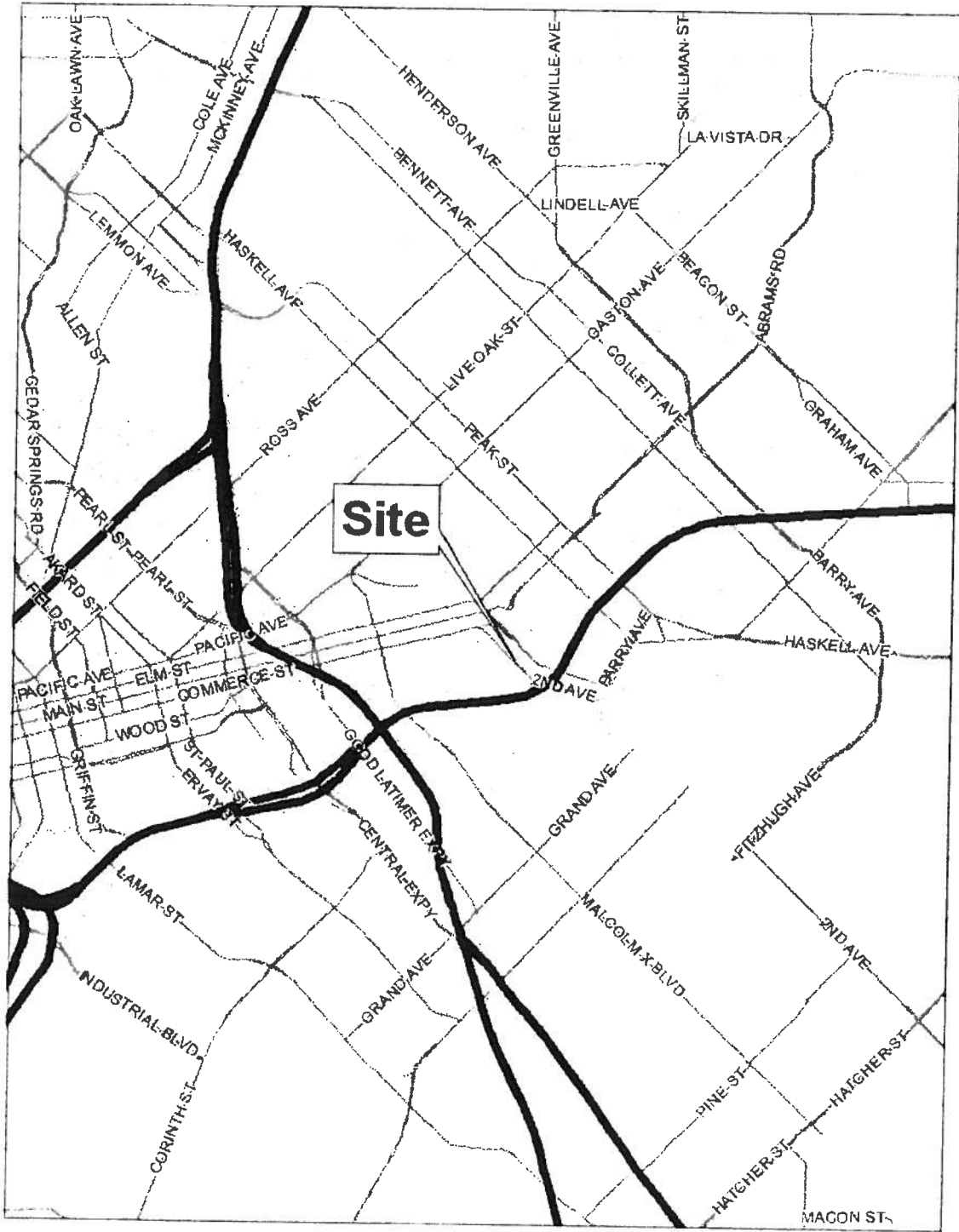
**MAP**

Attached



A.C. Gonzalez  
Assistant City Manager

- c: The Honorable Mayor and Members of the City Council
  - Mary K. Suhm, City Manager
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  - David K. Cook, Chief Financial Officer Manager
  - Jean Chipperfield, Director, Budget and Management Services
  - Theresa O'Donnell, Director Sustainable Development & Construction
  - Karl Zavitkovsky, Director, Office of Economic Development
  - Hammond Perot, Assistant Director, Office of Economic Development
  - Helena Stevens-Thompson, Assistant to the City Manager



# Memorandum



CITY OF DALLAS

[www.dallascityhall.com](http://www.dallascityhall.com)  
[www.bids.dallascityhall.org](http://www.bids.dallascityhall.org)

**Date** December 4, 2009

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

**Subject** FYI – Business Inclusion and Development Performance Report

Attached for your information is the Business Inclusion and Development Plan Performance Report for October 1, 2008 through September 30, 2009. During FY 2008-09 we were \$30,082,642 or 29% above the Minority/Women Business Enterprise (M/WBE) participation goal.

Should you have any questions, please contact me at (214) 670-7804.

A handwritten signature in black ink, appearing to read 'D. Cook'.

David Cook  
Chief Financial Officer

## Attachment

c: Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah A. Watkins, City Secretary  
Thomas P. Perkins, Jr., City Attorney  
Craig D. Kinton, City Auditor  
Victor Landers, Judiciary  
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A. C. Gonzalez, Assistant City Manager  
Helena Stevens-Thompson, Assistant to the City Manager  
Ade Williams, Director, Business Development and Procurement Services

**Business Development and Procurement Services  
Business Inclusion and Development Performance Report  
October 2008 to September 2009**

**COUNTY**

LOCAL	25.00%		25.66%		36.30%		23.80%		18.00%		Total	
	\$ Amount	% of Total	Architectural & Engineering	% of Total	Professional Services	% of Total	Other Services	% of Total	Goods	% of Total		\$ Amount
<b>GOALS</b>												
<b>ALL DEPARTMENTS</b>												
<b>Dallas (Local)</b>												
African American	10,013,419	5.6	4,291,487	4.0	3,367,284	20.2	6,468,149	11.2	804,783	1.1	24,945,122	5.8
Hispanic	38,757,114	21.8	11,453,522	10.7	558,827	3.4	9,112,937	15.8	923,902	1.3	60,806,302	14.1
Asian	1,637,271	0.9	8,155,243	7.6	153,412	0.9	4,597,886	8.0	1,463,375	2.0	16,007,188	3.7
Native American	1,565,635	0.9	28,800	0.0	0	0.0	32,524	0.1	69,955	0.1	1,696,915	0.4
Other	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total MBE</b>	<b>51,973,439</b>	<b>29.2</b>	<b>23,929,052</b>	<b>22.4</b>	<b>4,079,523</b>	<b>24.5</b>	<b>20,211,496</b>	<b>35.0</b>	<b>3,262,015</b>	<b>4.6</b>	<b>103,455,527</b>	<b>24.0</b>
Caucasian Women	22,015,544	12.4	7,023,645	6.6	455,384	2.7	857,516	1.5	848,292	1.2	31,200,380	7.2
<b>Total M/WBE</b>	<b>73,988,983</b>	<b>41.6</b>	<b>30,952,697</b>	<b>28.9</b>	<b>4,534,907</b>	<b>27.2</b>	<b>21,068,012</b>	<b>36.5</b>	<b>4,110,307</b>	<b>5.8</b>	<b>134,655,906</b>	<b>31.3</b>
Total Encumbrance	177,956,005		106,966,370		16,667,678		57,697,436		71,364,465		430,691,955	
<b>Non-Local</b>												
African American	2,180,343	1.0	2,040,834	3.1	608,970	7.1	3,861,756	5.1	42,105	0.0	8,734,008	1.6
Hispanic	5,955,792	2.6	171,625	0.3	148,069	1.7	4,712,017	6.2	2,361,499	1.3	13,349,001	2.4
Asian	334,270	0.1	0	0.0	98,538	1.1	170,123	0.2	59,823	0.0	662,754	0.1
Native American	73,050	0.0	1,100	0.0	0	0.0	20,390	0.0	6,000	0.0	100,540	0.0
Other	0	0.0	37,560	0.1	0	0.0	0	0.0	0	0.0	37,560	0.0
<b>Total MBE</b>	<b>8,543,455</b>	<b>3.7</b>	<b>2,251,119</b>	<b>3.4</b>	<b>855,577</b>	<b>9.9</b>	<b>8,764,286</b>	<b>11.6</b>	<b>2,469,427</b>	<b>1.4</b>	<b>22,683,863</b>	<b>4.1</b>
Caucasian Women	7,043,874	3.1	225,274	0.3	672,636	7.8	9,751,239	12.9	2,304,283	1.3	19,997,306	3.6
<b>Total M/WBE</b>	<b>15,587,329</b>	<b>6.8</b>	<b>2,476,393</b>	<b>3.7</b>	<b>1,528,213</b>	<b>17.7</b>	<b>18,515,525</b>	<b>24.4</b>	<b>4,773,710</b>	<b>2.7</b>	<b>42,881,169</b>	<b>7.7</b>
Total Encumbrance	229,080,976		66,272,437		8,634,301		75,790,770		178,082,413		557,860,897	
<b>Local + Non-Local</b>												
African American	12,193,762	3.0	6,332,321	3.7	3,976,254	15.7	10,329,905	7.7	846,888	0.3	33,679,130	3.4
Hispanic	44,712,905	11.0	11,625,147	6.7	706,896	2.8	13,824,963	10.4	3,285,401	1.3	74,155,303	7.5
Asian	1,971,541	0.5	8,155,243	4.7	251,950	1.0	4,768,009	3.6	1,523,198	0.6	16,669,941	1.7
Native American	1,638,685	0.4	29,900	0.0	0	0.0	52,914	0.0	75,955	0.0	1,797,454	0.2
Other	0	0.0	37,560	0.0	0	0.0	0	0.0	0	0.0	37,560	0.0
<b>Total MBE</b>	<b>60,516,893</b>	<b>14.9</b>	<b>26,180,172</b>	<b>15.1</b>	<b>4,935,100</b>	<b>19.5</b>	<b>28,975,782</b>	<b>21.7</b>	<b>5,731,441</b>	<b>2.3</b>	<b>126,339,368</b>	<b>12.8</b>
Caucasian Women	29,059,418	7.1	7,248,918	4.2	1,128,020	4.5	10,608,756	7.9	3,152,575	1.3	51,197,686	5.2
<b>Total M/WBE</b>	<b>89,576,311</b>	<b>22.0</b>	<b>33,429,090</b>	<b>19.3</b>	<b>6,063,120</b>	<b>24.0</b>	<b>39,584,538</b>	<b>29.7</b>	<b>8,884,016</b>	<b>3.6</b>	<b>177,537,074</b>	<b>18.0</b>
Total Encumbrance	407,036,981		173,258,807		25,301,979		133,488,207		249,466,878		988,552,852	

# Memorandum



CITY OF DALLAS

DATE December 4, 2009

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

SUBJECT **La Reunion Phase I – Amendment to the Development Agreement – Fort Worth Avenue TIF District - Agenda Item, January 13, 2010.**

This action will authorize an amendment to the development agreement with Fairways at La Reunion, LLC and/or its affiliates, previously approved on January 28, 2009, by Resolution Nos. 09-0286 and 09-0287, in Tax Increment Financing Reinvestment Zone Number Fifteen (Fort Worth Avenue TIF District) to: **(1)** extend the project deadline to begin construction of the Courtyards at La Reunion from August 30, 2009 to October 31, 2010 and to extend the project deadline to complete construction of the Courtyards at La Reunion from December 31, 2010 to February 29, 2012; **(2)** allow new construction in lieu of rehabilitation for the Courtyards at La Reunion; **(3)** replace Exhibit B-1, B-3, C-1 and C-3 with amended Exhibit B-1, B-3, C-1 and C-3; **(4)** remove the Brazos Bank Building and its associated exhibits B-2 and C-2 from the development requirements; and **(5)** amend the Fort Worth Avenue TIF Allocation Policy.

La Reunion Town Center, the catalyst development for the Fort Worth Avenue TIF District, is being developed by Todd and Richard Seib, through their affiliate Fairways at La Reunion, LLC and its affiliates (La Reunion Towncenter, LLC; 2505 Ft Worth Avenue, LLC; and Courtyards at La Reunion, LLC) (collectively "Owner").

La Reunion Phase I was originally planned to consist of three separate private improvements: 1) a 198 unit independent living community called the Fairways at La Reunion; 2) the redevelopment of a currently vacant bank building at 2505 Fort Worth Avenue into restaurant and retail space called the Brazos Bank Building; and 3) rehabilitation of 64 rental units for affordable housing, called the Courtyards at La Reunion.

The Fairways at La Reunion is currently under construction and scheduled to be complete December 2010. Demolition of the south side of Colorado Place Apartments, necessary for Phase II of the development, has begun. At this time, the Owner is requesting amendments relating to the development of the Brazos Bank building site (2505 Fort Worth Avenue) and the Courtyards at La Reunion site (2201 Fort Worth Avenue).

## **Requested amendment**

### Courtyards at La Reunion Site

The Courtyards at La Reunion was originally planned to consist of rehabilitation of the north side of the Colorado Place Apartments. Since Council approval on January 28, 2009, the Owner has conducted additional due diligence and has determined that because of the condition of the buildings, rehabilitation of the north side of Colorado Place has proved financially unfeasible. The Owner proposes to replace the 68 units of dilapidated apartments with 95 units of new construction, 59 of which will be affordable. These changes necessitate additional time for demolition and construction

### Brazos Bank Building Site

In addition, the Owner has been in negotiations with a grocery store chain and proposes to sell the property at 2505 Fort Worth Avenue, the Brazos Bank Building. This will result in approximately 16,500 square feet of new construction to replace approximately 12,000 square feet of rehabilitation. Because of the change in ownership, staff recommends removing this property from the development requirements.

### Deadlines

This action will amend the term of the original agreement to extend the deadlines as outlined below:

#### Fairways:

Construction began: no change  
Complete construction: June 2011 (no change)

#### Courtyards:

Begin construction: ~~August 2009~~ October 2010  
Complete construction: ~~December 2010~~ February 2012

#### Brazos Bank:

Begin construction: No requirement (project removed)  
Complete construction: No requirement (project removed)

All public improvements: ~~June 2010~~ February 2012

In addition to these amendments listed above, some additional clarifications to the original resolution are recommended at this time, including a minor amendment to the Fort Worth Avenue TIF Increment Allocation Policy to allow the construction on 2505 Fort Worth Avenue (formerly the Brazos Bank site) to be considered a Related Project.



On December 1, 2009, the Fort Worth Avenue TIF District Board of Directors recommended that these amendments be approved.

A memo was presented to the Economic Development Committee on December 7, 2009 regarding amendments to the development agreement supporting La Reunion Phase I.

**Project summary**

Total square footage and units required	12,000 4,000 sf retail (minimum) 250 residential units (minimum)
Developer fee and reimbursables	No developer fee. Developer will receive a share of profits, if any.
Required private investment – site acquisition, site preparation, and hard costs of construction	\$30,000,000
Total project cost including site acquisition, hard costs of construction, all soft costs, and TIF expenses/other public.	\$39,785,672
TIF funding	\$6,500,000
% TIF funds to total project cost	16.3%
Rate of return with TIF funds	0.78%
Rate of return without TIF funds or other public assistance	0.65%
Deadline to purchase properties	Courtyards property purchased January 18, 2007 Brazos Bank property purchased June 13, 2007 Fairways land purchased August 1, 2007
Deadline to obtain permits	Fairways: June 2009 Brazos Bank: June 2009 Courtyards at La Reunion: August 2009 October 2010
Deadline to complete construction	Fairways: June 2011 Brazos Bank: December 2010 Courtyards at La Reunion: December 2010 February 2012

**Square Footage by Use**

<b>Square footage breakdown</b>	<b>Previous</b>	<b>Requested</b>
Senior housing/independent living	162,276	162,276
Retail/restaurant/office/leasing	12,000	4,094
Affordable & market rate housing & common space	48,184	81,085
<b>Total</b>	<b>222,460</b>	<b>247,455</b>

**ESTIMATED SCHEDULE OF PROJECT**

Began Construction           no change  
 Complete Construction       February 2012

**Owner**

**Fairways at La Reunion, LLC  
And/or its affiliates:  
La Reunion Towncenter, LLC  
2505 Ft Worth Avenue, LLC and  
Courtyards at La Reunion, LLC**

**Todd Seib, Manager**

**Developer**

**Fairways at La Reunion, LLC  
And/or its affiliates:  
La Reunion Towncenter, LLC  
2505 Ft Worth Avenue, LLC and  
Courtyards at La Reunion, LLC**

**Todd Seib, Manager**

Note: Todd Seib is Richard Seib's son, and David Krukiel is assisting the developer with project coordination. Todd's brothers, Jeffrey Seib, Jonathon Seib, and Timothy Seib are also involved with the project.

**Fiscal Information**

No cost consideration to the City

**Council District(s)**

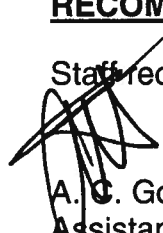
3

**STAFF**

Karl Stundins, Manager, Area Redevelopment Division  
Pam Veshia, Economic Development Analyst

**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 A. Watkins, City Secretary  
Thomas P. Perkins, Jr., City Attorney  
Craig D. Kinton, City Auditor  
Judge C. Victor Lander, Judiciary  
Ryan S. Evans, First Assistant City Manager  
Forest Turner, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
David Cook, Chief Financial Officer  
Jeanne Chipperfield, Director, Office of Financial Services  
Karl Zavitkovsky, Director, Office of Economic Development  
Helena Stevens-Thompson, Assistant to the City Manager

**Pro Forma**

PROJECT DESCRIPTION:	La Reunion Phase I
SITE AREA:	399,666
NUMBER OF FLOORS/STORIES:	4
BUILDING AREA (g.s.f.):	222,460
CONSTRUCTION PERIOD:	March 2009-Feb 2012
ANTICIPATED CONSTR START DATE:	March 2009

Note: Use income at stabilization

<b>Fairways at La Reunion</b>	<b>SF</b>	<b># of Units</b>	<b>Total SF</b>	<b>\$ per SF</b>
Total/Avg	820	198	162,276	\$1.44

<b>Colorado North</b>	<b>SF</b>	<b># of Units</b>	<b>Total SF</b>	<b>\$ per SF</b>
average units	644	95	61,154	\$1.44

<b>Income (Annual)</b>	
Fairways at La Reunion	\$2,804,129
plus misc income	\$81,570
less vac & expenses	\$1,410,503
less debt service	\$1,340,222
<b>NOI</b>	<b>\$134,974</b>

Colorado North	\$1,059,960
plus misc income	\$15,000
less vac & expenses	\$551,876
less debt service	\$400,000
<b>NOI</b>	<b>\$123,084</b>

<b>Total NOI</b>	<b>\$258,058</b>
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<b>% TIF cost to total project cost</b>	<b>16.34%</b>
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<b>Project Costs</b>	
Acquisition	\$9,650,000
Hard Cost	\$23,079,676
Soft Cost	\$4,942,119
Public costs	\$2,113,877
<b>Total Project Cost (incl. public costs)</b>	<b>\$39,785,672</b>

<b>Total Project Cost (incl. public costs)</b>	<b>\$39,785,672</b>
<b>CITY ASSISTANCE (current \$)</b>	<b>\$6,500,000</b>
<b>Total Project Cost (with City \$)</b>	<b>\$33,285,672</b>

<b>Return on Cost Analysis (NOI/Total Project Costs)</b>	
Annual return on Cost (no City \$)	0.65%
Annual return on Cost (with City \$)	0.78%

## Conceptual Renderings

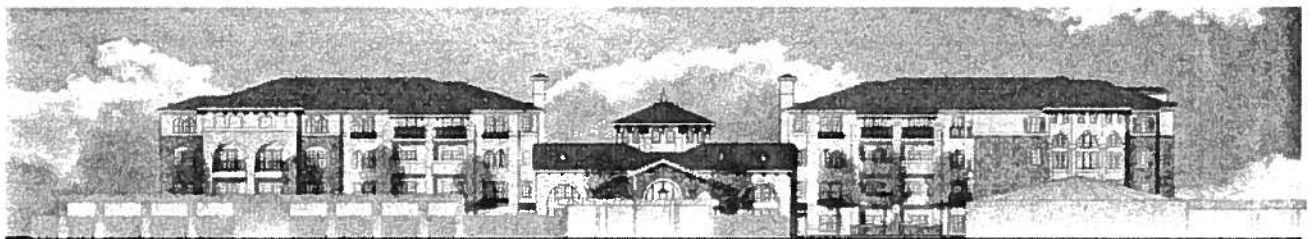
### Courtyards at La Reunion:



TYPICAL FRONT ELEVATION RESIDENTIAL BUILDINGS

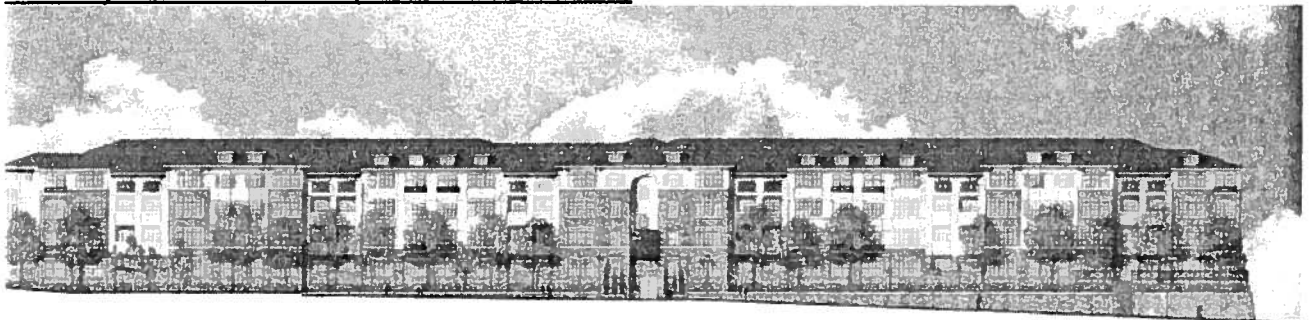
THE COURTYARDS AT  
LA REUNION

### Fairways at La Reunion (Fort Worth Elevation)



FT WORTH ELEVATION

### Fairways at La Reunion (Bahama Elevation)

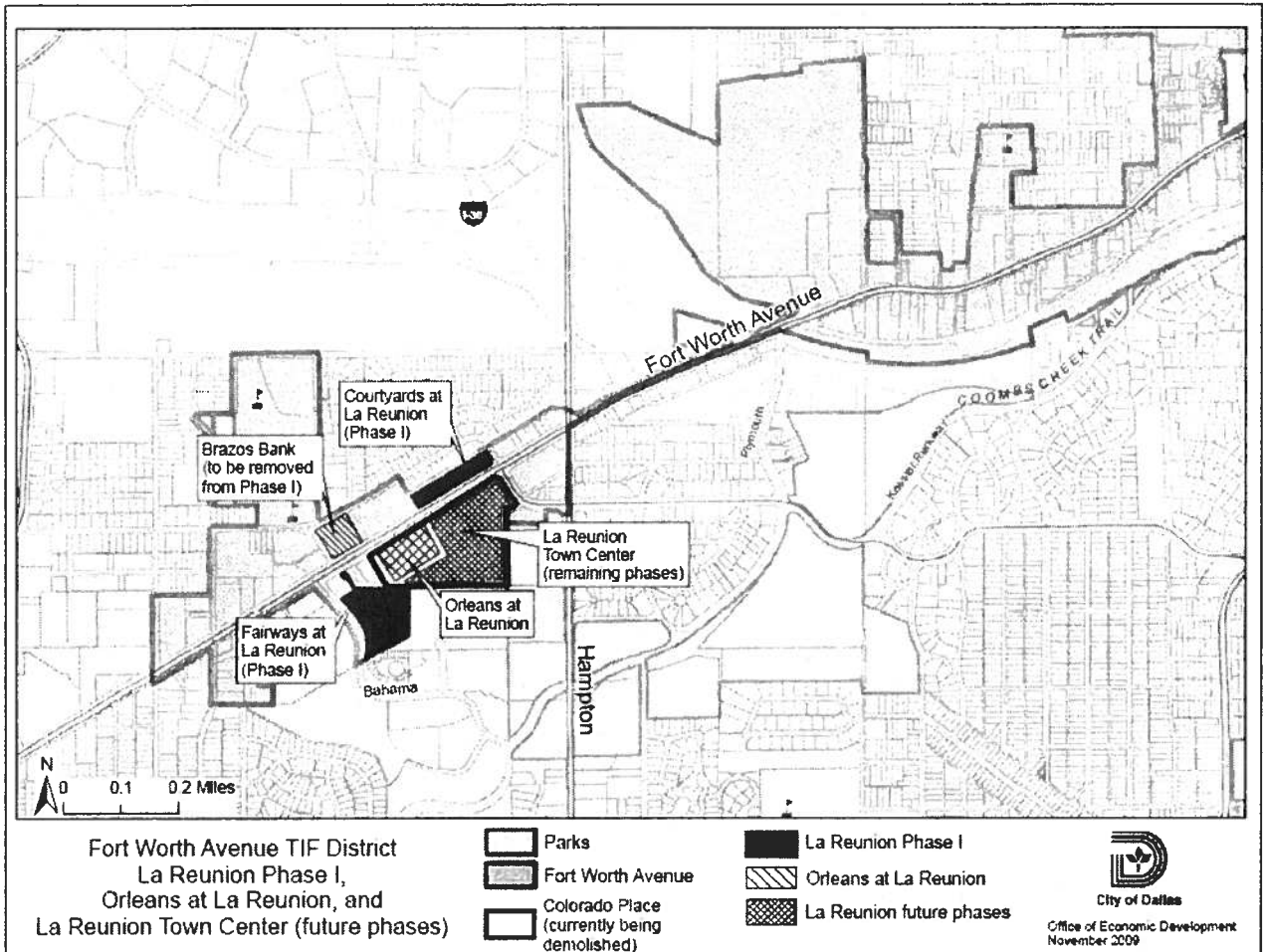


BAHAMA DRIVE ELEVATION

**Recent Photographs**



**Map**



# Memorandum



CITY OF DALLAS

DATE December 4, 2009

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

SUBJECT **Deep Ellum Warehouses, Ltd. – Amendment to the Development Agreement –  
Deep Ellum TIF District - Agenda Item, January 13, 2010.**

This action will authorize an amendment to the Development Agreement with Deep Ellum Warehouses, Ltd. (DEW), in Tax Increment Financing Reinvestment Zone Number Twelve (Deep Ellum TIF District), to (1) split the project into two phases: Phase I – private improvements; and Phase II – public infrastructure improvements on Hill Avenue ; (2) to extend the deadline for Phase II of the project from December 31, 2008 to June 30, 2010; and (3) to add Phase III to the project and allocate an additional \$80,000 in TIF funds for Phase III improvements related to the redevelopment of 3927 Benson.

The developer, DEW, has completed the redevelopment of the Olympia Arts Building, an 18,000 square foot commercial building in the Deep Ellum TIF District. The developer has met the \$1,200,000 minimum total private investment. The private improvement work on the project has been completed.

## **Requested amendment**

DEW completed work on the redevelopment of an 18,000 square foot building that formerly housed a commercial laundry in November 2008. The primary tenant of the building is an animation company. Required TIF public improvements included reconstruction of Hill Avenue adjacent to the Olympia Arts Building. Complications in the abandonment and right-of-way dedication process and unexpected utility work caused completion of these improvements to be unavoidably delayed. This action splits the original project into a public and private component and extends the deadline for the public improvements on Hill Avenue to June 30, 2010. In addition, staff was able to negotiate the complete renovation of another critical building in the area. A TIF funding commitment of an additional \$80,000 is needed to facilitate the redevelopment of the 4,300 square foot building located at 3927 Benson Street; \$50,000 of which will be utilized for the additional public utilities on Hill Avenue.

The Deep Ellum TIF Board reviewed this proposal on November 11, 2009 and recommended the amendments to the original development agreement for City Council approval.

**Project summary – Phase I**

Total square footage – Phase I (Olympia Arts Building)	18,000 sf
Retail & Commercial Space – Phase I (Olympia Arts Building)	18,000 sf
Construction Costs per sf Commercial - Phase I (Olympia Arts Building)	\$67
Projected Lease Rate per sf - Phase I (Olympia Arts Building)	\$8/sf
Required private investment - acquisition, design costs, and infrastructure improvements - Phase I (Olympia Arts Building)	\$1,200,000
Developer fees - Phase I (Olympia Arts Building)	\$75,000
Total project cost including actual investment, land acquisition, all soft costs, debt expenses, etc. - Phase I (Olympia Arts Building)	\$1,678,000
TIF funding - Phase I (Olympia Arts Building)	\$515,000
NOI - Phase I (Olympia Arts Building)	\$86,625
Return with TIF Reimbursement - Phase I (Olympia Arts Building)	5.16%
Return without TIF Reimbursement - Phase I (Olympia Arts Building)	Negative Return
% TIF Funds to total project cost – 48% of the TIF expenditures are for improvements that benefit the district and would not have been constructed by the developer - Phase I (Olympia Arts Building)	30.7%
Project Under Construction By	December 31, 2007
Completion Date	December 31, 2008 (no change)

**Phase II**

Public Infrastructure – Chart not applicable

\$50,000 of TIF funding for additional public utilities

Completion Deadline: June 30, 2010



**Phase III**

Total square footage – Phase III (Benson Street Building)	4,300 sf
Office Space – Phase III (Benson Street Building)	4,300 sf
Construction Costs per sf Commercial - Phase III (Benson Street Building)	\$35
Projected Lease Rate per sf - Phase III (Benson Street Building)	\$8/sf
TIF funding - Phase III (Benson Street Building)	\$30,000
Return with TIF Reimbursement - Phase III (Benson Street Building)	10%
Return without TIF Reimbursement Phase III (Benson Street Building)	9.2%
% TIF Funds to total project cost	21%
Project Under Construction By	October 31, 2010
Completion Date	August 31, 2011

**Square Footage by Use**

<b>Square footage breakdown</b>	
Retail Space	2,000 sf
Office Space	12,000 sf
Showroom Space	2,000 sf
Warehousing Space	2,000 sf
Phase II Public Infrastructure	NA
Phase III Office Space	4,300 sf
<b>Total</b>	<b>22,300 sf</b>

**ESTIMATED SCHEDULE OF PROJECT**

**Phase II**

Begin Construction      January 2010  
 Complete Construction    June 30, 2010

**Phase III**

Begin Construction      October 2010  
 Complete Construction    August 31, 2011

**Owner**

**Deep Ellum Warehouses, Ltd.  
A Texas Limited Partnership**

Ken Good, President  
General Partnership  
Good Signature Management, LLC

**Developer**

**Deep Ellum Warehouses, Ltd.  
A Texas Limited Partnership**

Ken Good, President  
General Partnership  
Good Signature Management, LLC

**Fiscal Information**

No cost consideration to the City

**Council District(s)**

2

**STAFF**

Karl Stundins, Manager, Area Redevelopment Division  
Jim Greenwalt, Senior Coordinator

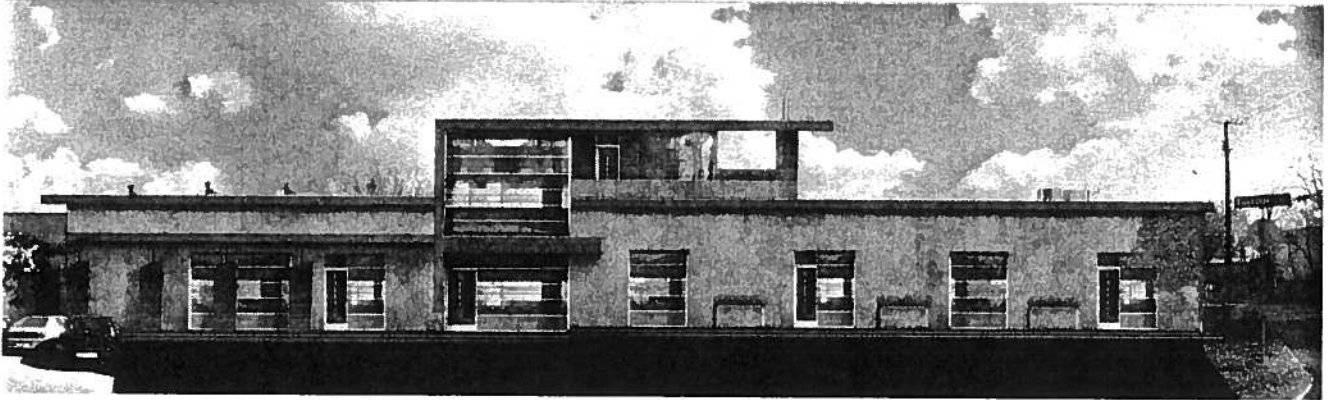
**RECOMMENDATION**

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

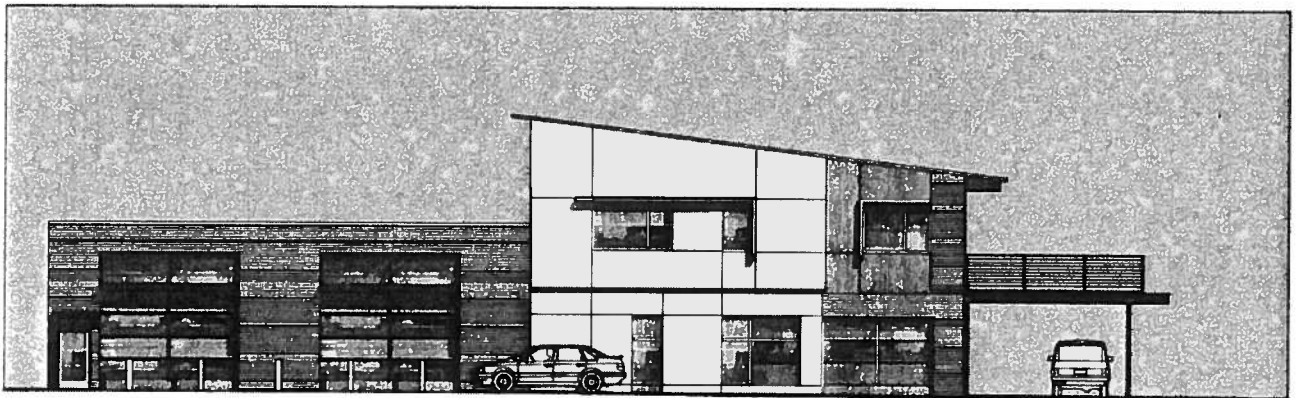
  
A. C. Gonzalez  
Assistant City Manager

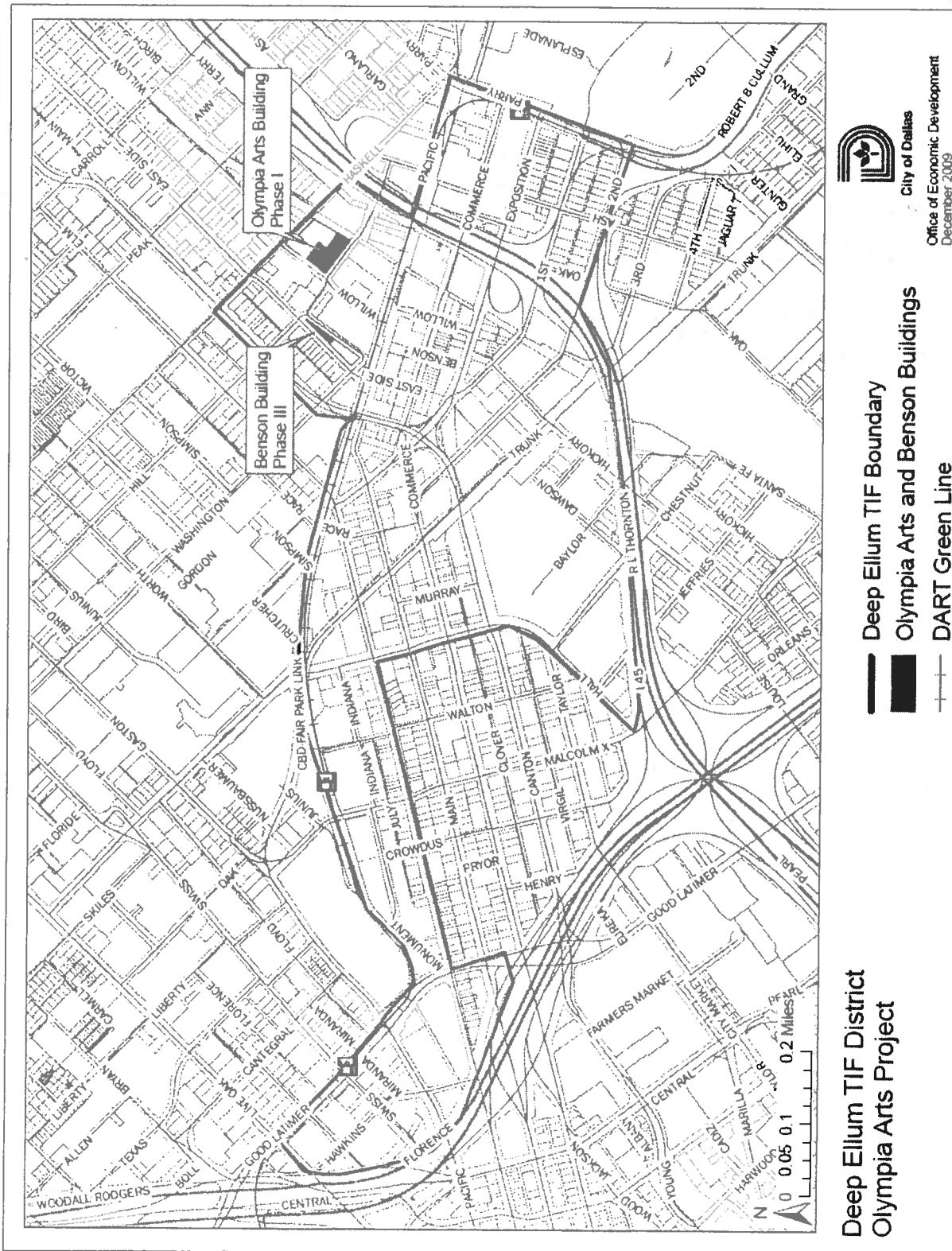
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David Cook, Chief Financial Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development  
Helena Stevens-Thompson, Assistant to the City Manager Office

**Completed Project Phase I**



**Conceptual Rendering Phase III**





City of Dallas  
 Office of Economic Development  
 December 2009

Deep Ellum TIF Boundary  
 Olympia Arts and Benson Buildings  
 DART Green Line

Deep Ellum TIF District  
 Olympia Arts Project