

Trinity Crossing Entertainment Complex



October 19, 2005

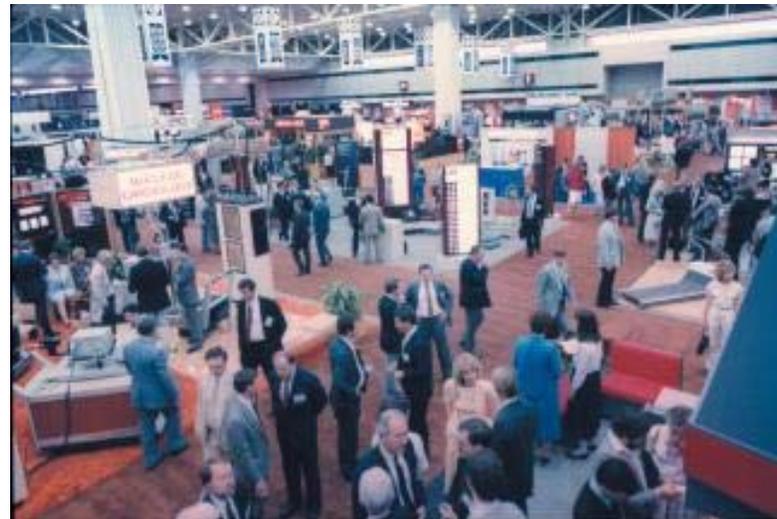
Purpose of Briefing

This briefing will detail proposals of the following related subjects:

- Trinity Crossing Entertainment Complex
- Land exchange to allow development of the Trinity Crossing Entertainment Complex
- Creation of TIF District to facilitate the land exchange and development of public infrastructure in the entertainment complex

Trinity Crossing Entertainment Complex

- Dallas City Limits (DCL) proposes an entertainment district of approximately 12 acres on what is now Dallas Convention Center (DCC) Parking Lot E
- Dallas City Limits is represented by Billy Bob Barnett who has extensive experience with entertainment venues in Fort Worth, New Orleans and Houston



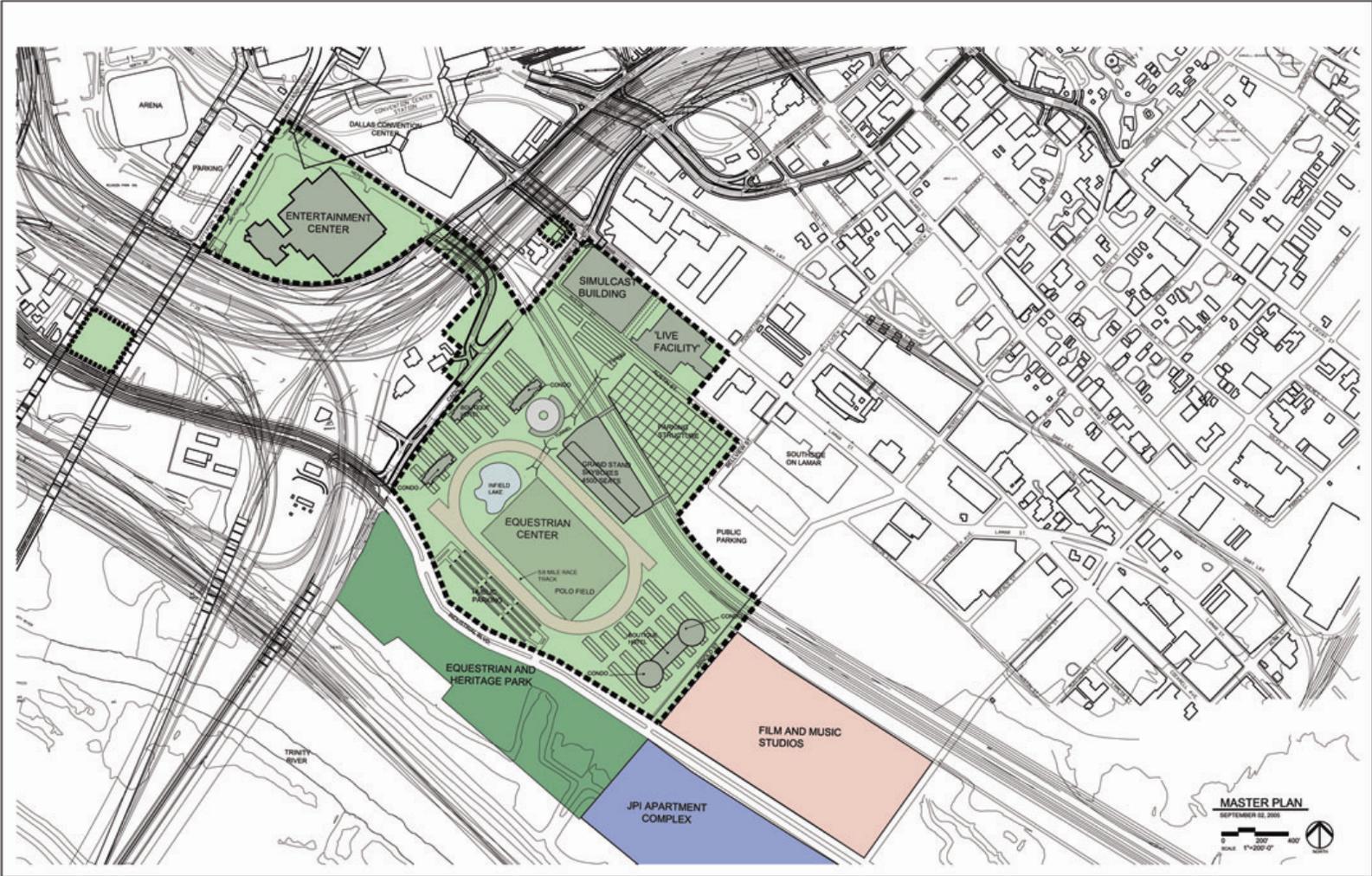
Trinity Crossing Entertainment Complex

- A small indoor stage facility for live entertainment
- A small outdoor arena for bull riding, cutting horse competitions and similar Western activities
- Several themed restaurants featuring fish, Tex-Mex, steaks and barbeque.
- Retail shops
- Sky box suites including facilities for guests and sponsors
- An outdoor festival area for 27,000+ guests

Destination Trinity Crossing



Trinity Crossing Site



TRINITY CROSSING
ENTERTAINMENT AND EQUESTRIAN CENTER

HKS
HKS, INC.
1100 BERRY AVE.
DALLAS, TX 75201
214.363.3000

Benefits from Trinity Crossing

- \$75M in Phase I new development
- 40,000 square feet of retail space
- Quality entertainment and dining venues for locals as well as visitors
- Phase I property, sales, and alcohol tax revenues to the City of \$16M over ten years
- Estimated 1,000 new jobs
- Improves overall viability of the Convention Center and improves the feasibility of a Convention Center Headquarters hotel

Benefits from Trinity Crossing (cont.)

- Eliminates operating deficits for Reunion Arena saving \$1.0 to \$1.5M annually (after 2008)
- Compliments the efforts of the City Center and Downtown Connection TIF Districts by creating a mixed-use and entertainment area that will appeal to the growing number of residents and office workers
- Significantly enhances the City's ability to attract visitors and convention business to downtown
- Encourages other Trinity River economic development and recreational activities
- Develops parcels near the DCC in a way that supports the goal of downtown being a vibrant, destination neighborhood

Benefits from Trinity Crossing (cont.)

- Jump starts investment in Cedars West and the Trinity River Corridor
- Revenue sharing enhances marketing of the Convention Center and entertainment complex and provides financial support for Convention Center major maintenance and capital improvements
- Plans for a Phase II project in the Cedars to include:
 - An equestrian center for quarter horse racing, polo matches, and other horse-related events.
 - A boutique hotel
 - Horse, hike and bike trails to the Trinity
 - Recording studios for audio and film

Benefits from Trinity Crossing (cont.)

- Phase II generates additional \$16M in sales, property, and alcohol taxes for the City over 10 years
- Phase II also links the equestrian center with residential development along Industrial through the efforts of Dallas City Limits and JPI
- Brings a the unique and dynamic “bang” that is critical to the redevelopment of downtown and the long-term success of Dallas as a viable convention destination
- Expedites development South of downtown, including, but not limited to, the Trinity River

Strategic Goals

The Trinity Crossing Development will help achieve key City Council goals, including:

- Downtown Redevelopment
- Southern Dallas Redevelopment
- Trinity River Related Development
- Neighborhood Redevelopment
- Convention and Tourism
- Future Convention Center Headquarters hotel

Key Deal Points: Land Exchange

- Since the City only owns approximately half of Parking Lot E, it is important for the City to acquire the remainder of Lot E to ensure the development of the entertainment complex
- City owns the land and improvements of existing Reunion Arena facilities plus adjacent and nearby properties totaling 360,822 square feet
- Woodbine owns 331,909 square feet of Convention Center Parking Lot E (the Cockrell Tract) where an entertainment complex is proposed
- Fee simple land exchange between City and Woodbine proposed

Key Deal Points: Land Exchange (cont.)

- Exchange price will be fair market value based on an independent appraisal
- Two appraisals have been received but because land values are widely divergent, a third appraisal has been commissioned
- Because land values are key to the execution of the land swap and the economic viability of Trinity Crossing, staff cannot provide detailed term sheets at this time

Key Deal Points: Land Exchange (cont.)

- City will leaseback Reunion Arena until June 30, 2008
 - City honors existing commitments, but no new bookings for after June 30, 2008
 - City pays net rent of \$1.00 per year to Woodbine plus all utilities, maintenance, insurance and property taxes
 - City will be entitled to all revenue from Reunion Arena during the time of the leaseback
 - American Airlines Center non-compete provisions continue to apply
- Woodbine will demolish Reunion Arena upon expiration of the City's leaseback, but City will have the right to remove any improvements and equipment prior to demolition at City's expense

Key Deal Points: Land Exchange (cont.)

- City and Woodbine agree to explore the development of a pedestrian walkway system that may connect the Convention Center with future buildings on the consolidated Woodbine property, the Hyatt Regency, and Union Station
- Creates a contiguous parcel of 25 acres for development in the City core
- Facilitates development of the Trinity Crossing Entertainment Complex

Key Deal Points: Trinity Crossing Entertainment Complex

- City acquires "Cockrell Tract", and sells fee simple ownership in Lot E to Dallas City Limits. Proceeds to be deposited with DCC
- DCL pays fair market value as determined by an independent appraisal commissioned by City
- City retains rights for future DCC expansion
- City supports DCL in negotiations with DART, at no cost to the City, for \$2,000,000 investment for DART/TRE station upgrades and pedestrian connection from DART station
- DCL constructs not less than \$75,000,000 in Phase I taxable improvements on the property by a scheduled completion date

Key Deal Points: Trinity Crossing Entertainment Complex (cont.)

- DCL complies with the City of Dallas Good Faith Effort Plan for M/WBE Enterprises as applicable
- DCL uses reasonable efforts to design and construct, and to complete the LEEDS certification process for the entertainment complex
- City makes a minimum of 1,000 parking spaces available to DCL for monthly lease at fair market value at the Reunion Parking Center
- DCL may light arches on roof of DCC wing adjoining the property, at DCL's expense, for so long as the arches exist, subject to design approval, FAA regulations, engineering and code requirements

Key Deal Points: Trinity Crossing Entertainment Complex (cont.)

- DCL uses the DCC façade for static and electronic signage, light shows and video projections, subject to joint approval, including content, design, and placement
- DCL shares revenue, with a minimum annual payment of \$2M
- Possible sources of this revenue are:
 - Percentage of food and beverage sales
 - Percentage of corporate sponsorship sales
 - Use of the DCC façade
- DCC uses revenues for DCC major maintenance and capital improvements

Key Deal Points: Trinity Crossing Entertainment Complex (cont.)

- DCL purchased racing license of the Austin Jockey Club and is pending approval of the state racing commission to move the license to Dallas
- Phase II, located in the Cedars features an equestrian center than includes quarter horse racing and other horse-related activities, including a simulcast facility
- DCL anticipates having a racing license at the equestrian center, thus it is likely video lottery terminals will be in both phases of the entertainment complex if the state legislature authorizes gaming

Key Deal Points: Trinity Crossing Entertainment Complex (cont.)

- DCL agrees to a separate revenue sharing agreement if video lottery terminals or some other new gaming become legal and DCL or its affiliates obtains license for the property and/or the adjacent property
- DCL views the City as a partner and wants the DCC to participate in joint marketing efforts

Entertainment and Festival TIF District

- A 15-year, \$10-15M TIF District will be beneficial in the implementation of the entertainment district by providing a means to conduct the land exchange and the selling of land to DCL
- The TIF increment can fund:
 - Repairs at Reunion Parking Center
 - Relocation of a sanitary sewer line
 - Pedestrian Linkages/Streetscapes
 - Other infrastructure improvements in the TIF District
- Some of these improvements may be funded with advances from DCC with future repayment from the TIF increment

Downtown Dallas Entertainment District – Planned Development District

- DCL intends to seek establishment of a Planned Development District for the entire DCL development area which will specify:
 - Special signage within the district to allow festival marquee, wallscape supergraphics, high density signage on building walls, area signs or marquees, rooftop or other architectural landmark signs and off-premises signage
 - Zoning for DCL's adjacent property to permit equestrian center activities including agricultural uses involving livestock
 - Special parking requirements for DCC facilities and also DCL's projects

Summary

- Creates a new destination facility next to our Convention Center, improving financing for a DCC headquarters hotel
- Provides exciting additional entertainment opportunities for citizens and visitors
- Connects dots from CBD, Cedars and Trinity
- Increases commercial development by an estimated \$150M
- Promotes additional housing along the Trinity River
- Creates a 25 acre development site in the core of the City

Summary (cont.)

- Meets our obligation for major maintenance at the Reunion Parking Center
- Improves financial status and future prospects of DCC

One Step Closer to a Seamless, Vibrant Urban Core

Recommendations

- Authorize the City Manager to negotiate definitive agreements with Woodbine for the exchange of Reunion Arena land for land in Parking Lot E of the Dallas Convention Center. Council approval is subject to a separate Council briefing.
- Authorize the City Manager to negotiate definitive agreements with Dallas City Limits for the sale of Convention Parking Lot E, a revenue sharing agreement, an agreement concerning the use of Reunion Parking Center, and other miscellaneous provisions. Council approval is subject to a separate Council briefing.
- Authorize continued development of a Preliminary Financing and Project Plan for a new Entertainment and Festival TIF.
- Authorize continued development of a planned development district to encompass the entertainment complex and some adjacent properties.

Recommended Next Actions

- Council creation of a new Entertainment and Festival TIF.
- Complete the third appraisal.
- Complete authorized negotiations of definitive agreements and present them to the Economic Development and Housing Committee.
- Re-brief the City Council on the definitive agreements to get authorization to complete the transactions.
- Council creation of a planned development district to encompass the entertainment complex and some adjacent properties.