

Memorandum

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DATE January 15, 2010

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

SUBJECT **Economic Development Committee**
Tuesday, January 19, 2010, 9:30 – 11:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Approval of December 7, 2009 Minutes of the Economic Development Committee
2. Municipal Management Districts (MMDs): Policies and Code Amendments
Karl Zavitkovsky, Director
Office of Economic Development
(Estimated time 15 minutes)
3. New Markets Tax Credit Program
Karl Zavitkovsky, Director
Office of Economic Development
(Estimated time 15 minutes)
4. Southern Skates Update
Lee McKinney, Assistant Director
Office of Economic Development
(Estimated time 15 minutes)
5. Upcoming agenda item for January 2010
 - Authorize a Special Economic Development Loan Agreement, and two Commercial Loan Agreements in conjunction with the South Dallas/Fair Park Trust Fund in their target area to provide funding as follows: **(1)** Richard Knight d/b/a the MLK/175 Gateway Project in an amount not to exceed \$92,800, **(2)** Freedom Fashions in an amount not to exceed \$50,000; and **(3)** Namamai Services, LLC in an amount not to exceed \$50,000 – Total not to exceed \$192,800 - Financing: South Dallas/Fair Park Trust Funds

Ron Natinsky, Chair
Economic Development Committee

- C: The Honorable Mayor and Members of the City Council
- | | |
|--|--|
| Mary K. Suhm, City Manager | Forest Turner, Assistant City Manager |
| Deborah Watkins, City Secretary | Jill A. Jordan, P.E., Assistant City Manager |
| Tom Perkins, City Attorney | Jeanne Chipperfield, Director, OFS |
| Craig Kinton, City Auditor | Dave Cook, Chief Financial Officer, OFS |
| Judge C. Victor Lander, Administrative Judge Municipal Court | Karl Zavitkovsky, Director, OED |
| Ryan S. Evans, First Assistant City Manager | Hammond Perot, Asst. Director, OED |
| A.C. Gonzalez, Assistant City Manager | Helena Stevens-Thompson, Asst. to the CMO |

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 effect 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 effect 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
December 7, 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: December 7, 2009 Meeting Start time: 9:40 AM

Committee Members Present:

Ron Natinsky
Tennell Atkins
Sheffie Kadane
Linda Koop
Ann Margolin
Jerry Allen
Dwaine Caraway

Staff Present:

AC Gonzalez, *Assistant City Manager*
Karl Zavitkovsky, *Director, Economic Development*
Dan Weber, *Director, Aviation Department*
Hammond Perot, *Assistant Director, Economic Development*
Thomas Poole, *Real Estate Manager, Dallas Airport System*

Other Council Members Present:

David Neumann
Carolyn R. Davis

1. Approval of November 2, 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. Caraway

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

2. Gulfstream Aerospace Corporation Proposed Termination of Ground Lease at Love Field

Presenter(s): AC Gonzalez, Assistant City Manager; Dan Weber, Director, Aviation Department; Thomas Poole, Real Estate Manager, Dallas Airport System:

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

Motion made by: Ms. Koop
Item passed unanimously: **X**

Item failed unanimously: _____

Follow-up (if necessary):

Motion seconded by: Ms. Margolin

Item passed on a divided vote: _____

Item failed on a divided vote: _____

3. Purchase option for the former JCPenney Property at Southwest Center Mall
Presenter(s): AC Gonzalez, Assistant City Manager; Karl Zavitkovsky, Director, Economic Development; Hammond Perot, Assistant Director, Economic Development:

*****Executive Session held from 10:43am until 11:11am*****

Action Taken/Committee Recommendation(s): Motion made to accept staff recommendation to approve the purchase option, subject to a future presentation to the Economic Development Committee and final approval by City Council prior to exercising the option.

Motion made by: Ms. Margolin
Item passed unanimously: **X**

Item failed unanimously: _____

Follow-up (if necessary):

Motion seconded by: Ms. Koop

Item passed on a divided vote: _____

Item failed on a divided vote: _____

4. Deal Points for Development and Endowment Agreements for Belo Garden
Presenter(s): AC Gonzalez, Assistant City Manager:

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

Motion made by: Mr. Atkins
Item passed unanimously: **X**

Item failed unanimously: _____

Follow-up (if necessary):

Motion seconded by: Ms. Koop

Item passed on a divided vote: _____

Item failed on a divided vote: _____

5. Upcoming agenda items for December 2009:

- **NEC Lake June & masters, L.P., Economic Development Grant Amendment**
- **The Beat at South Side Station – Amendment to the Development Agreement – Cedars TIF District**
- **Authorize an amendment to the Development Agreement with INCAP Master Development, LLC (Davis Garden TIF District)**
- **Historic Preservation Tax Incentive – 501 2nd Avenue**

- Business Inclusion and Development Performance Report (For Information Only)
- La Reunion Phase I – Amendment to the Development Agreement – Forth Worth Avenue TIF District (January 13, 2010 Agenda Item)
- Deep Ellum Warehouse, Ltd. – Amendment to the Development Agreement – Deep Ellum TIF District (January 13, 2010 Agenda Item)

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

Action Taken/Committee Recommendation(s): Motion to recommend approval.

Motion made by: Ms. Koop

Motion seconded by: Mr. Atkins

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: 11:14 AM.

Approved By: _____
Ron Natinsky, Chair

Memorandum



CITY OF DALLAS

DATE January 15, 2010

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

SUBJECT **An ordinance amending Chapter 12A of the Dallas City Code to exempt members of municipal management district boards from the city's code of ethics, January 27, 2010 Council Agenda**

On Tuesday, January 19, 2010, the Economic Development Committee will be briefed on the proposed amendment to the Dallas City Code to exempt municipal management district (MMD) boards from the city's code of ethics.

Briefing material attached.

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

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez', written over a circular stamp or mark.

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 C. Victor Lander, Administrative Judge Municipal Court
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
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

Municipal Management Districts (MMDs) Policies and Code Amendments

Economic Development Committee

January 19, 2009



Office of Economic Development
WWW.DALLAS-ECODEV.ORG



Purpose

- ◆ **Update** on the creation of three MMDs within the City of Dallas
- ◆ **Discuss Code of Ethics ordinance amendment** needed to facilitate the operation of the MMDs
- ◆ Recommend next steps

Background

- ◆ On February 11, 2009, City Council passed resolutions declaring the City of Dallas' support of and consent to the creation of three municipal management districts (MMDs).
- ◆ In the 2009 session, the State Legislature passed legislation creating (under Special District Local Laws Code):
 - Cypress Waters MMD – Chapter 3874
 - North Oak Cliff MMD – Chapter 3884
 - Trinity River West MMD – Chapter 3871

Background

- ◆ MMD statutes accommodated the limitations and conditions in the City's resolutions with one exception related to petition requirements for calling an ad valorem election.
- ◆ The City's resolution stated that prior to initiating any action to further develop the area through the use of the MMD that any tax or fee or assessment levied by the District and any additions of property to the District must be **approved by record owners of taxable real property and** either: owners of taxable real property representing more than **65% of the appraised value** of taxable real property in the District **or** owners who constitute more than **65% of the area of all taxable real property** in the District.
- ◆ The final statutes provide that the MMD may call an ad valorem election if at least 65% of record owners **or** owners representing 65% of the appraised value of real property in the district make a request by petition (see appendix for more detail).
- ◆ An **ad valorem tax** must be **approved by a majority of the registered voters of the district** in such an election.

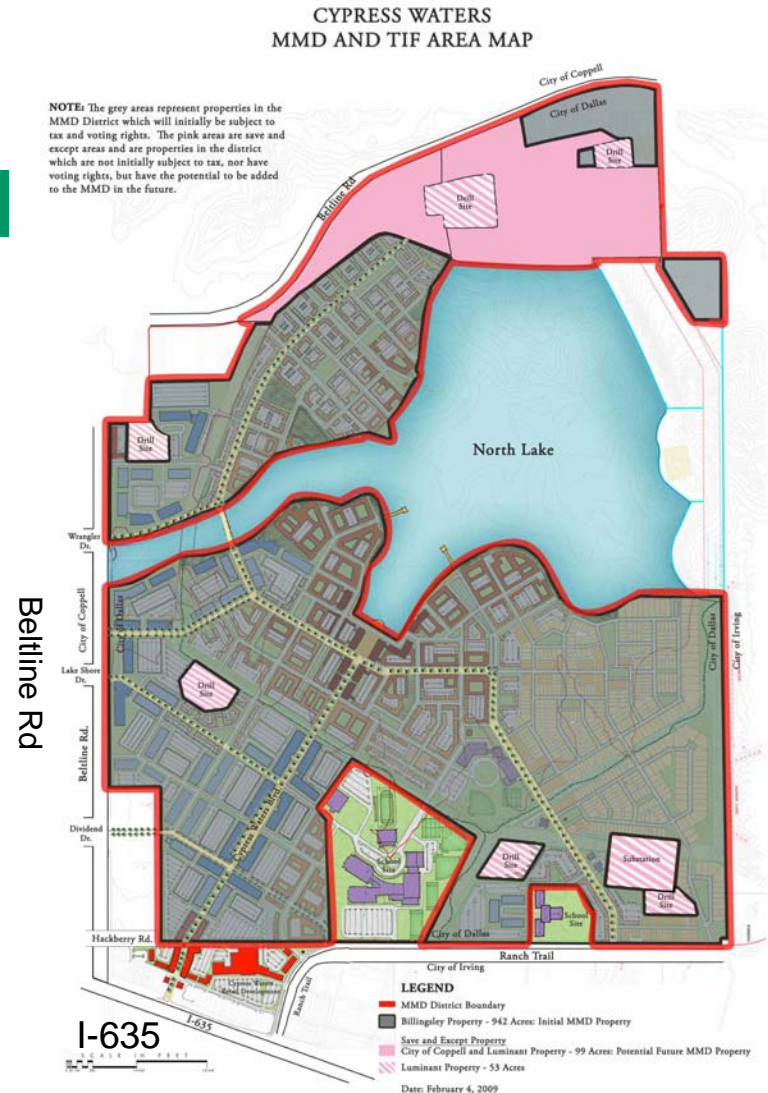


Background

- ◆ Municipal management districts (MMDs) are:
 - Self-governed, political subdivisions of the State of Texas created by the State pursuant to Chapter 375 of the Texas Local Government Code.
 - MMDs have the power to levy taxes, assessments and fees against property owners in the district, see appendix.
 - MMD ad valorem taxes must be approved by a majority of eligible voters in the MMD.
- ◆ City control and oversight of the MMDs will be through the operating and development agreements to be approved by City Council.

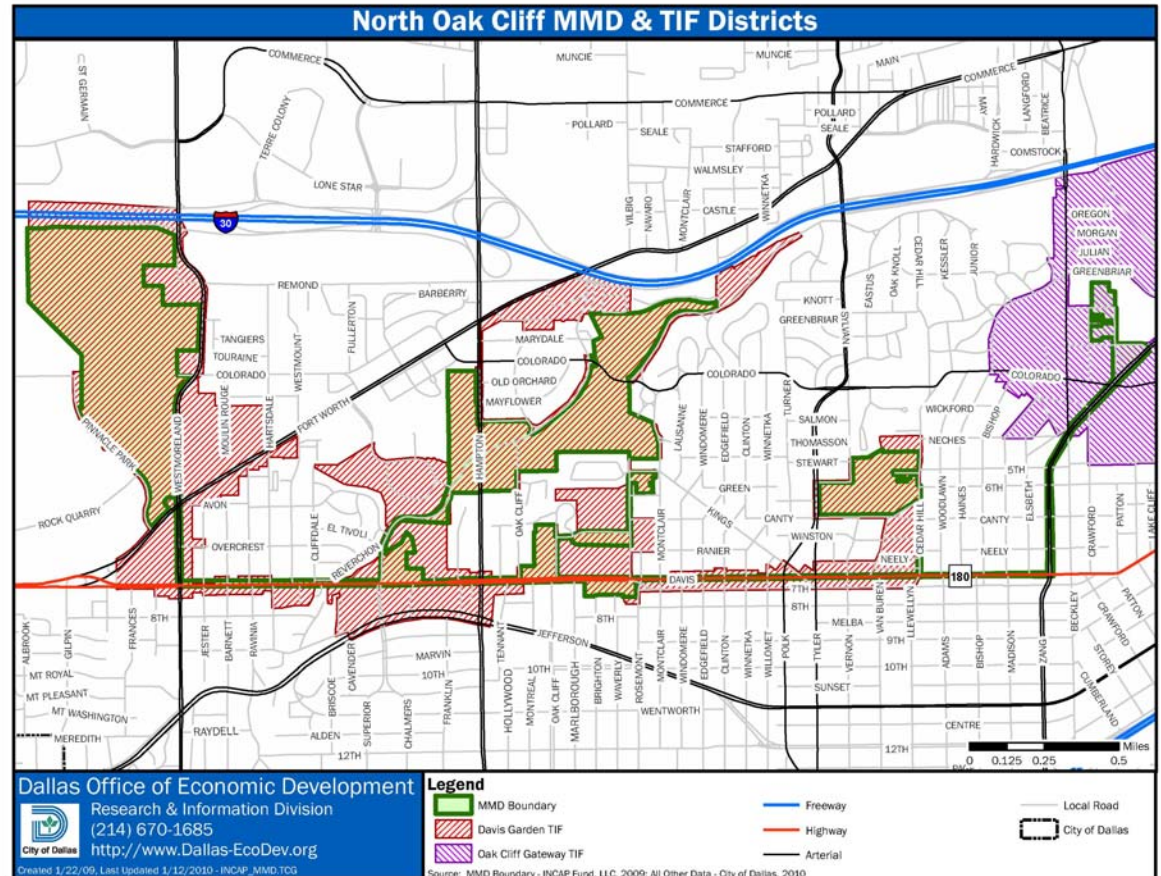
Background: Cypress Waters MMD Map

- 942 acres
- Currently vacant land
- One owner – Billingsley Company
- Ultimate development:
 - 10,000 resid. units
 - 4 million sf office
 - 150,000 sf retail
- TIF proposal pending



Background: North Oak Cliff MMD Map

- 313 acres
- Redevelopment sites primarily located in the Davis Garden and Oak Cliff Gateway TIF districts.
- One majority owner – INCAP
- Ultimate development:
 - Urban Campus: 5,800 units, 435,000 sf retail, 934,000 sf office/medical
 - Redevelopment of Davis Garden district approx. 2,700 units and upgraded retail



Background: Trinity West MMD Map

- 342 acres
- Major land owner – West Dallas Investments
- Partially in Fort Worth Avenue TIF
- Development in the planning stages



City Oversight of MMDs

- ◆ The statute for each MMD requires that a development and operating agreement between the district and City be negotiated and executed after the district's board is organized but before the MMD undertakes any projects, issues bonds, imposes taxes, levies assessments or fees, or borrows money.
- ◆ **Agreements** are not effective until the terms and execution are **approved by the MMD board and City Council resolution.**
- ◆ Any TIF district support, Chapter 380 grants or other City subsidies will require City Council approval.

City Oversight of MMDs Continued

- ◆ The MMD Development and Operating Agreements will include plans, rules and limitations for:
 - ✓ The exercise of powers including the organization, development, and operations of the district.
 - ✓ The selection and description of improvement projects along with ownership, operations, and maintenance of those projects
 - ✓ Terms and conditions for financing those improvements
 - ✓ Amounts, methods, and timing of reimbursement to the city for costs and expenses, if any, incurred by the city with respect to the development and operation of the district and the financing of improvement projects by the district

City Oversight of MMDs Continued

- ◆ In the MMD agreements, the City may consider policy considerations similar to those in TIF Districts such as:
 - ✓ The City's Business Development and Inclusion (BID) Plan goals for hiring Minority and Women-Owned Enterprise (M/WBE) firms.
 - ✓ Urban design guidelines for improvements.
 - ✓ Enhancement of parks, trails, and open space.

MMD Board of Directors

- ◆ The Board structure for each MMD includes three City employee positions (an assistant city manager, chief financial officer, and director of the Office of Economic Development).
- ◆ Qualifications for other 6 Board positions are outlined in detail in the Appendix and generally require that the director: (1) live in the district or within 2 miles of the district; or (2) own property in the district or own an interest in an entity that owns property in the district or be an agent, employee or tenant of such an entity.

MMD Board of Directors Continued

- ◆ All three MMD statutes **subject the MMD Board members to disclosure and abstention requirements** under Section 171.004 of the **Local Govt. Code**.
- ◆ **If** a MMD Board member has **substantial interest** in a **business entity** or in **real property** of the district, the MMD Board member **must disclose** such interest **and abstain** from participation in the matter.
- ◆ **But** if a majority of the MMD Board members are required to disclose and do disclose, then those MMD Board members are not required to abstain from participation in the matter.

MMD Boards – Proposed Code Amendment

- ◆ Currently, the City's Chapter 12A Code of Ethics applies to MMD Board of Directors and would prohibit MMD Board members from having a financial interest (direct or indirect) in any contracts with the City.
- ◆ Since the provisions in Chapter 12A will prevent any stakeholders from serving on the MMD board (i.e. property owners and citizens or their family members that have City contracts even if unrelated to the MMD), City staff is seeking an **exemption of MMD Board members from the City's Code of Ethics.**



MMD Boards – Proposed Code Amendment Continued

- ◆ Exempting MMD Board members from the City's Code of Ethics would allow MMD stakeholders to serve on the MMD Board and to negotiate operating and development agreements with the City.
- ◆ Disclosure requirements for all substantial interests in real property or business entities concerning the MMD per Section 171.004 of the Local Government Code would remain in place.
- ◆ The primary mechanism for oversight and control of the MMD will be the operating and development agreement.
- ◆ If TIF funds are committed, the TIF board and Council would need to approve those commitments and TIF board members would still be still subject to the City's code of ethics.



Next Steps

- ◆ With the Committee's approval, staff will prepare an amendment to Chapter 12A to exclude MMD boards of directors from the City's Code of Ethics for City Council consideration on January 27, 2010.
- ◆ Appointment of MMD board members by Council.
- ◆ Negotiation and approval of operating and development agreements by MMD Board and Council.
- ◆ Correct discrepancy on petition requirements for ad valorem elections in the operating and development agreements.

◆ Appendices

Council Resolutions – February 2009

- ✓ City Council resolutions declaring the support and consent to create the three MMDs are shown on the following pages.

Cypress Waters MMD AIS/Resolution

090458

090458

REVISED ADDENDUM ITEM # 7

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: February 11, 2009
COUNCIL DISTRICT(S): 12
DEPARTMENT: Office of Economic Development
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 11A B-D, 11A F-H, 11A K-M & 11A P-R

SUBJECT

A resolution declaring the City of Dallas' support of and consent to the creation of the Cypress Waters Management District (Cypress Waters MMD) subject to certain limitations in the creation of, and exercise of powers by, the Cypress Waters MMD to promote the development and redevelopment of the area - Financing: No cost consideration to the City

BACKGROUND

Approval of this item allows the State of Texas to create the Cypress Waters Management District, a municipal management district formed under Chapter 375 of the Texas Local Government Code. This request was originated by a major property owner, Billingsley, for the 942-acre site as a means of providing additional financing for infrastructure improvements in the area.

Municipal Management Districts (MMD) are self-governed, political subdivisions of the State of Texas. MMDs have the power to levy taxes, assessments and impact fees to property owners in the district. In addition, MMDs can supply additional services that are supplemental or complementary to regular municipal services. Real property taxes must be approved by a majority of eligible voters in the MMD.

MMDs may issue bonds that are not considered municipal debt and does not impact City of Dallas bonding capacity. This financing tool has been used in other cities, especially in conjunction with Tax Increment Financing Districts.

This proposal was briefed to the Economic Development Committee on January 20, 2009, January 27, 2009 and February 2, 2009. Based on this discussion, City support of the creation of this MMD is subject to several limitations described below:

- A. The negotiation of a comprehensive development agreement for the District that provides a comprehensive development plan for public infrastructure and including the financing of the same.

BACKGROUND (Continued)

- B. Prior to initiating any action to further develop in the area through the use of the proposed municipal management district that any tax or fee or assessment levied by the District and any additions of property to the District must be approved by ~~owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District and record owners of taxable real property who constitute more than sixty five percent (65%) of all record owners of taxable real property and either owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District or owners who constitute more than sixty five percent (65%) of the area of all taxable real property in the District.~~
- C. That City Council approval by resolution shall be obtained for:
1. Any commitments of Chapter 380 subsidies on a project by project basis.
 2. The issuance of bonds, notes, credit agreements or other obligations, including the terms of such issuance, the principal amount, ~~notional~~ note amount, interest rate or rates, redemption provisions, and other terms and conditions relating to such issuances. Such approval shall be obtained first in general terms prior to the preparation of the preliminary official statements or loan closing documents and second, the final terms and conditions relating to such issuance shall be approved by the City Council.
 3. The appointment of all District directors with the exception of the initial directors.
- D. Waterworks and sanitary sewer improvements may be undertaken by the district within the boundaries of the district, subject to the following conditions:
1. The City requests that the waterworks or sanitary sewer improvements be funded by the District.
 2. The City maintains exclusive power to construct, own, operate and maintain the improvements.
 3. The comprehensive development agreement has been executed and City Council has approved the issuance of any debt obligations as a condition of such improvements being funded by the District.
- E. The presentation to the City Council of an annual report of audited District financing documents.
- F. A plan to maintain infrastructure development by the District.
- G. No property may be removed from the District unless or until the District is terminated or all obligations of the District have been paid in full.

Agenda Date 02/11/2009 - page 2

Cypress Waters MMD AIS/Resolution

090458

COUNCIL CHAMBER

090458
February 11, 2009

BACKGROUND (Continued)

- H. The City of Dallas shall not be obligated to provide any additional capital improvements or expenditures in the area which the City Council has not already approved including assessments or fees.
- I. ~~The creation of the District shall be recorded in the official real property records of Dallas County, Texas and separately and clearly disclosed in the closing documents for the sale of any property in the District.~~
- L. The district shall be governed by an initial board of nine directors, to serve a term that expires six months after the district is created. Replacement directors shall be appointed by the City Council.

Approval of this item creates another financing tool to enhance redevelopment possibilities in the Cypress Waters area.

ESTIMATED SCHEDULE OF PROJECT

Legislation Filed March 2009
Legislation Approved May 2009

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 20, 2009, the Economic Development Committee was briefed on the Municipal Management Districts.

On January 27, 2009, the Economic Development Committee was briefed on the Municipal Management Districts.

On February 2, 2009, the Economic Development Committee was briefed on the Municipal Management Districts

FISCAL INFORMATION

No cost consideration to the City

MAP(S)

Attached.

WHEREAS, the City of Dallas has received a request from property owners in the Cypress Waters area as set forth in **Exhibit A** attached hereto that the City consent to the creation of a municipal management district to facilitate the economic development and redevelopment of the area; and

WHEREAS, the property owners in the Cypress Waters area have represented to the City that the area is in need of infrastructure improvements to assist the City with the development and redevelopment of the area; and

WHEREAS, the creation of a municipal management district can assist with that development and redevelopment by providing a mechanism for the property owners within the district to finance public improvements in the area; and

WHEREAS, the City and the property owners have agreed to certain limitations in the creation of, and exercise of powers by, the municipal management district to promote the development and redevelopment of the area certain of such limitations as set forth herein and in the attached draft legislation creating the municipal management district.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That the City Council hereby declares its support of the creation of the CYPRESS WATERS MANAGEMENT DISTRICT (the "District") by the Legislature of the State of Texas in the current legislative session; provided that the legislation contains the minimum requirements outlined in Section 3 below and such legislation does not materially differ from the legislation attached hereto as **Exhibit A** which is incorporated herein by this reference and made a part hereof for all purposes.

Section 2. That the City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this resolution and the subject matter thereof has been disclosed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 3. That among the limitations that the City of Dallas and the property owners have agreed to and that are to be included in the legislation creating the municipal management district for the Cypress Waters area are provisions that mandate and require the following:

Cypress Waters MMD AIS/Resolution

COUNCIL CHAMBER
090458
February 11, 2009

COUNCIL CHAMBER
090458
February 11, 2009

Section 3. (Continued)

- A. The negotiation of a comprehensive development agreement for the District that provides a comprehensive development plan for public infrastructure and including the financing of the same.
- B. Prior to initiating any action to further develop in the area through the use of the proposed municipal management district that any tax or fee or assessment levied by the District and any additions of property to the District must be approved by ~~owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District and record owners of taxable real property who constitute more than sixty five percent (65%) of all record owners of taxable real property and either: owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District or owners who constitute more than sixty five percent (65%) of the area of all taxable real property in the District.~~
- C. That City Council approval by resolution shall be obtained for:
1. Any commitments of Chapter 380 subsidies on a project by project basis.
 2. The issuance of bonds, notes, credit agreements or other obligations, including the terms of such issuance, the principal amount, ~~notional note amount, interest rate or rates, redemption provisions, and other terms and conditions relating to such issuances. Such approval shall be obtained first in general terms prior to the preparation of the preliminary official statements or loan closing documents and second, the final terms and conditions relating to such issuance shall be approved by the City Council.~~
 3. The appointment of all District directors with the exception of the initial directors.
- D. Waterworks and sanitary sewer improvements may be undertaken by the district within the boundaries of the district, subject to the following conditions:
1. The City requests that the waterworks or sanitary sewer improvements be funded by the District.
 2. The City maintains exclusive power to construct, own, operate and maintain the improvements.
 3. The comprehensive development agreement has been executed and City Council has approved the issuance of any debt obligations as a condition of such improvements being funded by the District.

Section 3. (Continued)

- E. The presentation to the City Council of an annual report of audited District financing documents.
- F. A plan to maintain infrastructure development by the District.
- G. No property may be removed from the District unless or until the District is terminated or all obligations of the District have been paid in full.
- H. The City of Dallas shall not be obligated to provide any additional capital improvements or expenditures in the area which the City Council has not already approved including assessments or fees.
- I. The district shall be governed by an initial board of nine directors, to serve a term that expires six months after the district is created. Replacement directors shall be appointed by the City Council.

Section 4. That should legislation not be enacted in the current legislative session to create the District, or should such legislation not contain the minimum requirements outlined in Section 3 above, the support of the City Council as stated in this resolution shall ~~expire~~ terminate.

Section 5. That the property owner shall notify the Dallas City Council of all changes made by the Legislature of the State of Texas during the current legislative session to the proposed legislation attached herein.

Section 6. That this resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Dallas, and it is accordingly so resolved.

Distribution: Office of Economic Development, Tenna Kirk, 5CS
Office of Economic Development, Karl Stundins, 2CN
City Attorney's Office - Barbara Martinez

APPROVED BY
CITY COUNCIL

FEB 11 2009

Deborah Dickstein
City Secretary

North Oak Cliff MMD AIS/Resolution

090459

REVISED ADDENDUM ITEM # 8

KEY FOCUS AREA: Economic Vibrancy
 AGENDA DATE: February 11, 2009
 COUNCIL DISTRICT(S): 1, 3
 DEPARTMENT: Office of Economic Development
 CMO: A. C. Gonzalez, 671-8925
 MAPSCO: 43 W-Z, 44 T-V, 44 W-Z, 53 B-D & 54 A-C

2009 FEB 20 PM 1:58
 RECEIVED
 CITY SECRETARY
 DALLAS, TEXAS

090459

BACKGROUND (Continued)

- B. Prior to initiating any action to further develop in the area through the use of the proposed municipal management district that any tax or fee or assessment levied by the District and any additions of property to the District must be approved by ~~owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District and record owners of taxable real property who constitute more than sixty five percent (65%) of all record owners of taxable real property and either owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District or owners who constitute more than sixty five percent (65%) of the area of all taxable real property in the District.~~
- C. That City Council approval by resolution shall be obtained for:
 - 1. Any commitments of Chapter 380 subsidies on a project by project basis.
 - 2. The issuance of bonds, notes, credit agreements or other obligations, including the terms of such issuance, the principal amount, ~~net~~ net amount, interest rate or rates, redemption provisions, and other terms and conditions relating to such issuances. Such approval shall be obtained first in general terms prior to the preparation of the preliminary official statements or loan closing documents and second, the final terms and conditions relating to such issuance shall be approved by the City Council.
 - 3. The appointment of all District directors with the exception of the initial directors.
- D. Waterworks and sanitary sewer improvements may be undertaken by the district within the boundaries of the district, subject to the following conditions:
 - 1. The City requests that the waterworks or sanitary sewer improvements be funded by the District.
 - 2. The City maintains exclusive power to construct, own, operate and maintain the improvements.
 - 3. The comprehensive development agreement has been executed and City Council has approved the issuance of any debt obligations as a condition of such improvements being funded by the District.
- E. The presentation to the City Council of an annual report of audited District financing documents.
- F. A plan to maintain infrastructure development by the District.
- G. No property may be removed from the District unless or until the District is terminated or all obligations of the District have been paid in full.

SUBJECT

A resolution declaring the City of Dallas' support of and consent to the creation of the North Oak Cliff Management District (North Oak Cliff MMD) subject to certain limitations in the creation of, and exercise of powers by, the North Oak Cliff MMD to promote the development and redevelopment of the area - Financing: No cost consideration to the City

BACKGROUND

Approval of this item allows the State of Texas to create the North Oak Cliff Management District, a municipal management district formed under Chapter 375 of the Texas Local Government Code. This request was originated by a major property owner, INCAP, for the 313-acre site as a means of providing additional financing for infrastructure improvements in the area.

Municipal Management Districts (MMD) are self-governed, political subdivisions of the State of Texas. MMDs have the power to levy taxes, assessments and impact fees to property owners in the district. In addition, MMDs can supply additional services that are supplemental or complementary to regular municipal services. Real property taxes must be approved by a majority of eligible voters in the MMD.

MMDs may issue bonds that are not considered municipal debt and does not impact City of Dallas bonding capacity. This financing tool has been used in other cities, especially in conjunction with Tax Increment Financing Districts.

This proposal was briefed to the Economic Development Committee on January 20, 2009, January 27, 2009 and February 2, 2009. Based on this discussion, City support of the creation of this MMD is subject to several limitations described below:

- A. The negotiation of a comprehensive development agreement for the District that provides a comprehensive development plan for public infrastructure and including the financing of the same.

Agenda Date 02/11/2009 - page 2



North Oak Cliff MMD AIS/Resolution

090459

BACKGROUND (Continued)

- H. The City of Dallas shall not be obligated to provide any additional capital improvements or expenditures in the area which the City Council has not already approved including assessments or fees.
- I. ~~The creation of the District shall be recorded in the official real property records of Dallas County, Texas and separately and clearly disclosed in the closing documents for the sale of any property in the District.~~
- J. The District board may not impose taxes, assessments or fees or any other requirement for payment, construction, alteration, or dedication on single-family detached residential property, condominium residential units, duplexes, triplexes, and quadraplexes.
- J. ~~The creation of the District shall be recorded in the official real property records of Dallas County, Texas and separately and clearly disclosed in the closing documents for the sale of any property in the District.~~
- K. The district shall be governed by an initial board of nine directors, to serve a term that expires six months after the district is created. Replacement directors shall be appointed by the City Council.

Approval of this item creates another financing tool to enhance redevelopment possibilities in the North Oak Cliff area.

ESTIMATED SCHEDULE OF PROJECT

Legislation Filed March 2009
 Legislation Approved May 2009

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 20, 2009, the Economic Development Committee was briefed on the Municipal Management Districts.

On January 27, 2009, the Economic Development Committee was briefed on the Municipal Management Districts.

On February 2, 2009, the Economic Development Committee was briefed on the Municipal Management Districts.

FISCAL INFORMATION

No cost consideration to the City

MAP(S)

Attached.

Agenda Date 02/11/2009 - page 3

RECEIVED

2009 FEB 20 PM 2:00

COUNCIL CHAMBER
 090459
 February 11, 2009

WHEREAS, the City of Dallas has received a request from property owners in the North Oak Cliff area as set forth in ~~the attached~~ Exhibit A attached hereto that the City consent to the creation of a municipal management district to facilitate the economic development and redevelopment of the area; and

WHEREAS, the property owners in the North Oak Cliff area have represented to the City that the area is in need of infrastructure improvements to assist the City with the development and redevelopment of the area; and

WHEREAS, the creation of a municipal management district can assist with that development and redevelopment by providing a mechanism for the property owners within the district to finance public improvements in the area; and

WHEREAS, the City and the property owners have agreed to certain limitations in the creation of, and exercise of powers by, the municipal management district to promote the development and redevelopment of the area certain of such limitations as set forth herein and in the attached draft legislation creating the municipal management district.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That the City Council hereby declares its support of the creation of the NORTH OAK CLIFF MANAGEMENT DISTRICT (the "District") by the Legislature of the State of Texas in the current legislative session; provided that the legislation contains the minimum requirements outlined in Section 3 below and such legislation does not materially differ from the legislation attached hereto as **Exhibit A** which is incorporated herein by this reference and made a part hereof for all purposes.

Section 2. That the City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this resolution and the subject matter thereof has been disclosed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 3. That among the limitations that the City of Dallas and the property owners have agreed to and that are to be included in the legislation creating the municipal management district for the North Oak Cliff area are provisions that mandate and require the following:



North Oak Cliff MMD AIS/Resolution

COUNCIL CHAMBER

090459
February 11, 2009

Section 3. (Continued)

- A. The negotiation of a comprehensive development agreement for the District that provides a comprehensive development plan for public infrastructure and including the financing of the same.
- B. Prior to initiating any action to further develop in the area through the use of the proposed municipal management district that any tax or fee or assessment levied by the District and any additions of property to the District must be approved by ~~owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District and~~ record owners of taxable real property who constitute more than sixty five percent (65%) of all record owners of taxable real property and either owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District or owners who constitute more than sixty five percent (65%) of the area of all taxable real property in the District.
- C. That City Council approval by resolution shall be obtained for:
1. Any commitments of Chapter 380 subsidies on a project by project basis.
 2. The issuance of bonds, notes, credit agreements or other obligations, including the terms of such issuance, the principal amount, ~~notional~~ amount, interest rate or rates, redemption provisions, and other terms and conditions relating to such issuances. Such approval shall be obtained first in general terms prior to the preparation of the preliminary official statements or loan closing documents and second, the final terms and conditions relating to such issuance shall be approved by the City Council.
 3. The appointment of all District directors with the exception of the initial directors.
- D. Waterworks and sanitary sewer improvements may be undertaken by the district within the boundaries of the district, subject to the following conditions:
1. The City requests that the waterworks or sanitary sewer improvements be funded by the District.
 2. The City maintains exclusive power to construct, own, operate and maintain the improvements.
 3. The comprehensive development agreement has been executed and City Council has approved the issuance of any debt obligations as a condition of such improvements being funded by the District.

COUNCIL CHAMBER

090459
February 11, 2009

Section 3. (Continued)

- E. The presentation to the City Council of an annual report of audited District financing documents.
- F. A plan to maintain infrastructure development by the District.
- G. No property may be removed from the District unless or until the District is terminated or all obligations of the District have been paid in full.
- H. The City of Dallas shall not be obligated to provide any additional capital improvements or expenditures in the area which the City Council has not already approved including assessments or fees.
- I. the District board may not impose taxes, assessments or fees or any other requirement for payment, construction, alteration, or dedication on single-family detached residential property, condominium residential units, duplexes, triplexes, and quadraplexes.
- J. The creation of the District shall be recorded in the official real property records of Dallas County, Texas and separately and clearly disclosed in the closing documents for the sale of any property in the District.
- K. The district shall be governed by an initial board of nine directors, to serve a term that expires six months after the district is created. Replacement directors shall be appointed by the City Council.

Approval of this item creates another financing tool to enhance redevelopment possibilities in the North Oak Cliff area.

Section 4. That should legislation not be enacted in the current legislative session to create the District, or should such legislation not contain the minimum requirements outlined in Section 3 above, the support of the City Council as stated in this resolution shall expire terminate.

Section 5. That the property owner shall notify the Dallas City Council of all changes made by the Legislature of the State of Texas during the current legislative session to the proposed legislation attached herein.

Section 6. That this resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Dallas, and it is accordingly so resolved.

Distribution: Office of Economic Development, Tenna Kirk, 5CS
Office of Economic Development, Karl Stundins, 2CN
City Attorney's Office - Barbara Martinez

APPROVED BY
CITY COUNCIL

FEB 11 2009

Rebecca Williams
City Secretary



Trinity River West MMD AIS/Resolution

090460

REVISED ADDENDUM ITEM # 9

KEY FOCUS AREA: Economic Vibrancy
 AGENDA DATE: February 11, 2009
 COUNCIL DISTRICT(S): 6
 DEPARTMENT: Office of Economic Development
 CMO: A. C. Gonzalez, 671-8925
 MAPSCO: 44 Q

2009 FEB 20 PM 1:58
 RECEIVED
 CITY SECRETARY
 DALLAS, TEXAS

SUBJECT

A resolution declaring the City of Dallas' support of and consent to the creation of the Trinity River West Management District (Trinity River West MMD) subject to certain limitations in the creation of, and exercise of powers by, the Trinity River West MMD to promote the development and redevelopment of the area - Financing: No cost consideration to the City

BACKGROUND

Approval of this item allows the State of Texas to create the Trinity River West Management District, a municipal management district formed under Chapter 375 of the Texas Local Government Code. This request was originated by a major property owner for the 342-acre site as a means of providing additional financing for infrastructure improvements in the area.

Municipal Management Districts (MMD) are self-governed, political subdivisions of the State of Texas. MMDs have the power to levy taxes, assessments and impact fees to property owners in the district. In addition, MMDs can supply additional services that are supplemental or complementary to regular municipal services. Real property taxes must be approved by a majority of eligible voters in the MMD.

MMDs may issue bonds that are not considered municipal debt and does not impact City of Dallas bonding capacity. This financing tool has been used in other cities, especially in conjunction with Tax Increment Financing Districts.

This proposal was briefed to the Economic Development Committee on January 20, 2009, January 27, 2009 and February 2, 2009. Based on this discussion, City support of the creation of this MMD is subject to several limitations described below:

- A. The negotiation of a comprehensive development agreement for the District that provides a comprehensive development plan for public infrastructure and including the financing of the same.

090460

BACKGROUND (Continued)

- B. ~~Prior to initiating any action to further develop in the area through the use of the proposed municipal management district that any tax or fee or assessment levied by the District and any additions of property to the District must be approved by owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District and record owners of taxable real property who constitute more than sixty five percent (65%) of all record owners of taxable real property and either owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District or owners who constitute more than sixty five percent (65%) of the area of all taxable real property in the District.~~
- C. That City Council approval by resolution shall be obtained for:
 - 1. Any commitments of Chapter 380 subsidies on a project by project basis.
 - 2. The issuance of bonds, notes, credit agreements or other obligations, including the terms of such issuance, the principal amount, notional note amount, interest rate or rates, redemption provisions, and other terms and conditions relating to such issuances. Such approval shall be obtained first in general terms prior to the preparation of the preliminary official statements or loan closing documents and second, the final terms and conditions relating to such issuance shall be approved by the City Council.
 - 3. The appointment of all District directors with the exception of the initial directors.
- D. Waterworks and sanitary sewer improvements may be undertaken by the district within the boundaries of the district, subject to the following conditions:
 - 1. The City requests that the waterworks or sanitary sewer improvements be funded by the District.
 - 2. The City maintains exclusive power to construct, own, operate and maintain the improvements.
 - 3. The comprehensive development agreement has been executed and City Council has approved the issuance of any debt obligations as a condition of such improvements being funded by the District.
- E. The presentation to the City Council of an annual report of audited District financing documents.
- F. A plan to maintain infrastructure development by the District.



Trinity River West MMD AIS/Resolution

090460

BACKGROUND (Continued)

- G. No property may be removed from the District unless or until the District is terminated or all obligations of the District have been paid in full.
- H. The City of Dallas shall not be obligated to provide any additional capital improvements or expenditures in the area which the City Council has not already approved including assessments or fees.
- I. ~~The creation of the District shall be recorded in the official real property records of Dallas County, Texas and separately and clearly disclosed in the closing documents for the sale of any property in the District.~~
- J. the District board may not impose taxes, assessments or fees or any other requirement for payment, construction, alteration, or dedication on single-family detached residential property, condominium residential units, duplexes, triplexes, and quadraplexes.
- J. The creation of the District shall be recorded in the official real property records of Dallas County, Texas and separately and clearly disclosed in the closing documents for the sale of any property in the District.
- K. The district shall be governed by an initial board of nine directors, to serve a term that expires six months after the district is created. Replacement directors shall be appointed by the City Council.

The approval of this item creates another financing tool to enhance redevelopment possibilities in the Trinity River West area.

ESTIMATED SCHEDULE OF PROJECT

Legislation Filed March 2009
Legislation Approved May 2009

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 20, 2009, the Economic Development Committee was briefed on the Municipal Management Districts.

On January 27, 2009, the Economic Development Committee was briefed on the Municipal Management Districts.

On February 2, 2009, the Economic Development Committee was briefed on the Municipal Management Districts.

FISCAL INFORMATION

No cost consideration to the City

Agenda Date 02/11/2009 - page 3

RECEIVED

2009 FEB 20 PM 1:59

COUNCIL CHAMBER

090460
February 11, 2009

WHEREAS, the City of Dallas has received a request from property owners in the Trinity River West area as set forth in ~~Exhibit A~~ attached hereto that the City consent to the creation of a municipal management district to facilitate the economic development and redevelopment of the area; and

WHEREAS, the property owners in the Trinity River West area have represented to the City that the area is in need of infrastructure improvements to assist the City with the development and redevelopment of the area; and

WHEREAS, the creation of a municipal management district can assist with that development and redevelopment by providing a mechanism for the property owners within the district to finance public improvements in the area; and

WHEREAS, the City and the property owners have agreed to certain limitations in the creation of, and exercise of powers by, the municipal management district to promote the development and redevelopment of the area certain of such limitations as set forth herein and in the attached draft legislation creating the municipal management district.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That the City Council hereby declares its support of the creation of the TRINITY RIVER WEST MANAGEMENT DISTRICT (the "District") by the Legislature of the State of Texas in the current legislative session; provided that the legislation contains the minimum requirements outlined in Section 3 below and such legislation does not materially differ from the legislation attached hereto as **Exhibit A** which is incorporated herein by this reference and made a part hereof for all purposes.

Section 2. That the City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this resolution and the subject matter thereof has been disclosed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 3. That among the limitations that the City of Dallas and the property owners have agreed to and that are to be included in the legislation creating the municipal management district for the Trinity River West area are provisions that mandate and require the following:



Trinity River West MMD AIS/Resolution

COUNCIL CHAMBER

090460
February 11, 2009

Section 3. (Continued)

- A. The negotiation of a comprehensive development agreement for the District that provides a comprehensive development plan for public infrastructure and including the financing of the same.
- B. Prior to initiating any action to further develop in the area through the use of the proposed municipal management district that any tax or fee or assessment levied by the District and any additions of property to the District must be approved by ~~owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District and~~ record owners of taxable real property who constitute more than sixty five percent (65%) of all record owners of taxable real property and ~~either owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District or~~ owners who constitute more than sixty five percent (65%) of the area of all taxable real property in the District.
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 1. Any commitments of Chapter 380 subsidies on a project by project basis.
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- D. Waterworks and sanitary sewer improvements may be undertaken by the district within the boundaries of the district, subject to the following conditions:
 1. The City requests that the waterworks or sanitary sewer improvements be funded by the District.
 2. The City maintains exclusive power to construct, own, operate and maintain the improvements.
 3. The comprehensive development agreement has been executed and City Council has approved the issuance of any debt obligations as a condition of such improvements being funded by the District.

COUNCIL CHAMBER

090460
February 11, 2009

Section 3. (Continued)

- E. The presentation to the City Council of an annual report of audited District financing documents.
- F. A plan to maintain infrastructure development by the District.
- G. No property may be removed from the District unless or until the District is terminated or all obligations of the District have been paid in full.
- H. The City of Dallas shall not be obligated to provide any additional capital improvements or expenditures in the area which the City Council has not already approved including assessments or fees.
- I. ~~The creation of the District shall be recorded in the official real property records of Dallas County, Texas and separately and clearly disclosed in the closing documents for the sale of any property in the District.~~
- J. the District board may not impose taxes, assessments or fees or any other requirement for payment, construction, alteration, or dedication on single-family detached residential property, condominium residential units, duplexes, triplexes, and quadraplexes.
- J. The creation of the District shall be recorded in the official real property records of Dallas County, Texas and separately and clearly disclosed in the closing documents for the sale of any property in the District.
- K. The district shall be governed by an initial board of nine directors, to serve a term that expires six months after the district is created. Replacement directors shall be appointed by the City Council.

Approval of this item creates another financing tool to enhance redevelopment possibilities in the Trinity River West area.

Section 4. That should legislation not be enacted in the current legislative session to create the District, or should such legislation not contain the minimum requirements outlined in Section 3 above, the support of the City Council as stated in this resolution shall expire terminate.

Section 5. That the property owner shall notify the Dallas City Council of all changes made by the Legislature of the State of Texas during the current legislative session to the proposed legislation attached herein.



Trinity River West MMD AIS/Resolution

COUNCIL CHAMBER

090460
February 11, 2009

Section 6. That this resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Dallas, and it is accordingly so resolved.

Distribution: Office of Economic Development, Tenna Kirk, 5CS
Office of Economic Development, Karl Stundins, 2CN
City Attorney's Office - Barbara Martinez

APPROVED BY
CITY COUNCIL

FEB 11 2009

Richard Wittman
City Secretary



Difference in petition requirement: City resolution vs. statute

- ◆ The February 2009 Council resolutions stated that:
 - Prior to initiating any action to further develop in the area through the use of the proposed municipal management district that any tax or fee or assessment levied by the District and any additions of property to the District must be approved by record owners of taxable real property and either: owners of taxable real property representing more than sixty five percent (65%) of the appraised value of taxable real property in the District or owners who constitute more than sixty five percent (65%) of the area of all taxable real property in the District.
- ◆ Statute language regarding an ad valorem election is less stringent but the City may revert back to its original provisions in the MMD operating and development agreements.

Difference in petition requirement: City resolution vs. statute continued

- ◆ The statutes provide that:

The district may not impose an ad valorem tax to pay for an improvement project under this chapter unless the imposition is approved by voters of the district at an election held for that purpose. The board may call an election to approve the imposition of an ad valorem tax to pay for an improvement project under this chapter only if the board receives a petition requesting the election signed by:

1. More than 65% of the record owners of real property in the district subject to taxation; or
2. Owners representing more than 65% of the appraised value of real property in the district subject to taxation.

MMD Board Structure – Cypress Waters

- ◆ The board may consist of nine members with appointees being at least 18 years of age and meeting one of these qualifications:
 1. A resident of the district who is also a registered voter of the district;
 2. An owner of property in the district;
 3. An owner of stock or a partnership or membership interest, whether beneficial or otherwise, of a corporate partnership, limited liability company, or other entity owner of a direct or indirect interest in property in the district;
 4. An owner of a beneficial interest in a trust, or a trustee in a trust, that directly or indirectly owns property in the district;
 5. An agent, employee, or tenant of a person covered by 2, 3, or 4 above; or
 6. An initial director (***terms have now expired***).

MMD Board Structure – Cypress Waters Continued

- ◆ The initial directors in the legislation included:
 - Place 1 – Lucy Billingsley
 - Place 2 – Mario Canizares
 - Place 3 – Sid Grant
 - Place 4 – Joel Overton, Jr.
 - Place 5 – Henry Billingsley
 - Place 6 – Lucilo Pena
 - Place 7 – A.C. Gonzales (Assist. City Manager)
 - Place 8 – David Cook (City Chief Financial Officer)
 - Place 9 – Karl Zavitkovsky (Director, City Office of Economic Development)
- ◆ **A person may not be appointed to the board by the City if the appointment would result in fewer than three of the directors being residents of the city *and* meeting qualifications related to ownership interest under 2, 3, 4, 5, or 6 (outlined on page 20).**
- ◆ Terms of directors appointed to succeed the initial directors for places 1-4 expire on July 1, 2011 and for places 5-9 on July 1, 2013.

MMD Board Structure – North Oak Cliff

- ◆ The board may consist of nine members composed of:
 - Six directors appointed by the City Council meeting qualifications and either initiated by property owner petition or directly by the City;
 - One assistant city manager of the city, appointed by the city; manager
 - The chief financial officer of the City; and
 - The economic development director of the City
- ◆ There were no initial directors named in the legislation for the North Oak Cliff MMD.

MMD Board Structure – North Oak Cliff Continued

- ◆ To be qualified for appointment a director must be at least 18 years of age and meet one of these qualifications:
 1. A resident of the district who is also a registered voter of the district or a registered voter who lives within a two-mile radius of the district;
 2. An owner of property in the district;
 3. An owner of stock, whether beneficial or otherwise, of a corporate owner of property in the district;
 4. An owner of a beneficial interest in a trust that owns property in the district; or
 5. An agent, employee, or tenant of a person covered by 2, 3, or 4 above.
- ◆ Of the Initial directors terms for places 1-4 expire on July 1, 2011 and for places 5-9 on July 1, 2013.

MMD Board Structure – North Oak Cliff Continued

- ◆ A person may not be appointed to the board if the appointment would result in fewer than:
 1. Four of the directors being residents of the City *and* meeting the meeting qualifications related to ownership interest under 2, 3, 4, 5, (outlined on page 23); and
 2. Two of the directors being a resident of the district who is also a registered voter of the district or a registered voter who lives within a two-mile radius of the district.

MMD Board Structure – Trinity River West

- ◆ The board may consist of nine members composed of:
 - Six directors appointed by the City Council meeting qualifications; and
 - Three City employees appointed by the City.
- ◆ There were no initial directors named in the legislation for the North Oak Cliff MMD. The legislation allowed property owners to submit a petition by September 1, 2009 requesting certain persons be appointed for initial director positions but that did not occur.

MMD Board Structure – Trinity River West Continued

- ◆ To be qualified for appointment a director must be at least 18 years of age and meet one of these qualifications:
 1. A resident of the district who is also a registered voter of the district or a registered voter who lives within a two-mile radius of the district;
 2. An owner of property in the district;
 3. An owner of stock, whether beneficial or otherwise, of a corporate owner of property in the district;
 4. An owner of a beneficial interest in a trust that owns property in the district; or
 5. An agent, employee, or tenant of a person covered by 2, 3, or 4 above.
- ◆ Of the Initial directors terms for places 1-4 expire on July 1, 2011 and for places 5-9 on July 1, 2013.

MMD Board Structure – Trinity River West Continued

- ◆ A person may not be appointed to the board if the appointment would result in fewer than:
 1. Four of the directors being residents of the City *and* meeting the meeting qualifications related to ownership interest under 2, 3, 4, 5, (outlined on page 26); and
 2. Two of the directors being a resident of the district who is also a registered voter of the district or a registered voter who lives within a two-mile radius of the district.

Memorandum



DATE January 15, 2010

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

SUBJECT **New Markets Tax Credit Program**

At your January 19, 2010 meeting, you will be briefed on the "New Markets Tax Credit Program." A copy of the briefing is attached.

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 C. Victor Lander, Administrative Judge Municipal Court
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jeanne Chipperfield, Director, Office of Financial Services
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Theresa O'Donnell, Director, Development Services
Helena Stevens-Thompson, Assistant to the City Manager

New Markets Tax Credit Program

Economic Development Committee

January 19, 2010



Briefing Purpose

- Provide an update on Dallas Development Fund's Application for an allocation to the federal New Markets Tax Credit (NMTC) program
- Review guidelines of the NMTC program
- Present necessary bylaw and certificate of formation changes and seek committee approval to pursue next steps

New Markets Tax Credit (NMTC) Overview

- **NMTC attract private investment** for business and real estate developments in **Low Income Neighborhoods**
- NMTC is **federal tax credit program** created in 2000 and renewed through 2009
 - U.S. Treasury administers
 - Allocations made directly to local Community Development Entity (CDE)
 - Tax credit is **39% of original investment over 7 years** (5% first three years, 6% last four)
- NMTC program offers **additional financial tool** to achieve Dallas' development goals, particularly in southern Dallas (see Appendix B)

NMTC Overview (cont'd)

- Funds can be used for debt or equity financing in combination with Public Private Partnership and TIF subsidies
- Targets commercial, industrial, not-for-profit and operating businesses and mixed use (rental housing less than 80% of income)
- A **community development entity (CDE)** (non-profit or for-profit) must be **formed to apply** for the program and a for-profit CDE must be **formed to accept** the NMTC allocation.

NMTC 2009 Awards

- **Dallas' award is for \$55 million**
- In 2009, a total of \$5 billion in tax credit allocation was awarded
 - \$1.5 billion of this was stimulus funded
- 249 CDEs applied for an allocation; 99 were awarded funds (40%) (See Appendix C for historical data)
- Total request of funds was \$22.5 billion
 - 22% of total request was awarded
- Allocation size ranged from \$4 million to \$125 million.
 - Median award was \$50 million
- 16% (16) of awarded CDEs were government-controlled
 - Received \$790 million in allocation (average award \$49 million)

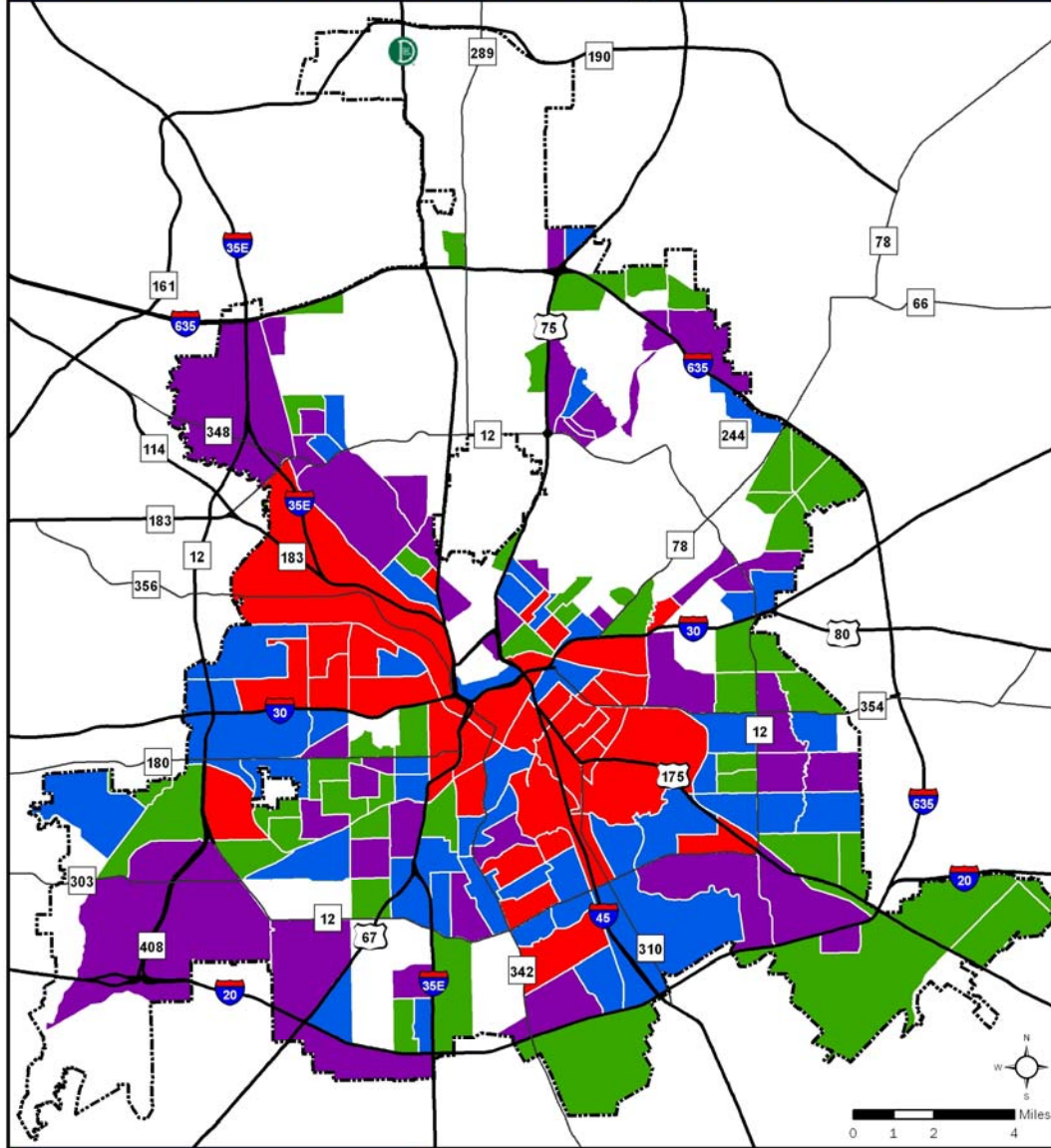
NMTC Net Award Less Than Allocation Amount

- Award amounts relate to the amount of investment that can receive a credit (not \$ value of credits awarded)
- The net dollar amount of the DDF \$55 million award is approximately \$14 million
 - $\$55\text{M} \times \$.39 \text{ credit amount} \times \$.72 \text{ (market rate of credits)} - 3\% \text{ QEI (DDF overhead)}$
- Private investors discount 39% tax credit to reflect net present value of a 7-year credit. Amount of discount varies with market conditions

Types of Eligible Projects

- Allocation award depends on applicant's strategy to use the tax credits to support eligible development projects
- **DDF's application highlighted** multiple types of projects for priority funding under the NMTC program:
 - **Transit-oriented development**
 - **Job training facilities**
 - **Mixed use (retail and housing)**
- Several types of projects are not eligible:
 - Those that derive more than 80% of gross rental income from rental dwelling units
 - Golf courses, race tracks, gambling facilities, country clubs, massage parlors, hot tub facilities, suntan facilities, liquor stores
- All projects must be in NMTC-eligible areas
 - Eligible areas determined by poverty rate, unemployment and median family income
 - Distress criteria: 1) a poverty rate of at least 30 percent; 2) a median family income at or below 60 percent of the applicable area median family income; or 3) an unemployment rate at least 1.5 times the national average.

New Markets Tax Credits: Eligible Census Tracts



City of Dallas
Office of Economic Development



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

Created 1/28/09. Last Updated 4/22/09 - NMTC_Final TCG

Legend

- Eligible, Not Distressed
- Eligible, Meets One Distress Criterion
- Eligible, Meets Two Distress Criteria
- Eligible, Meets Three Distress Criteria
- Not Eligible
- City of Dallas
- Freeway
- Highway

Source: US Census Bureau, 2000

Benefits of the NMTC program

- An **additional financial tool** to achieve Dallas' development goals, particularly those in southern Dallas neighborhoods
 - Focuses on (federally defined) Low-Income Communities and Low-Income Populations (see Appendix A)
- Funds can be used for **debt, equity or “hybrid” financing**
 - Projects include commercial, industrial, institutional, not-for-profit
 - For-sale housing (challenging due to 7-year time frame)
 - Mixed-use projects, with rental housing less than 80% of income
 - Operating businesses
- An important **supplemental layer** that complements conventional debt and equity financing as well as existing city subsidy programs.

Potential Risks of NMTC Program

- A CDE that does not properly manage program compliance **can create additional tax liability** for investors related to credit previously claimed plus interest
- Three things can trigger a recapture event:
 - CDE ceases to be certified as a CDE
 - CDE does not satisfy the requirement to invest a minimum of 85% of their qualified equity investments within 1 year of receiving investment
 - CDE redeems the investment
- A Dallas CDE **will require experienced program administrators** that can be funded from **investor proceeds**

Risk Mitigation/Program Compliance

- Steps taken to address compliance and risk factors
 - In February 2009, the **Dallas City Council** created the **Dallas Development Fund (DDF)** as a non-profit corporation as the vehicle **to apply** for New Markets Tax Credits
 - **DDF was certified** as a Community Development Entity (**CDE**) and applied for \$125 million in NMTC allocation under the 2009 funding round
 - **DDF was awarded a \$55 million allocation** on October 30, 2009
- DDF is a community-based board approved by Council on February 9th and May 13th, 2009
 - See Appendix D for current board members

Risk Mitigation/Program Compliance

- DDF may enter into and make contracts, employ agents, employees and consultants as necessary to carry-out the purposes of the Corporation, solicit proposals from low-income businesses and from potential investors in the NMTC program for projects related to the City's NMTC program, and attain and maintain its status as a qualified CDE.
 - DDF remains independent from Dallas Council based on guidance from CDFI stating Governing Board of CDE must be autonomous in decision making
- Underwriting and project evaluation criteria are being developed by the DDF
 - Primary objectives for NMTC projects include job creation, Southern Sector projects, and the use of other City funds
 - Projects will be solicited and initially reviewed by City Staff, but underwritten by third party consultant with expertise in structuring NMTC deals
 - DDF will primarily be staffed by City Staff, but experienced third-party assistance will be needed for underwriting and deal structuring, accounting and compliance and legal counsel
 - \$1.65 million is available under the allocation for this outside assistance over a 7 year period

Creation of For-Profit Subsidiaries

- For-profit subsidiaries must be formed to accept any NMTC allocation
- For accounting purposes, it is recommended to form one subsidiary for each project
 - Project subsidiaries must be certified as CDEs
 - Recommend creating five for-profit project subsidiaries
- Two additional subsidiaries (management and holding) are created to form an LLC for DDF operations
 - The management and holding subsidiaries will each have a 50% ownership position in the for-profit CDE's until individual transactions close.
 - After the transactions close, the DDF subsidiaries will transfer ownership to individual project tax credit investors who become 99.9% owners of each for-profit CDE
 - DDF management subsidiary will retain a .01% ownership as well as management responsibility (see Appendix E for diagram)
- Under the Texas Constitution, these for-profits must be independent from the City of Dallas

Recommended Bylaw Changes

- To create the for-profit entities necessary to accept the NMTC allocation and remain in compliance with Texas law, changes to the DDF bylaws and certificate of formation are necessary
 - New Board Structure: Create two classes of directors with three (3) class I directors appointed by the City Manager and the remaining four (4) self-elected (no change to current board members)
 - Class I Directors must vote unanimously on matters related to investment/deal decisions, including project development agreements, and any changes to the DDF certificate of formation and/or bylaws which would change the Class I Directors' control over investment/deal decisions
 - In addition to the unanimous Class I vote, there must be at least one vote from Class II for matters listed above.
 - All other matters require a majority vote regardless of Class I or II
 - LIC representation changes from a minimum of 5 to 3 out of 7 board directors
- Council will no longer approve DDF's board members, bylaws and certificate of formation (and any amendments thereto), and the organizational documents for any for-profit CDE that the Corporation may create
- The City Council will approve all development agreements for projects.

Next Steps

- To be able to accept the awarded NMTC allocation, **DDF needs to create for-profit subsidiaries** (January)
 - Requires City Council approval to modify bylaws and certificate of formation to allow for the independent creation of up to seven for-profits
 - Five of these for-profits will be submitted for CDE certification, the other two are for management and holding purposes to facilitate DDF operations
 - The **for-profit CDEs** will eventually be aligned with an **individual DDF NMTC project**
- DDF needs ongoing professional and technical assistance to support City staff in operating the NMTC program (January/February)
 - OED issued **an RFP to solicit a consultant** to assist with initial deal structuring and FY2010 NMTC allocation request. Will seek Council approval on **February 24**
 - DDF will also need **outside legal and accounting assistance** which may require **additional RFPs**
 - Consultants will be **funded by DDF once DDF closes a deal** (has cash flow)
 - DDF will enter into a **contract with COD** to formalize relationship and create management control, including payment structure for bridge funding from PPP program (as needed for underwriting, compliance and legal assistance)

Next Steps (cont'd)

- DDF anticipates providing information about the Dallas NMTC program and application process and receiving initial applications for funds in February
- It is likely that 3-4 projects can be assisted through the FY09 allocation under the NMTC program
- An application for FY10 funds would potentially be due in June 2010.

Recommendations

- Approval by Economic Development Committee for consideration by City Council on January 27 to:
 - Amend current DDF by-laws and certificate of formation to allow DDF to independently create up to seven (7) for-profit DDF subsidiaries which will be submitted for CDE certification for the purpose of accepting the \$55 M NMTC allocation and facilitating the disbursement of tax credits and investment of proceeds

Appendix A

Acronyms and Definitions



Acronyms

- CDE– Community Development Entities
- CDFI– Community Development Financial Institutions Fund
- LIC– Low-Income Communities
- QEI-- Qualified Equity Investments

Definitions

- Low Income Communities:
 - Eligibility for Census tracts in Dallas
 - At least 20% poverty rate; OR
 - The median family income does not exceed 80% of the area median family income
- Low Income Persons
 - For Dallas, an individual (adjusted for family size) with an income no larger than the greater of
 - 80% of the statewide median family income OR
 - 80% of the metropolitan area median family income

Definitions

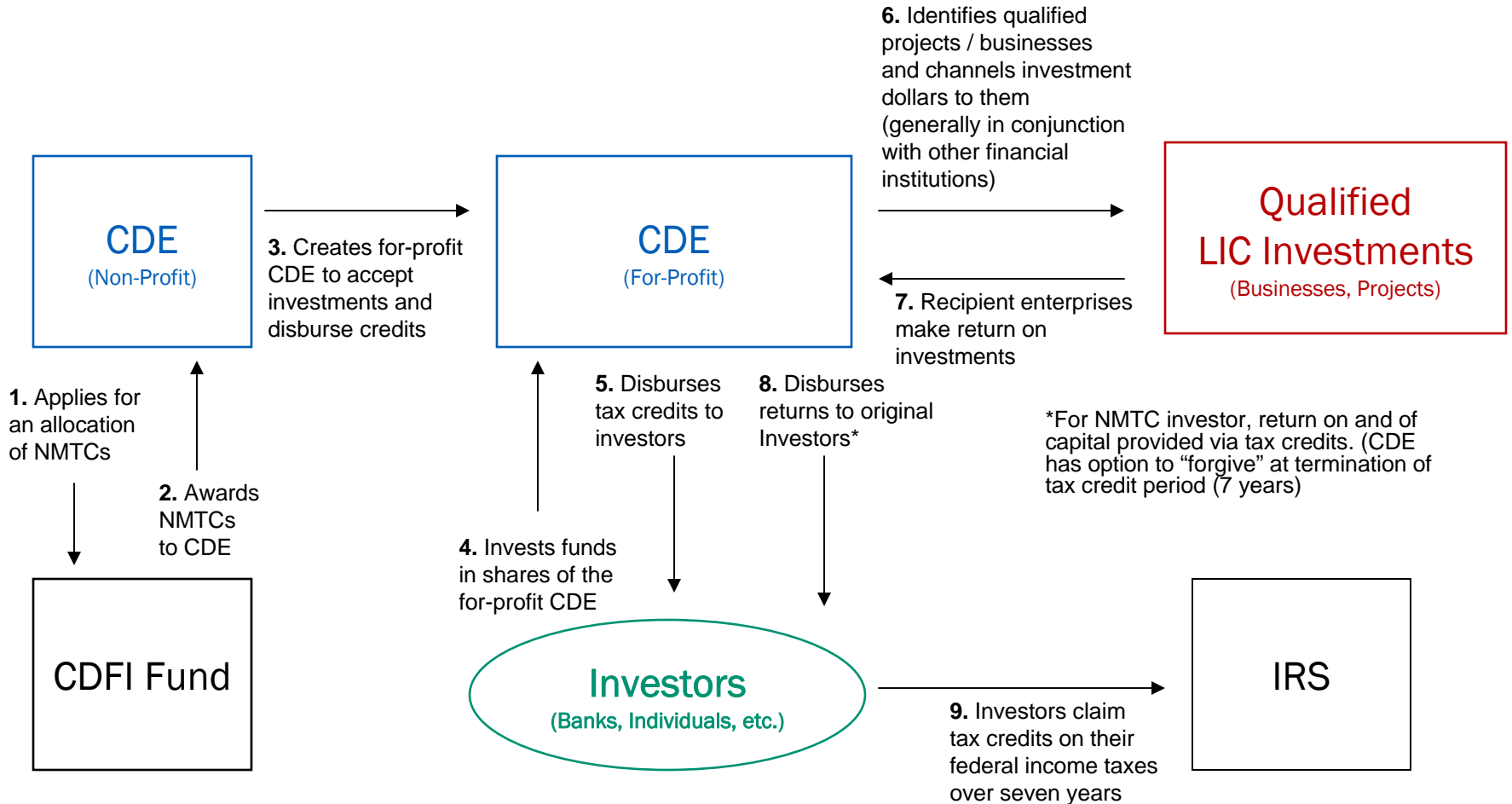
- Qualified Equity Investments
 - An equity investment (stock in a corporation or any capital interest in a partnership) in a CDE
 - The equity investment must be acquired by the investor at its original issue solely in exchange for cash
 - Must be designated by the CDE

Appendix B

Illustrative NMTC Use



Illustrative NMTC Use

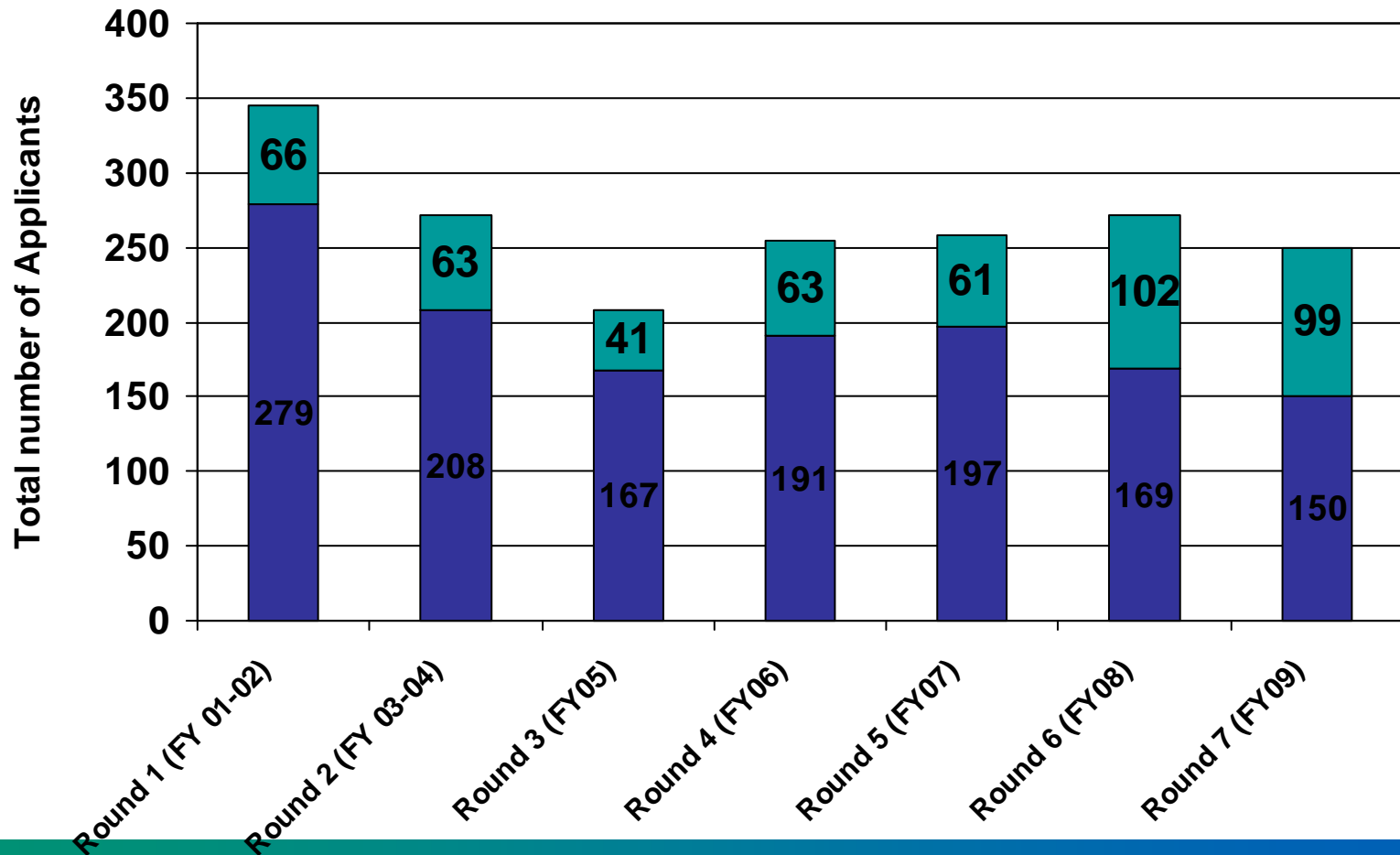


Appendix C

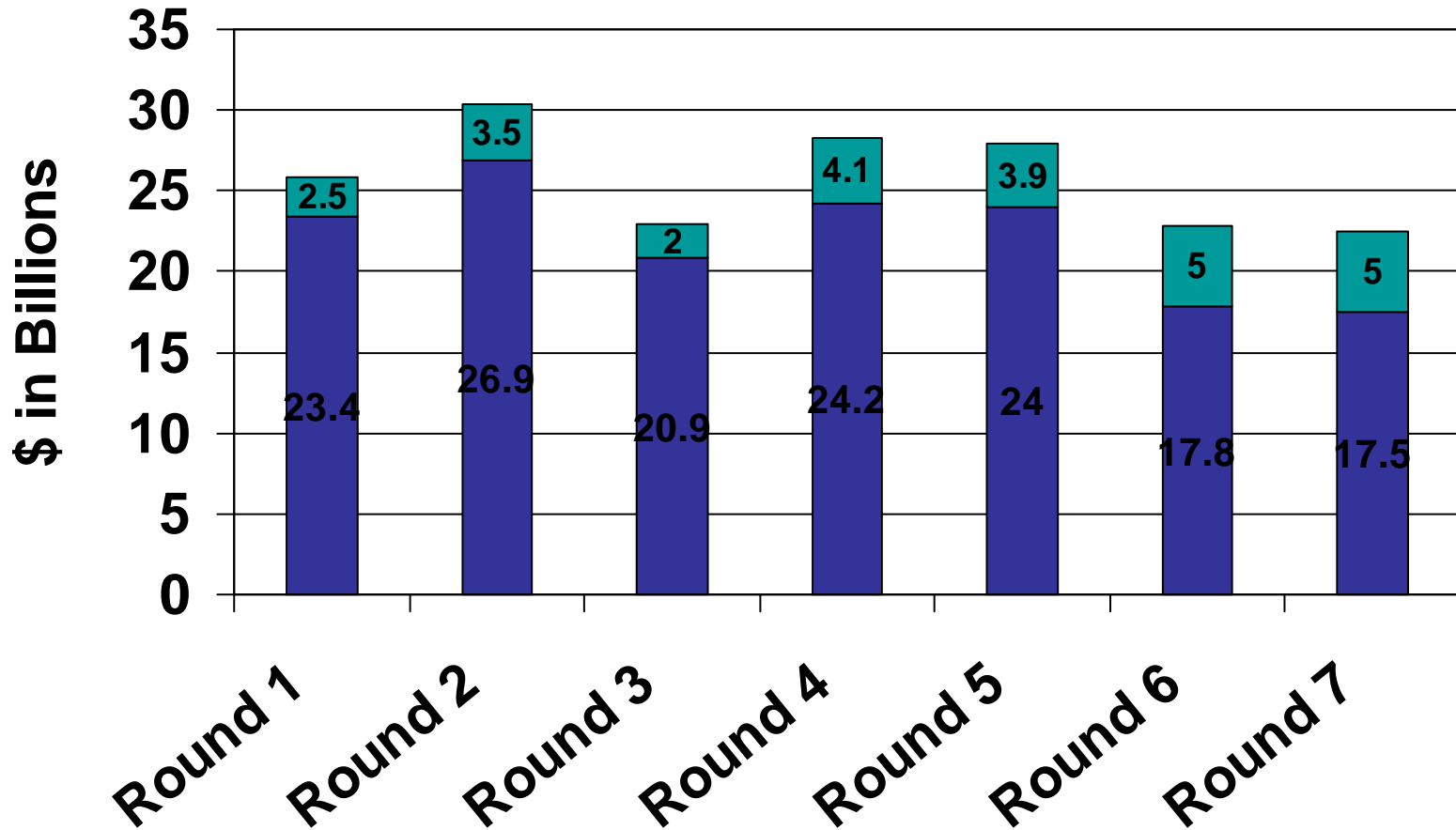
Historical Data on Award Recipients



Applicants and Number of Awards



Amount Requested v. Amount Awarded



Appendix D

DDF Board Members



Dallas Development Fund Board Members

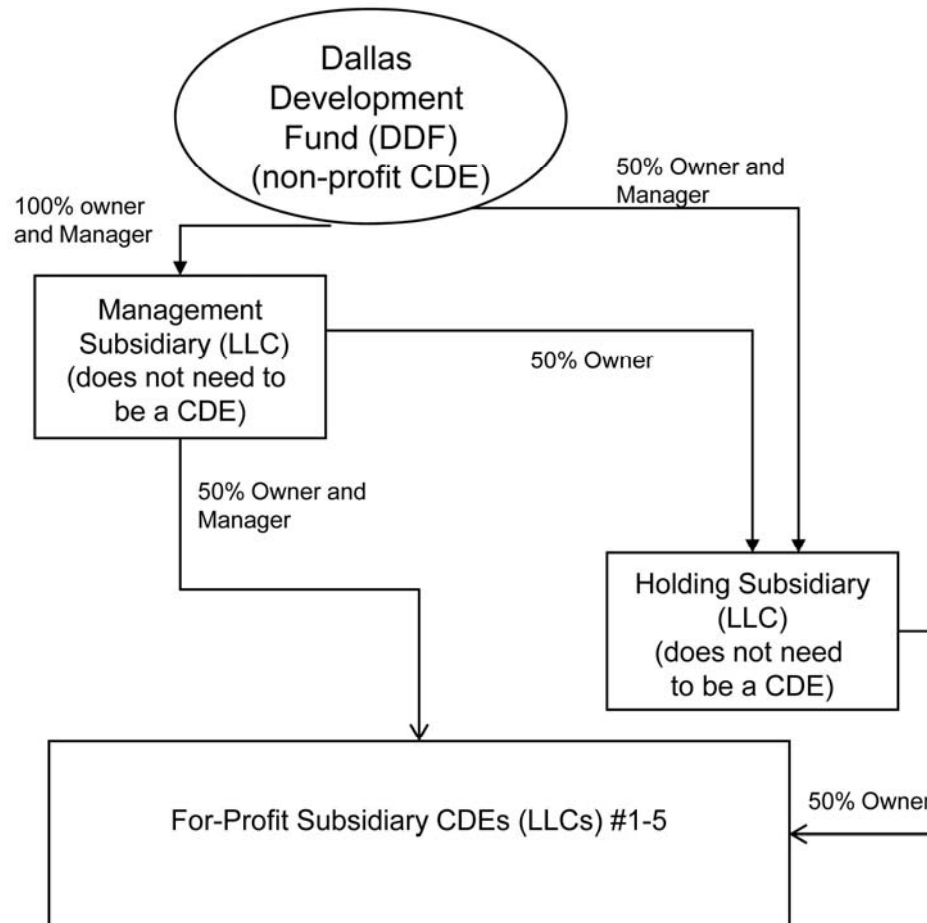
- **Gilbert Gerst (President)**
 - Vice President, JP Morgan Chase
- **Brentt Shropshire (Vice President)**
 - Partner, SDL Citadel Global, LLC (Renewable energy company)
- **Zenetta Drew (Treasurer)**
 - Executive Director, Dallas Black Dance Theater
- **Anthony Pace**
 - Executive Director, PLAN Fund (Community micro-lending institution)
- **Bill Hall**
 - Senior Director of Operations for Dallas Area Habitat for Humanity
- **Edward Okpa**
 - Principal of The OKPA Company, LLC, with appraisal and brokering commercial real estate experience
- **Maria Gonzalez**
 - Former Washington Mutual executive, with over 15 years experience in real estate industry and asset management experience

Appendix E

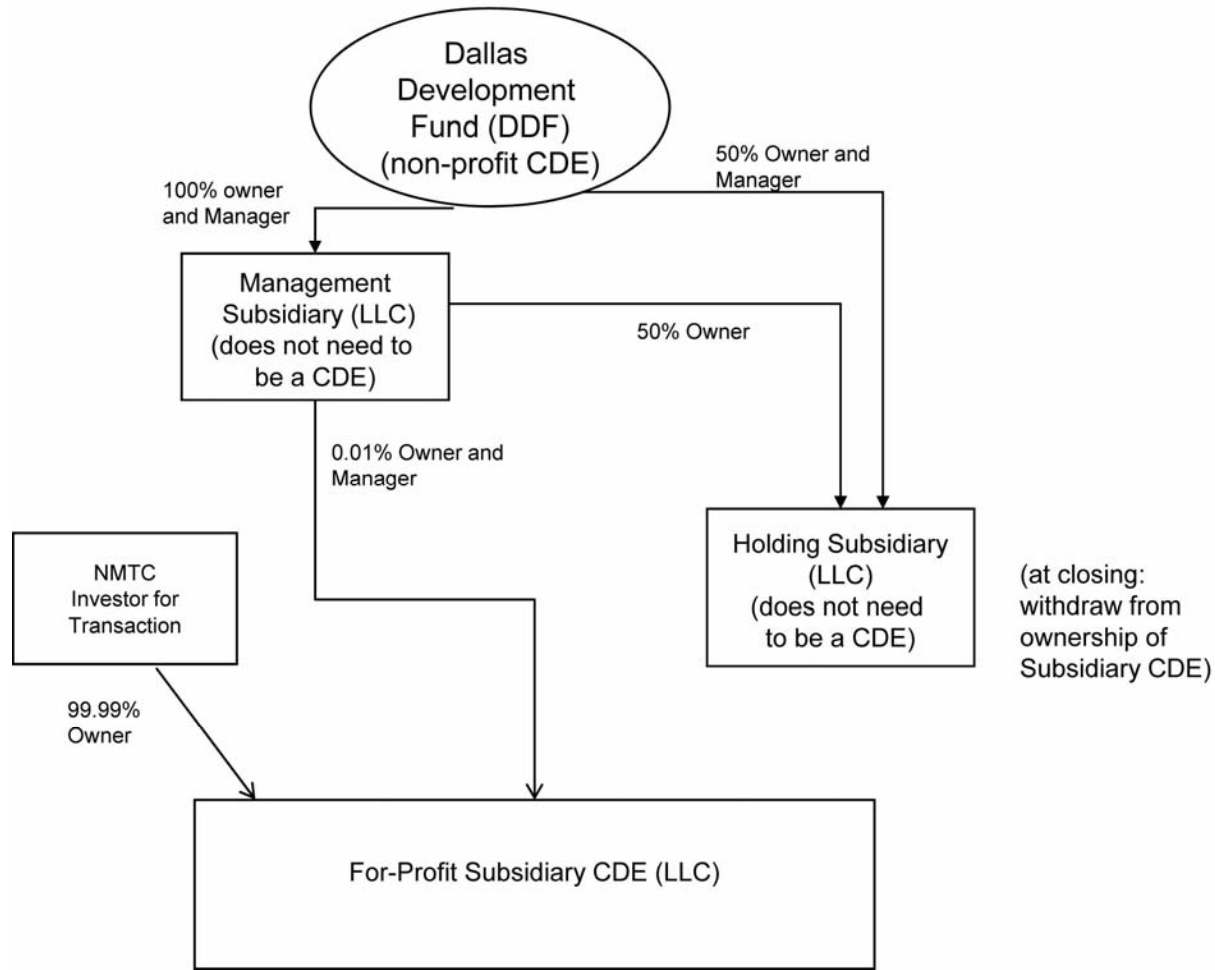
DDF For-Profits Structure



DDF For-Profit Structure Model (Before Transactions Close)



DDF For-Profit Structure Model (After Transactions Close)



Memorandum



DATE January 15, 2010

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

SUBJECT **Southern Skates Update**

Attached you will find a briefing on criteria for Request For Proposals to lease or sell Southern Skates skating rink facility in accordance with HUD CDBG Regulations.

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 C. Victor Lander, Administrative Judge Municipal Court
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill 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
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 Skates Update

Economic Development Committee

January 19, 2010



Purpose

- Respond to Economic Development Committee Southern Skates directive to:
 - provide Profit and Loss for FY 08-09 and first quarter FY 09-10.
 - generate a set of criteria for a Request For Competitive Sealed Proposal (RFCSP) for lease of facility to operate a skating rink by a non profit or for profit entity
 - generate a set of criteria for Request For Proposal for sale of the Southern Skates facility
- Seek guidance from Economic Development Committee on next steps

Overview

- Staff continues to pursue options for the skating rink facility
- Options On The Table
 - Lease operation to for profit or non profit entity
 - Sell facility
 - City continue to operate skating rink
- Facility currently operated by the City through the Park and Recreation Department
- Currently operating on a limited schedule to achieve break even operation

Overview

- Operated skating facility at a loss since 2004
- Inquiries to date from non City operators (for profit/non profit) require subsidy from the City of Dallas
- Current City approved budget does not include subsidy

Profit and Loss

FY 08-09

Revenues	Description	Amount	Totals
	Admissions & Skate Rental	\$105,875.12	
	Concessions	\$21,436.05	
	Misc Revenue	\$105.90	
	Interest	\$11,154.63	
			\$138,571.70
			Operating Revenues for FY 2008-09
Expenses	Salaries	\$118,962.71	
	Security	\$27,506.67	
	Concessions	\$9,548.72	
	Utilities	\$48,057.46	
	Skate Replacement & Repair	\$14,985.00	
	Misc. Expenses	\$20,049.40	
			\$239,109.96
			Operating Expenses for FY 2008-09
			\$ -100,538.26
			Total Operating Loss

*Miscellaneous Expenses include cleaning supplies, extermination, telephone, credit card charges, clothing, etc.

Profit and Loss

October 2009

Revenues	Description	Amount	Totals
	Admissions & Skate Rental		\$6,247.50
	Concessions	\$865.20	
	Misc Revenue	\$611.75	
	Interest	\$0.00	
			<u>\$7,724.45</u> Operating Revenues for October 2009
Expenses	Salaries	\$6,253.30	
	Security	\$2,402.00	
	Concessions	\$1,058.00	
	Utilities	\$1,799.03	
	Skate Replacement & Repair	\$210.00	
	Misc. Expenses	\$0.00	
			<u>\$11,722.33</u> Operating Expenses for October 2009

*Miscellaneous Expenses include cleaning supplies, extermination, telephone, credit card charges, clothing, etc.

Note:

The reduced hours of operation began in late October rather than October 1, 2009 resulting in higher salary and security cost for October

Profit and Loss

November 2009

Revenues	Description	Amount	Totals
	Admissions & Skate Rental	\$5,051.00	
	Concessions	\$281.00	
	Misc Revenue	\$139.25	
	Interest	\$0.00	
			<hr/>
			\$5,435.25 Operating Revenues for November 2009
Expenses	Description	Amount	Totals
	Salaries	\$3,602.78	
	Security	\$738.72	
	Concessions	\$500.00	
	Utilities	\$1,600.00	
	Skate Replacement & Repair	\$0.00	
	Misc. Expenses	\$1,089.33	
			<hr/>
			\$7,530.83 Operating Expenses for November 2009

*Miscellaneous Expenses include cleaning supplies, extermination, telephone, credit card charges, clothing, etc.

Profit and Loss

December 2009

Revenues	Description	Amount	Totals
	Admissions & Skate Rental	\$5,003.00	
	Concessions	\$148.00	
	Misc Revenue	\$148.31	
	Interest	\$0.00	
			<hr/>
			\$5,299.31 Operating Revenues for December 2009
Expenses	Description	Amount	Totals
	Salaries	\$4,448.25	
	Security	\$738.72	
	Concessions	\$500.00	
	Utilities	\$1,921.19	
	Skate Replacement & Repair	\$0.00	
	Misc. Expenses	\$900.00	
			<hr/>
			\$8,508.16 Operating Expenses for December 2009

*Miscellaneous Expenses include cleaning supplies, extermination, telephone, credit card charges, clothing, etc.

FY 09-10 First Quarter Analysis

- Recap

Revenue \$18,459.00

Expense \$27,757.00

Loss (\$9,298.00)

- Operating challenges have included:

- Typically slow winter months

- Concessions operate at a loss

- Plan to break even by Fiscal year end

- Privatize concession operations

- Eliminate city concession staff

- Increase revenue during warmer months (typically higher attendance)

- Increase revenues during summer months from recreation center summer camp participation

HUD/City Meeting

- Staff met with Ft. Worth HUD Office to clarify “reasonable/normal” profit for a For Profit operator lease or contract
- HUD requested that the City conduct some research and submit a profit structure for their review.
- City staff submitted proposed profit structure and criteria for Request For Competitive Sealed Proposal (RFCSP)
- City staff received written approval of proposed profit structure and criteria for RFCSP from HUD

RFCSP Criteria for Contract or Lease of Operations – For Profit

- Lessee must execute 3 – 5 year contract
- Lessee must have at least 2 years prior experience operating a skating rink
- Building to be delivered to Lessee in sound physical condition
- Financial consideration for rink operation to be an operating stipend not to exceed 10% of gross operating revenue.
- City will not subsidize operating losses – must be absorbed from stipend or owner's resources
- Lease payments to the City of 3% of monthly gross revenue (to CDBG Program Income)
- Capital Expense Reserve funded at rate of 3% of monthly gross revenue

RFCSP Criteria for Contract or Lease of Operations – For Profit, cont'd.

- Capital expenditures to be approved by City of Dallas PRIOR to contracting for expenditure
- Capital building needs greater than capital reserve balances to be paid by the City – reimbursed as reserve account builds
- All remaining capital reserve balances at the end of lease period to be returned to the City of Dallas as Program Income
- Operator will be responsible for all utilities and general normal maintenance inside/outside of facility
- Excess profit after all expenses, stipend, and taxes to be returned pro rata to the City and HUD annually
- Operator must understand and comply with HUD regulations and make operation available to City's internal audit team

RFCSP Criteria for Contract or Lease of Operations – For Profit, cont'd.

- Lessee must maintain automated financial management system
- Lessee must submit monthly Financial Statements to the City by the 15th of each month
- Lessee must submit year end CPA prepared Financial Statement to the City within 120 days after business fiscal year end
- The City of Dallas reserves the right to reject any and all proposals received
- All proposals must be approved by the Dallas City Council
- Operator may not use facility for other than a skating rink and activities associated with a skating rink without proper procedure and prior consent from the City of Dallas

Criteria for RFCSP Contract or Lease Operator – Non Profit

- Must enter into 3 – 5 year agreement
- Must operate skating rink at financial breakeven plus 3% reserves for repairs. Any profit over Reserve for repairs must be returned to the City's HUD line of credit as Program Income
- Operator must understand and comply with HUD Regulations
- Operator must allow review of operation by City of Dallas internal audit team
- Operator will be responsible for all utilities, general maintenance inside and outside the building and repairs
- The City will be responsible for major repairs to the facility according to the executed Lease Agreement

Criteria for RFCSP Contract or Lease Operator – Non Profit, cont'd

- Operator must maintain an automated Profit and Loss management system
- Operator must submit Profit and Loss statements to the City quarterly
- The City reserves the right to reject any and all proposals received
- All proposals are subject to approval by the City Council
- Operator may not use the facility for other than a skating rink and activities associated with a skating rink without proper procedure and prior consent from the City of Dallas

HUD Criteria for Sale of Southern Skates Facility

- Selling the facility constitutes a change of use. HUD Regulations require that prior to the RFCSP, a PUBLIC HEARING must be called for the benefit of impacted citizens
- After the PUBLIC HEARING, the Dallas City Council must approve or decline the sale of the facility.
- If sale is approved after the PUBLIC HEARING, the RFCSP process may begin

Criteria for RFCSP for Sale of Southern Skates Facility

- HUD is open to an aggressive public Bid process for establishing FMV
- HUD requires that the proposed Bid be advertised aggressively. Staff suggest:
 - advertise in local real estate and conventional publications, including business and
 - ethnic publications
 - post notice of Bid opening at the skating rink facility
 - send bid notification to known skating rink operators
 - post bid notification on City’s web site
- HUD recommends:
 - no minimum Bid be advertised
 - reasonable deed restrictions in advertisements i.e. industrialized housing, SOBs, liquor stores or similar uses, reservations of mineral rights, etc.
- HUD to review Bids before presentation to City Council

Next Steps

- Receive guidance from Economic Development Committee

Memorandum



CITY OF DALLAS

DATE January 15, 2009

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

SUBJECT

Authorize a Special Economic Development Loan Agreement with Richard Knight d/b/a the MLK/175 Gateway Project in the amount of \$ 92,800 for the South Dallas/Fair Park Trust Fund FY 08-09.

Authorize a Commercial Loan Agreement` with Freedom Fashions in the amount of \$50,000 for the South Dallas/Fair Park Trust Fund FY 08-09.

Authorize a Commercial Loan Agreement` with Namamai Services, LLC in the amount of \$50,000 for the South Dallas/Fair Park Trust Fund FY 08-09.

Richard Knight d/b/a MLK/175 Gateway Project is located at 2321 MLK Blvd, Dallas, 75215. The project involves rehabbing an existing commercial facility which will be leased to an auto repair, auto service related business. Trust Fund monies will be used for the electrical system, exterior fence, flooring, paint, roof repair, texturing, tile, an HVAC system, lighting, cabinets, doors, store front windows purchase and/or install carpets.

Once completed, the project will create 5 permanent and 8 temporary jobs. Sales generated will approximate \$528,000.00 per year. The economic impact of the project is job creation and retail sales.

Freedom Fashions is a sole proprietorship, owned and operated by Ephraim and Helen Oladirian. Specializes in men's casual clothing, the store is located at 2716 MLK Blvd, Dallas, 75215, and has been in business for over 25 years. The applicants are former borrowers of the Trust Fund and have timely paid off the prior loan in full. The purpose of this loan is to purchase new equipment, expand inventory (women and children's clothing) and make leasehold improvements. The loan is secured by a 2nd lien in rental real estate with estimated equity of \$68,000 and 1st lien on unimproved land with an estimated value of \$6,600. .

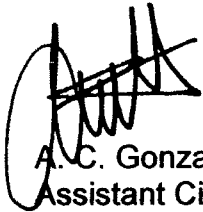
Namamai Services, LLC is located at 5200 East Grand Avenue, Suite 555, Dallas, 75223 and is owned and operated by Charles Senteio. An 18 month old business, Namamai Services, LLC provides in-home social/clinical support to vulnerable patients. The goal of the business is to reduce patient hospitalization, by focusing on clinically, socially, or financially vulnerable patients. The purpose of the loan is to provide operating expenses and to hire two (2), Community Health Workers.

Health Workers.

Staff Recommendation

Staff recommends Council approval of the above referenced Special Economic Development Loan in the amount of \$92,800 to Richard Knight d/b/a the MLK/175 Gateway Project, a Commercial Loan in the amount of \$50,000 to Freedom Fashions and a Commercial Loan in the amount of \$50,000 to the Namamai Services.

Should you have any questions concerning this information, please contact me at 2146703314.



A.C. Gonzalez
Assistant City Manager

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

A.C. Gonzalez, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager

Ramon Miguez, P.E., Assistant City Manager

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Helena Stevens-Thompson, Assistant to the City Manager