

WHEREAS, the City recognizes the importance of its role in local economic development; and

WHEREAS, on June 8, 2005, the City Council authorized the establishment of Tax Increment Financing Reinvestment Zone Number Eleven, City of Dallas, Texas ("Downtown Connection TIF District") in accordance with the Tax Increment Financing Act, as amended, Chapter 311 of the Texas Tax Code, Vernon's Texas Codes Annotated (the "Act") to promote development and redevelopment in the Uptown and Downtown areas through the use of tax increment financing by Ordinance No. 26020; as amended; and

WHEREAS, on August 29, 2005, the City Council authorized the Downtown Connection Tax Increment Financing District Project Plan and Reinvestment Zone Financing Plan by Ordinance No. 26096; as amended; and

WHEREAS, on May 12, 2011, the Downtown Connection TIF District Board of Directors reviewed and approved TIF funding for the redevelopment of 1914 Commerce Street in an amount not to exceed \$13,168,950, subject to review and approval by the TIF board of a technical statement on the current condition and condition upon completion of the building's curtain wall and description of the work to be completed by line item for the project; and

WHEREAS, on June 6, 2011, the Economic Development Committee was briefed and recommended approval of the request for TIF funding for Ricchi Development Group, LLC, for the redevelopment of 1914 Commerce Street in an amount not to exceed \$13,168,950; and

WHEREAS, in furtherance of the Downtown Connection TIF District Project Plan and Reinvestment Zone Financing Plan and to promote within the Downtown Connection TIF District: (1) development and diversification of the economy, (2) elimination of unemployment and underemployment, and (3) development and expansion of commerce, the City desires to provide economic incentives to the Owner for the redevelopment of the 1914 Commerce Street in the Downtown Connection TIF District as depicted in the Conceptual Site Plan, Streetscape/Landscape Plan and Elevations attached hereto as **Exhibits A, B, and C** respectively; and

WHEREAS, the expenditure of TIF funds supporting this development is consistent with promoting development and redevelopment of the Downtown Connection TIF District in accordance with the purposes for its creation, the City's revised Public/Private Partnership Guidelines and Criteria, the ordinance adopted by the City Council approving the Project and Financing Plan, and is for the purpose of making public improvements consistent with and described in the Project and Financing Plan for the Downtown Connection TIF District.

NOW, THEREFORE,

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

Section 1. That the City Manager, upon approval as to form by the City Attorney is hereby authorized to execute a development agreement with Ricchi Development Group, LLC and the City of Dallas, on behalf of the Downtown Connection TIF District, thereby confirming the Downtown Connection TIF District Board of Directors' dedication of future tax increment revenues in an amount not to exceed \$13,168,950 to provide funding for TIF-eligible project costs, \$8,168,950 in environmental remediation, demolition, façade restoration and street and utility improvements costs and \$5,000,000 in the form of an Economic Development TIF grant as shown in the TIF Funded Project Budget attached hereto as **Exhibit D**. These costs include, but are not limited to design, engineering, construction management, and professional services; paving and streetscape improvements, environmental remediation and demolition, and an Economic Development TIF grant to offset redevelopment costs for 1914 Commerce Street to implement the Downtown Connection TIF District Project Plan and Reinvestment Zone Financing Plan and the Downtown Connection TIF Board of Directors may therefore pledge or dedicate future TIF revenues in satisfaction of this agreement.

Section 2. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

Section 3. That the City Controller is hereby authorized to encumber and disburse funds from future tax increments and subject to future appropriations from:

Downtown Connection TIF District Fund - Fund 0044, Department ECO, Unit P671, Object 3072, Activity DTTI, Program No. DCTIF0008, CT ECOP671H132-01, Vendor No. VS0000064179, in an amount not to exceed \$8,168,950; and

Downtown Connection TIF District Fund - Fund 0044, Department ECO, Unit P671, Object 3016, Activity DTTI, Program No. DCTIF0008, CT ECOP671H132-02, Vendor No. VS0000064179, in an amount not to exceed \$5,000,000; and

Total not to exceed \$13,168,950.

Funds may be shifted among categories as long as the total TIF funding does not exceed \$13,168,950.

Section 4. That the Owner shall design, fund and/or construct improvements to support the redevelopment of 1914 Commerce Street in the Downtown Connection TIF District up to \$13,168,950 of the TIF-eligible project costs, may be paid from the Downtown Connection TIF District Funds in accordance with the terms of the development agreement described in hereof, but only to the extent such Downtown Connection TIF District funds are available for such purpose.

Section 5. That nothing in the resolution shall be construed to require the City to approve payment from any source of City funds other than the Downtown Connection TIF District Fund.

Any funds expended under the development agreement that remain unpaid upon termination of the Downtown Connection TIF District, due to lack or unavailability of Downtown Connection TIF District Funds, shall no longer be considered project costs of the Downtown Connection TIF District or the City and the obligation of the Downtown Connection TIF District to pay the Owner shall automatically expire.

Section 6. That in addition to the conditions set out above, the Agreement is hereby expressly made subject to all of the following contingencies which must be performed or occur:

- A. Ricchi Development Group, LLC shall construct a project comprising the renovation and construction of 1914 Commerce Street ("1914 Commerce"), with the following components:
1. State I. Acquisition and Cleaning - Removal of the obsolete equipment, furniture and operating systems (mechanical, electrical and plumbing systems) in the building, asbestos abatement and demolition of all interior walls. Interior space will be opened up and cleaned down to the concrete.
 2. Stage II. Exterior Cleaning and Restoration and Internal Remodeling and Renovation - This stage will involve the cleaning and restoration of all exterior elevations including entire curtain wall system and store front; renovation of the elevator, electrical, fire, HVAC systems. The exterior of the building will be restored to its original condition.
 3. Private investment for the project shall be a minimum of \$30,473,200.
 - a. Stage 1 - \$19,387,250
 - b. Stage II - \$11,085,950
 4. Renovation of 40,000 square feet of gross commercial space, included in this stage is the finish out of the ground floor and lobby of the building.

Section 6. (Continued)

5. A minimum of 25% of the total net leasable square footage (specifically 25% of the 40,000 square finished commercial space) of commercial space with a minimum of at least 50% of ground floor space must be occupied prior to TIF payment.
- B. Ricchi Development Group, LLC shall submit for Downtown Connection TIF District Board of Directors review and approval a technical statement on the current condition and condition upon project completion of the building's curtain wall.
- C. Ricchi Development, LLC shall submit for Downtown Connection TIF District Board of Directors review and approval a detailed description by line item of the work to be completed with the project.
- D. Downtown Connection TIF District Design Review Committee shall review and approve the project design and site plans prior to City Council consideration of the project. The project design plans shall include:
1. A site plan showing the location of parcel boundaries clearly differentiating publically accessible space form private space.
 2. A pedestrian lighting plan for the site using lighting acceptable to the City and spaced at approximately 75 feet unless otherwise required by the City's Public Works and Transportation Department. This lighting plan is required for all public and private streets included in the project.
 3. A sidewalk plan for each of the projects. Sidewalks with high anticipated levels of pedestrian traffic shall be designed to accommodate pedestrian traffic. The sidewalks shall have a minimum 7 foot walking zone and a minimum 3 foot landscaping and lighting zone, where possible. Landscaping and pedestrian lights shall be placed in the area closest to the back of curb for the length of the sidewalk.
 4. A landscape plan showing location and type of all landscaping material.
 5. Elevations for all sides of the building visible from the public right of way.
- E. Site construction of project improvements and building renovations shall be in general conformance with the site plans approved by the Downtown Connection TIF Board of Directors, Design Review Committee and Dallas City Council

Section 6. (Continued)

- F. Ricchi Development Group, LLC shall obtain building and/or demolition permits and start construction and/or demolition for the project by January 31, 2012.
- G. Ricchi Development Group, LLC shall obtain a final acceptance (Green Tag) for Stages I and II of the Project by December 31, 2012; and a Certificate of Occupancy for 40,000 square feet of commercial space by December 31, 2013.
- H. Ricchi Development Group, LLC shall comply with the Business Inclusion and Development ("BID") goal of 25% for the TIF reimbursable improvements, the Owner shall make a good faith effort to achieve a goal of certified minority/women-owned business enterprise (M/WBE) participation for the private improvement construction of 25% of total private expenditures, and meet all reporting requirements for each.
- I. The Project shall be managed by a management company acceptable to the Director of the Office of Economic Development, such approval not being unreasonably withheld.
- J. Ricchi Development Group, LLC shall submit to the Director of the Office of Economic Development a quarterly status report for ongoing work on the project, as well as public improvements. Such status reports will be due once every three months after the Council approval date, if any.

Section 7. That, should Ricchi Development Group, LLC not perform one or more of the contingencies listed in Section 6 above, the City Manager is authorized to terminate the development agreement and disallow the total TIF subsidies up to an amount not to exceed \$13,168,950. If all other conditions for payment have been met, the City will administer the payment of the TIF subsidy pursuant to the Tax Increment Fund Allocation Policy approved by the Downtown Connection TIF District Board of Directors on September 16, 2009.

Section 8. That the Director of the Office of Economic Development may extend the project deadline up to 6 months and authorize adjustments to the contingencies listed above should reasonable adjustments be needed and supported by additional consideration.

June 22, 2011

Section 9. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

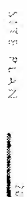
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APPROVED BY
CITY COUNCIL

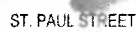
JUN 22 2011


City Secretary

111746



JACKSON STREET

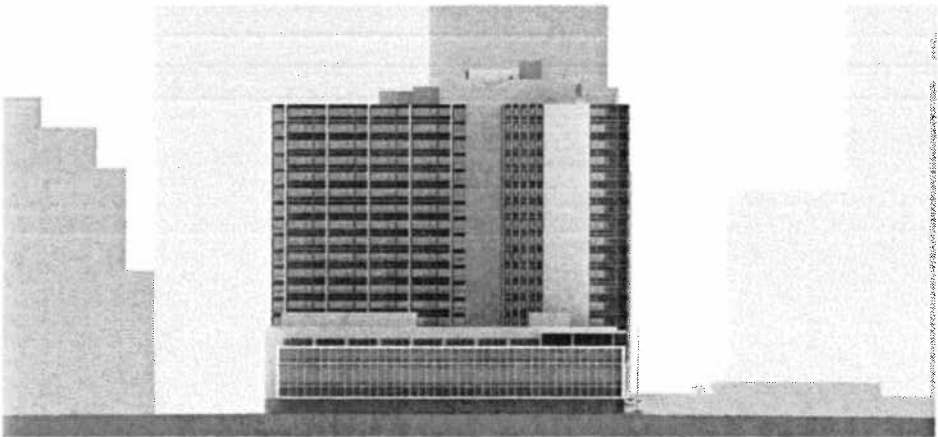




NORTH ELEVATION



SOUTH ELEVATION



EAST ELEVATION



WEST ELEVATION

Exhibit D**1914 Commerce Street (former Statler Hilton Building) Redevelopment Project
TIF Budget****Stage I****Asbestos Abatement, Mold & Demolition**

1902 Commerce Street	\$2,450,000
Structural Repairs	\$650,000
Contingency Budget	\$449,000
Repaint and recondition all areas	\$487,000
Maximum Amount Allocated to Stage I	\$4,036,000

Stage II**Exterior Improvements**

Complete Curtain Wall Renovation	\$1,950,000
Exterior Brick Wall and Stone Renovation	\$797,000
Store Front Renovation and Replacement	\$498,700
New Roofs for the entire Building	\$989,000
New Porte-Cochere	\$375,000
Landscaping and Walkways	\$153,250
External Illumination	\$259,000
Misc. Exterior	\$100,000
Maximum Amount Allocated to Exterior Improvements	\$4,132,950

Interior Improvements

All Elevators Modernization	\$2,725,000
Main Water and Plumbing System (including main boilers)	\$1,250,000
Main Electrical System	\$1,786,000
Main Fire Safety Systems	\$485,000
Cooling Towers (water source heat pump 2500 tons)	\$298,000
Main HVAC lines, pumps for main floors	\$1,745,000
Basic Services to Open All Commercial Areas	\$575,000
Basements and Unused Space Parking Conversion	\$1,250,000
Misc. Interior	\$350,000
Maximum Amount Allocated to Interior Improvements	\$5,000,000

Total Amount Allocated to Stage II (Interior and Exterior)	\$9,132,950
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Total TIF Reimbursement (Stages I & II)	\$13,168,950
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