

**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 June 8, 2005, the City Council authorized the establishment of the Downtown Connection TIF District to promote development and redevelopment in the Uptown and Downtown areas through the use of tax increment financing by Ordinance No. 26020; 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 August 29, 2005, the City Council authorized the execution of a Development Agreement between the City, the Downtown Dallas Development Authority (DDDA), and Forest City affiliates for the development and redevelopment of the Mercantile Block, Continental Building and Atmos Complex by Resolution No. 05-2545; as amended; and

**WHEREAS**, on March 8, 2006, the City Council authorized (1) the issuance and sale of up to \$51,000,000 in Downtown Dallas Development Authority Contract Tax Increment Revenue Bonds for the Mercantile project improvements; (2) approval of the Preliminary Official Statement, Trust Indenture and Bond Resolution; and, (3) enacting other provisions in connection therewith by Resolution No. 06-0873; and

**WHEREAS**, on August 9, 2006, the City Council authorized Supplemental Agreement No. 1 to the development agreement among the City of Dallas, the Downtown Dallas Development Authority (the DDDA), and FC Merc Complex, L.P., FC Continental Complex, L.P., FC Atmos, Inc., and FC Lessee (collectively Forest City) to revise the provisions of Section 1.02 thereby consenting to Forest City's acquisition of the fee interest in the ground lease parcel in lieu of condemnation and directing the DDDA to reprogram the \$2,500,000 in bond proceeds that have been earmarked for condemnation to other programs in furtherance of the implementation of the Downtown Connection TIF District project and financing plan by Resolution No. 06-2065; and

March 28, 2012

**WHEREAS**, on June 13, 2007, the City Council authorize Supplemental Agreement No. 2 to the development agreement among the City of Dallas, the Downtown Dallas Development Authority (the DDDA), and FC Merc Complex, L.P., FC Continental Complex, L.P., FC Atmos, Inc., and FC Lessee (collectively Forest City) to extend the completion date of the Continental Building from October 3, 2009 to June 3, 2011 by Resolution No. 07-1821; and

**WHEREAS**, on October 22, 2008, the City Council authorized an amendment to the Downtown Connection TIF district project plan and reinvestment Zone Financing Plan to permit the direct lease or sale of city owned, city controlled property without complying with auction and bidding requirements on the condition that the property is redevelopment in accordance with the Downtown Connection TIF district plan by Ordinance No. 27377; and

**WHEREAS**, on October 22, 2008, the City Council authorized Supplemental Agreement No. 3 to the development agreement among the City of Dallas, the Downtown Dallas Development Authority (the DDDA), and FC Merc Complex, L.P., FC Continental Complex, L.P., FC Atmos, Inc., and FC Lessee (collectively Forest City) to (a) extend the due dates of each of the remaining option fee payments by 12 months; (b) direct the transfer of title of the Atmos Complex without auction and bidding from FC Atmos to Hamilton Atmos LP for redevelopment in accordance with the Downtown Connection TIF Project Plan and without requiring the acceleration of payment of the unpaid portion of the \$750,000 option fee prior to the new deadline dates; (c) require FC Atmos to retain maintenance obligations through October 26, 2010, and (d) require FC Atmos to continue obligations for payment of option fees of \$250,000 on October 26, 2009 and an additional \$250,000 on October 26, 2010 if Hamilton Atmos LP is unable to obtain building permits by those dates by Resolution No. 08-2918; and

**WHEREAS**, on February 11, 2009, the City Council authorized an amendment to Resolution No. 08-2918, previously approved on October 22, 2008 which authorized Supplemental Agreement No. 3 to the development agreement with Forest City for the redevelopment of the Mercantile Block, Continental Building and Atmos complex permitting the transfer of the Atmos Complex through the transfer of stock in FC Atmos, Inc., in lieu of transferring the tile of the separate properties; and

**WHEREAS**, October 14, 2009, the City Council authorized Supplemental Agreement No. 4 to the Mercantile master agreement to amend and restate Article II of the agreement to: (1) increase the required minimum "Continental Building Improvements" for residential units from 140-160 units to 180 units and decrease retail square footage from 9,000 square feet to 5,000 square feet; (2) adjust the number of parking spaces from 350 to 250 to correct a typographical error; (3) extend the completion date for the redevelopment of the Continental Building from June 30, 2011 to December 31, 2011; (4) add an affordable housing requirement that twenty percent of the total number of residential units must be set-aside as affordable as defined by the Downtown Connection TIF District Project Plan; and (5) establish Downtown Connection TIF District funding for project costs related to the redevelopment of the Continental Building in an amount not to exceed \$17,528,288 (includes \$13,305,700 for TIF base funding plus interest up to \$4,222,588) by Resolution No. 09-2518; and

**WHEREAS**, on January 14, 2010, the Downtown Connection TIF District Board of Directors recommended approval by the City Council of a project loan (the "Continental Building Housing Department Loan") of \$2,000,000 from Downtown Connection TIF District Affordable Housing funds to FCC for the redevelopment of the Continental Building; and

**WHEREAS**, on January 27, 2010, the City Council authorized the City to make the Continental Building Housing Department Loan by Resolution No. 10-0372; and

**WHEREAS**, on June 22, 2011, the 5<sup>th</sup> Amendment to the Mercantile Agreement for the redevelopment of the Continental Building at 1810 Commerce Street was executed to consent to (i) the restructuring of the ownership of the Continental Building, (ii) the transfer of title to the Continental Building from FCC to FC Continental, (iii) the assignment of certain rights and obligations under the Development Agreement with respect to the Continental Building from FCC to FC Continental, (iv) the partial assignments of certain rights of reimbursement from FC Continental to its affiliates, and (v) that the Continental Building Housing Department Loan be made to FC Continental; and

**WHEREAS**, on August 10, 2011, City Council authorized Supplement Agreement No. 6 to the development agreement among the City of Dallas, the Downtown Dallas Development Authority (the DDDA), and FC Merc Complex, L.P. ("FC Merc"), a Texas limited partnership, FC Continental Complex, L.P. ("FCC"), a Texas limited partnership, FC Continental Landlord, LLC, a Texas limited liability company ("FC Continental") and FC Continental Manager, LLC, a Texas limited liability company and managing member of FC Continental (collectively called Forest City) to extend the substantial completion date for the Continental Building improvement project from December 31, 2011 to December 31, 2012, with the extension of the date for an additional 6 months subject to the Director of Economic Development, Downtown Connection TIF District by Resolution No. 11-2028; and

March 28, 2012

**WHEREAS**, on February 9, 2012, the Downtown Connection TIF District and Downtown Dallas Development Authority Boards of Directors approved an amendment to the development agreement among the City of Dallas, the Downtown Dallas Development Authority (the DDDA), and FC Merc Complex, L.P. ("FC Merc"), a Texas limited partnership, FC Continental Complex, L.P. ("FCC"), a Texas limited partnership, FC Continental Landlord, LLC, a Texas limited liability company ("FC Continental") and FC Continental Manager, LLC, a Texas limited liability company and managing member of FC Continental (collectively called Forest City) to amend Section 1.07 Profit Participation to terminate the City's 20% profit participation in cash flow, financing or sales proceeds from the Mercantile Block project in the event of foreclosure of the project and forwarded a recommendation of approval to City Council; and

**WHEREAS**, on March 5, 2012, the Economic Development Committee was briefed on the amendments to the master Development Agreement with Forest City and recommended approval to City Council.

**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 amend Resolution No. 05-2545, as amended, as follows:

Section 1.07 of Resolution No. 05-2545 shall be amended to add the following statement to the section:

The obligation to pay to the City any profit participation or other share of net cash flow from operations or capital events, as set forth above shall terminate in the event of a foreclosure.

**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 Manager is authorized to execute Supplemental Agreement No. 7 to Mercantile master agreement for the redevelopment of the Mercantile Block at 1800 and 1808 Main Street.

**Section 4.** That all other terms and conditions as set forth in Resolution No. 05-2545, as amended, shall remain in full force and effect, except as specifically outlined in Sections 1 above.

**Section 5.** 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.

