Memorandum

DATE August 30, 2013

TO Members of the Economic Development Committee:
Tennell Atkins (Chair), Rick Callahan (Vice Chair), Scott Griggs, Adam Medrano,
Jerry R. Allen, Lee Kleinman

SUBJECT Hillwood II POD Development – September 25th, 2013 Council Agenda

Background

For the past several months, City staff has been in discussions with Hillwood Investment Properties (Hillwood) regarding a potential two-building distribution development to be located on land near the intersection of Bonnieview Road and Interstate-20 within the International Inland Port of Dallas (II POD). The proposed facilities would total approximately 1,100,000 square feet and be owned by a single asset entity known as Commerce 20 Development, LLC. Plans call for the first building to be approximately 650,805 square feet, and the second building to be approximately 488,560 square feet. Commerce 20 Development, LLC plans to invest approximately $23,000,000 to construct both facilities.

Hillwood anticipates that construction of the first building will begin either in the fall of 2013 or spring of 2014 and be completed by the end of 2014. Construction of the second building is anticipated to begin in 2015 and be completed in 2016.

Hillwood is ranked as one of the top commercial real estate investors and developers in the country. The company’s developments currently house facilities for more than 85 companies listed on the Fortune 500, Global 500 or Forbes List of Top Private Firms.

In order to develop this project, Hillwood requests council consideration of an economic development grant in the amount of $745,000 and a 90 percent real property tax abatement for 10-years on the added value of the improvements. The proposed grant will be paid on or before December 31, 2014, upon verification of substantial completion of the first building consisting of at least 600,000 square feet. The grant funds will help offset costs associated with topographical and infrastructure improvements required to make the site developable.

In consideration of the tax abatements proposed, Commerce 20 Development, LLC will: 1.) Invest a minimum of $14,500,000 in real property improvements and other related project costs such as design, engineering, architects, etc. for the first building in order for the first abatement to be approved and 2.) Invest a minimum of $11,000,000 in real property improvements and other related project costs such as design, engineering, architects, etc. for the second building in order for the second abatement to be approved. Staff estimates that, for buildings of this size designed for this purpose, each
building will eventually contain business personal property of approximately $40,000,000 and result in at least 300 jobs.

The cumulative forgone revenue associated with both of the abatements is $1,881,835. The ten-year net estimated fiscal impact of this project is $2,434,233. Staff recommends the proposed incentives.

**OWNER**

**The Commerce 20 Development, LLC Co., Inc.**  
Dan Tatsch, Senior Vice President

**Staff**

J. Hammond Perot, Assistant Director, Office of Economic Development  
Christopher O'Brien, Sr. Coordinator, Office of Economic Development

**Recommendation**

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3296.

\[Signature\]

Ryan S. Evans  
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
A. C. Gonzalez, Interim City Manager  
Rosa Rios, City Secretary  
Thomas P. Perkins Jr., City Attorney  
Judge Daniel Solis, Administrative Judge Municipal Court  
Craig Kinton, City Auditor  
Frank Librio, Public Information Officer  
Jill A. Jordan, P.E., Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Theresa O'Donnell, Interim Assistant City Manager  
Charles M. Cato, Interim Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu – Assistant to the City Manager – Council Office

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