Memorandum

DATE       April 4, 2014
TO          Members of the Economic Development Committee:
            Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano, Scott Griggs
            Lee Kleinman, Jerry R. Allen
SUBJECT    Two Podners Retail Eateries, LLC; April 23, 2014 Council Agenda

On April 23, 2014, City Council will be asked to consider authorizing a Special Economic
Development Loan in the amount of $100,000 from the South Dallas Fair Park Trust Fund to
Two Podners Retail Eateries, LLC for additional financing to develop a 11,000 square foot
commercial building located at 1441 Robert B. Cullum in Dallas to expand Two Podner's
Barbeque and Seafood Restaurant and add 6,500 square feet of retail space.

The loan will be secured by a 2nd Lien on the subject development. Repayment will be @ 3%
interest over 60 months @ $1,796.42 per month. Trust Fund monies will not be disbursed
until 80% of the project is complete and funded.

Two Podners Retail Eateries, LLC is a development company created by Fred Conwright and
James Runnels, owners of Two Podner's Barbeque and Seafood Restaurant to develop a
building for an expanded restaurant and other retail eateries. Two Podner's has operated in a
2,500 square foot facility at their current location in the South Dallas/Fair Park area for over
30 years.

The new development when fully tenanted is expected to create 40 – 50 FTE jobs. The total
project cost is $1,835,000. The developers, Fred Conwright and James Gunnels, will bring
$460K of equity to the project. The project will demolish the current facility and build a 4,500
square foot restaurant as the anchor tenant and add 6,500 square feet of additional space.
The developers are in discussions with Del Taco, Krispy Cream, Subway and a Chinese
takeout to fill the tenant space.

The development of the Property will further the City's goals for redevelopment in the
Southern Dallas. The loan is contingent upon $460K of equity from the Developer and
approval of one million in conventional financing (Spirit Bank of Texas has issued a
$1,000,000 Commitment). A Chapter 380 Forgivable Loan in the amount of $275,000 for
"gap" financing for signage and equipment was approved by the Dallas City Council on
February 12, 2014.

FISCAL INFORMATION

$100,000 - South Dallas/Fair Park Trust Funds

OWNER

Two Podners Eateries, LLC

Fred Conwright, Partner
James Runnels, Partner
MAP

Attached.

RECOMMENDATION

Staff recommends approval of the subject item.

Should you have any questions or concerns, please contact me at (214) 670-3296.

Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
   A.C. Gonzalez, City Manager
   Warren M. S. Ernst, City Attorney
   Judge Daniel F. Solis, Administrative Judge
   Rosa A. Rios, City Secretary
   Craig D. Kinton, City Auditor
   Jill A. Jordan, P. E., Assistant City Manager
   Forest E. Turner, Assistant City Manager
   Joey Zapata, Assistant City Manager
   Charles M. Cato, Interim Assistant City Manager
   Theresa O'Donnell, 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
   Shawn Williams, Interim Public Information Officer
   Elsa Cantu, Assistant to the City Manager – Mayor and Council
April 4, 2014

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

Subject: Marfy, Inc. dba Friendly Food Mart

Friendly Food Mart, located at 2200 Cedar Crest Boulevard in Dallas, was purchased in April, 2013 by Mohammed Ashraf. The convenience store was formerly owned by an operator who had allowed the 7,500 facility to become an eyesore and a location where criminal activity was prevalent. There has been no reported crimes in 2014.

To date, $547K has been expended to purchase the business and the property as well as to establish a fast food counter along with grocery items that meet needs of the surrounding neighborhood. Criminal activity has been eliminated and the neighborhood environment has visibly improved. Renovations of over $50K have been made to the building. Mr. Ashraf has invested $375K in cash equity and a $172K note is carried by the seller. 5 jobs have been created. $30K of additional funding is required for a new roof and to repair interior damages caused by the leaks in the existing roof.

The proposed $30K grant is non-conforming in the context of the Public Private Partnership (PPP) program because it does not meet minimum guidelines of a $1M investment or creation of 25 full time jobs. The store will, however, provide needed food services directly adjacent to a USDA certified food desert and help attract other businesses to an area where criminal activity has been a detriment to development. There is presently no Council approved program within the existing PPP structure to accommodate food services in food deserts.

Owner:

Marfy, Inc. dba Friendly Food Mart

Mohammed Ashraf, Owner

Map

Attached

Should you have any questions or concerns, please contact me at (214) 670-3296.

Ryan S. Evans
Interim First Assistant City Manager

Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Shawn Williams, Interim Public Information Officer
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED
Elsa Cantu, Assistant to the CMO – Mayor and Council
Memorandum

DATE April 4, 2014

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

SUBJECT Authorize approval of the re-establishment of the South Dallas/Fair Park Area
Business Façade/Revitalization Program; April 23, 2014 Council Agenda

On April 23, 2014, City Council will be asked to consider re-establishing the South
Dallas/Fair Park Area Business (SDFPAB) Façade/Revitalization Program, which provides
façade improvements for buildings with operating businesses along Martin Luther King Jr.
Boulevard from Robert B. Cullum to SM Wright in order to improve curb appeal and
promote Economic Development

BACKGROUND

The SDFPAB Façade/Revitalization Program was authorized by Resolution No. 12-0985,
March 28, 2012, and received $92,522 of CDBG funding to provide façade improvement
grants up to $20,000 to businesses within the South Dallas/Fair Park area under CDBG
guidelines. The program has committed 100% of funding. Four (4) facades have been
completed and a final façade’s nearing completion, with tangible positive results.

MLK Boulevard enhancements are an important component of the Grow South Initiative.
Building on the success of the first phase, re-establishment of the program will continue to
address deteriorating property conditions and provide façade enhancements to buildings
with operating businesses in order to spur further growth by increasing retail sales through
improved aesthetic appeal.

SDFPAB Façade/Revitalization Program Goals

- Award façade improvement grants up to $20,000 to building and/or eligible business
  owners to enhance the aesthetic appeal and promote economic viability of
  businesses along Martin Luther King Jr. BLVD. from Robert B. Cullum to SM Wright.
  Grant funding will be authorized through Administrative Action as authorized by
  Director, Office of Economic Development.

- The program will promote a positive/proactive business climate which encourages
  business retention/business expansion and will attract desirable new businesses.

- Building Owners applying for a façade improvement grant must maintain a 5 year
  lease with business operators located at property receiving façade improvements.
• Business Operators applying for a façade improvement grant must have a 5 year lease agreement and written approval of improvements with building owner.

• The Office of Economic Development (OED) will manage the SDFPAB Façade/Revitalization Program on behalf of the City of Dallas.

Staff recommends the City Council authorize the Office of Economic Development to administer the South Dallas/Fair Park Area Business Façade/Revitalization Program.

FISCAL INFORMATION

No Cost Consideration to the City

MAP

Attached.

Please contact me if you have any questions at 214-670-3296.

Ryan S. Evans
Interim First Assistant City Manager

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J. Hammond Perot, Assistant Director, Office of Economic Development
Lee McKinney, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager – Mayor and Council

"Dallas – Together, we do it better"
Memorandum

DATE: April 4, 2014

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

SUBJECT: Jefferson Tower Amendment – Council Agenda – April 23rd 2014

On December 12, 2012, pursuant to Resolution No. 12-3014, the City Council authorized an economic development grant in the amount of $1,500,000 to support the redevelopment of Jefferson Tower by Jefferson Monument, LLC, a single asset entity controlled by Jim Lake Companies, LLC. Due to additional unanticipated structural and demolition costs totaling $1,058,000, further support is requested in order to avoid significant delays in portions of the project. Staff recommends amending the grant agreement to increase the amount of the economic development grant by $345,000, from $1,500,000 to $1,845,000.

The developer’s original plan was to recapitalize Jefferson Tower and actively manage the leasing and costs. The developer invested $4,300,000 to acquire the property and budgeted $3,960,000 (hard and soft costs) for retail renovation and finish out, facade renovation and the conversion/activation of 2nd floor over retail into 15 work/live lofts (700 square foot to 1,125 square foot) units. The addition of two 3rd floor roof top viewing decks, finish out of remaining office vacancies, paving of an additional parking lot, an architectural lighting package and a Jefferson Streetscape project would complete the development.

During the design phase of the project, unforeseen structural and demolition hurdles exceeded all planned contingency funds. With the required changes came increased costs of architectural and engineering expenses, resulting in an increase in planned hard costs by approximately $1,900,000.

The developer, in discussions with the contractor, was able to reduce the estimated overage from $1,900,000 to $1,058,000 by making some substitutions and modifying specifications. In addition, the developer chose to delay some items, such as a sound system, a camera security system and re-surfacing/upgrading the existing Sunset Street parking lots, to allow construction to begin and stay within loan parameters.

The developer has begun extensive renovation and construction and is committed to bringing life to the street along Jefferson Boulevard. Without the proposed additional funding, project completion will be delayed and the benefits to the City reduced.
Background Continued

The updated scope of the Jefferson Tower project remains the same or has improved as a result of the proposed additional funds. For example:
• Still activating 15,869 sq. ft. of retail space;
• Originally planned 15 work/live lofts, final plans include 17 work/live units;
• Façade improvements, including awnings – larger than originally planned.

Jefferson Monument, LLC requests that the City Council authorize an amendment to the previously approved economic Development Grant from $1,500,000 to $1,845,000 to offset a portion of the project costs. In order for Jefferson Monument, LLC to receive the grant, it must invest a minimum of $6,000,000 for the acquisition, redevelopment and other project related costs.

This project has a ten-year net fiscal impact to the City of -$1,139,072 and a twenty-year net fiscal impact of $109,597.

Project Details

Project Site: 301, 351, 375 Jefferson Blvd. & 304, 314, 316, 320, 324, 328 Sunset Ave.
Facilities: 109,667 SF gross / 81,843 leasable SF
Real Property Investment: Minimum of $6 million

City Incentives

Economic Development Grant: Economic Development Grant $345,000 (addition of $345,000 to the previously authorized grant of $1,500,000)

Proposed Estimated Schedule of the Project

Begin Construction January 2013
Substantial Completion March 2015

Fiscal Information

Public Private - $345,000

Owner

Jefferson Monument, LLC
Jim Lake, Managing Partner

Staff

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Jefferson Tower Amendment
April 4, 2014
Page 3 of 3

J. Hammond Perot, Assistant Director
Christopher O'Brien, Senior Coordinator

Recommendation

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

Ryan S. Evans
Interim First Assistant City Manager

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DATE April 4, 2014

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

SUBJECT Trinity Forest Golf Course Update

The Company of the Trinity Forest Golfers, Inc. (CTFG) responsible for the development,
management and operation of the Trinity Forest Golf Course, a championship golf course located
off of Great Trinity Forest Way, has been in communication with the City regarding the next steps
for the development. We are pleased to inform you that CTFG has informed us that the
documentation demonstrating that $20 million has been infused into the project (in the form of a
letter of credit issued to the City of Dallas) and will be in place by the end of business on April 7,
2014. The documents will be held in escrow at a title company and will be released upon the City
Council’s approval of the April 9, 2014 agenda items.

As part of the development, management and operation agreement with the City, the City will
pursue certain infrastructure improvements not to exceed $12 million. These improvements
include the remediation of closed landfills associated with the Simpkins Tract of land, the
improvement of certain infrastructure to Elam Road including an 8-foot hike and bike trail, improved
lighting and access along Great Trinity Forest Way Blvd, improved irrigation serving the Trinity
Audubon Center and other associated public infrastructure improvements.

On the April 9, 2014 City Council Agenda, you will be asked to recommend the approval of
contracts associated with the City’s obligation. These contracts were included on the Addendum,
and are listed below:

• Authorize a construction contract with L. D. Kemp Excavating, Inc., lowest responsible bidder
  of six, for closed landfill improvements associated with the Simpkins Remediation located
  at 5950 Elam Road, 6300 Great Trinity Forest Way Boulevard, and 809 Pemberton Hill
  Road - Not to exceed $2,530,277

• Authorize Supplemental Agreement No. 1 to the engineering services contract with Terracon
  Consultants, Inc. for additional detailed environmental investigation, assessment, remedial
  designs, and coordination with Texas Commission on Environmental Quality (TCEQ)
  associated with Simpkins Remediation located at 5950 Elam Road and 6300 Great Trinity
  Forest Way Boulevard - Not to exceed $273,720, from $814,464 to $1,086,184

• Authorize a professional services contract for engineering design services with Pacheco
  Koch Consulting Engineers, Inc. for improvements associated with the Elam Road and
  Simpkins Remediation - Not to exceed $842,290
The project is on track to begin late this month with the construction of the championship golf course scheduled for completion in late 2015. The Company of the Trinity Forest Golfers anticipates completing the facilities associated with the course (i.e. Clubhouse, The First Tee Facility, other practice facilities, maintenance building and other structures and improvements) by late 2016. Over the course of the next 8-12 months, City staff will bring forward additional agenda items to address the remaining City obligations and anticipates future request from the CTFG to complete zoning requirement related to the overall development.

We will provide information to Council as milestones are met on this unique opportunity to reuse existing land and attract new visitors to the southern sector. Please contact me if you have questions.

Jill Jordan, P.E.
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
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