

**MEETING OF THE BOARD OF
DIRECTORS OF THE
ARLINGTON ECONOMIC DEVELOPMENT CORPORATION**

**AGENDA
JUNE 18, 2024 AT 4:30p.m.
ARLINGTON CITY HALL
COUNCIL BRIEFING ROOM
3RD FLOOR
101 W. ABRAM STREET
ARLINGTON, TX 76010**

Members of the public who wish to speak on a listed agenda item for action will be asked for their comments at the appropriate time.

- I. Call to Order
- II. Consideration of Minutes
 - A. June 5, 2024 Meeting
- III. Standing Reports
 - A. Financial Report
 - B. Real Estate Report
 - C. Industry Spotlight Report
- IV. Accelerator Strategy
- V. Items for Action

Following a public hearing held in accordance with Section 505.159 of the Texas Local Government Code, consider a resolution authorizing a Performance Agreement with VBI Group, Inc. d/b/a Ikon Technologies.

- A. Approve a resolution authorizing the Executive Director of the Arlington Economic Development Corporation to execute a Performance Agreement with VBI Group, Inc. d/b/a Ikon Technologies, relative to the retention and expansion of their headquarters in Arlington.
- B. Approve a resolution superseding Resolution No. 24-003 authorizing the President of the Board of Directors to execute a First Amendment to the Performance Agreement with Bell Textron Inc. relative to the development of a 50,000 square-foot facility to house systems integration labs and the creation of primary jobs.
- C. Approve a resolution authorizing the Executive Director of the Arlington Economic Development Corporation to execute a First Amendment to Master Agreement with espace Inc. and the City of Arlington, relative to the establishment of a North American headquarters and manufacturing facility at the Arlington Municipal Airport.

VI. Executive Session

Discussion of matters permitted by the following sections of V.T.C.A, Government Code, Chapter 551:

A. Section 551.087, Deliberation Regarding Economic Development Negotiations

1. Offers of Incentives to Business Prospects

B. Section 551.072, Deliberation Regarding Real Property

1. Discussion regarding the possible purchase, exchange, lease, or value of real property for eligible projects of the Arlington Economic Development Corporation.

VII. Executive Director's Reports

A. EDC Presentations and Participation

B. Webpage Launch

C. Rebranding

D. Staffing Update

E. Office Relocation Update

F. July Board Meeting Date

VIII. Future Agenda Items

IX. Adjourn

**MEETING OF THE BOARD OF DIRECTORS
OF THE
ARLINGTON ECONOMIC DEVELOPMENT CORPORATION**

**MINUTES OF THE
ARLINGTON ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS
June 5, 2024**

The Board of Directors of the Arlington Economic Development Corporation convened in Regular Session on June 5, 2024, at 5:30p.m., in Arlington City Hall, 3rd Floor, 101 W. Abram Street, Arlington, Texas, with the meeting being open to the public and notice of said meeting, giving the date, place and subject thereof, having been posted as prescribed by V.T.C.A., Government Code, Chapter 551, with the following members present, to-wit:

Board Members:

| | | |
|------------------|---|----------------|
| Michael Jacobson | § | President |
| Mojoy Haddad | § | Vice President |
| Jollyn Mwisongo | § | Secretary |
| John Whiteley | § | Treasurer |
| Gerald Alley | § | Board Member |
| Kate Miller | § | Board Member |
| Carmenza Moreno | § | Board Member |

And

| | |
|------------------|--------------------------------------|
| Marty Wieder | Executive Director |
| Trey Yelverton | City Manager |
| Lyndsay Mitchell | Senior Strategic Initiatives Officer |
| Jasmine Amo | Specialist |
| Jonathan Moss | Senior Attorney |
| Erin Clark | Public Funds Administrator |
| Stephanie Dimas | Senior Public Funds Analyst |
| Gus Garcia | Director of Economic Development |
| Marcus Young | Economic Development Specialist |
| Josh Mejia | Economic Development Specialist |
| Kevin McGlaun | Real Estate Consultant |
| Erica Yingling | Coordinator |

I. Call to Order

President M. Jacobson called the meeting to order at 5:30p.m.

II. Consideration of Minutes

A. May 14, 2024 Meeting

Vice President M. Haddad made a motion to approve the minutes of the May 14, 2024 Board meeting. Seconded by Board Member G. Alley, the motion carried with 7 ayes and 0 nays.

APPROVED

III. Executive Session

At 5:31p.m., President M. Jacobson announced that the Board would convene in Executive Session.

Discussion of matters permitted by the following sections of V.T.C.A, Government Code, Chapter 551:

- A. Section 551.087, Deliberation Regarding Economic Development Negotiations
 - 1. Offers of Incentives to Business Prospects

At 6:00p.m., President M. Jacobson announced the Executive Session was adjourned, and the Board immediately reconvened in Open Session.

IV. Item for Action

- A. Approve a resolution authorizing the Executive Director of the Arlington Economic Development Corporation to execute a professional services contract with Hill Building Group for Phase I of the E-Space facility design.

Lyndsay Mitchell, Interim Executive Director, presented the resolution for consideration.

Vice President M. Haddad made a motion to approve the resolution. Seconded by Secretary J. Mwisongo, the motion carried with 7 ayes and 0 nays.

AEDC RESOLUTION NO. 24-007

V. Future Agenda Items

No future agenda items.

VI. Adjourn

There being no further business, the meeting was adjourned at 6:07p.m.

COA Expenditures by Cost Center

Budget Structure Non-Operating Budget
 Amount Type Activity
 Period FY24 - Apr
 Cost Center Hierarchy Economic Development Corporation
 From Budget Date 10/1/2023
 To Budget Date 9/30/2024

| Cost Center | Budget Appropriation | Current Monthly Expenditures | Expenditures to Date | Encumbrances | Actuals + Obligations | Unexpended Balance | %Exp |
|---|----------------------|------------------------------|----------------------|----------------|-----------------------|--------------------|---------------|
| CC973005 Economic Development Corporation Projects | 69,016,963 | 9,500,000 | 11,251,500 | 23,380 | 11,274,880 | 57,742,083 | 16.34% |
| 61000:Purchase/Contract | 69,016,963 | 9,500,000 | 11,251,500 | 23,380 | 11,274,880 | 57,742,083 | 16.34% |
| CC973010 Economic Development Corporation Operations | 3,918,114 | 79,792 | 778,817 | 158,149 | 936,966 | 2,981,148 | 23.91% |
| 50000:Salaries and Wages | 674,492 | 34,211 | 241,900 | - | 241,900 | 432,592 | 35.86% |
| 55000:Benefits | 174,572 | 7,986 | 58,309 | - | 58,309 | 116,263 | 33.40% |
| 60000:Supplies | 150,000 | 8,174 | 80,011 | - | 80,011 | 69,989 | 53.34% |
| 61000:Purchase/Contract | 700,000 | 22,077 | 250,320 | 121,732 | 372,052 | 327,948 | 53.15% |
| 62000:Utilities | 20,000 | - | - | - | - | 20,000 | 0.00% |
| 63000:Maintenance and Repair | 1,000,000 | 1,935 | 14,946 | 216 | 15,162 | 984,838 | 1.52% |
| 65000:Miscellaneous Expense | 755,000 | 998 | 97,360 | 35,550 | 132,910 | 622,090 | 17.60% |
| 66000:Travel and Training | 438,050 | 4,252 | 35,014 | 650 | 35,664 | 402,386 | 8.14% |
| 67000:Interdepartmental Expense | 6,000 | 159 | 957 | - | 957 | 5,043 | 15.95% |

SALES TAX REVENUES

| TOTAL | 14,073,164 | Sales Month | Revenue Received |
|-------|------------|----------------|------------------|
| | 2,121,335 | October 2023 | December 2023 |
| | 2,016,327 | November 2023 | January 2024 |
| | 2,254,491 | December 2023 | February 2024 |
| | 1,635,459 | January 2024 | March 2024 |
| | 1,732,787 | February 2024 | April 2024 |
| | 2,300,118 | March 2024 | May 2024 |
| | 2,012,647 | April 2024 | June 2024 |
| | | May 2024 | July 2024 |
| | | June 2024 | August 2024 |
| | | July 2024 | September 2024 |
| | | August 2024 | October 2024 |
| | | September 2024 | November 2024 |

COA Expenditures by Cost Center

Budget Structure Non-Operating Budget
 Amount Type Activity
 Period FY24 - Apr
 Cost Center Hierarchy Economic Development Corporation
 From Budget Date 10/1/2023
 To Budget Date 9/30/2024

| Cost Center | Budget Appropriation | Current Monthly Expenditures | Expenditures to Date | Encumbrances | Actuals + Obligations | Unexpended Balance | %Exp |
|---|----------------------|------------------------------|----------------------|----------------|-----------------------|--------------------|---------------|
| CC973005 Economic Development Corporation Projects | 69,016,963 | 9,500,000 | 11,251,500 | 23,380 | 11,274,880 | 57,742,083 | 16.34% |
| 61000:Purchase/Contract | 69,016,963 | 9,500,000 | 11,251,500 | 23,380 | 11,274,880 | 57,742,083 | 16.34% |
| SC0533 - Special Services | - | 9,500,000 | 11,250,000 | - | 11,250,000 | (11,250,000) | 0.00% |
| SC0574 - Professional Services | 69,016,963 | - | 1,500 | 23,380 | 24,880 | 68,992,083 | 0.04% |
| CC973010 Economic Development Corporation Operations | 3,918,114 | 79,792 | 778,817 | 158,149 | 936,966 | 2,981,148 | 23.91% |
| 50000:Salaries and Wages | 674,492 | 34,211 | 241,900 | - | 241,900 | 432,592 | 35.86% |
| SC50002 - Salaries: Operations | 674,492 | 34,211 | 232,031 | - | 232,031 | 442,461 | 34.40% |
| SC50010 - Salaries: Terminal Pay | - | - | 9,869 | - | 9,869 | (9,869) | 0.00% |
| 55000:Benefits | 174,572 | 7,986 | 58,309 | - | 58,309 | 116,263 | 33.40% |
| SC0805 - Deferred Comp 401K Payable | - | - | - | - | - | - | 0.00% |
| SC0809 - Cigna Life Insurance Payable | - | - | - | - | - | - | 0.00% |
| SC0810 - L-T Disability Payable | - | - | - | - | - | - | 0.00% |
| SC50004 - Benefits: Longevity/Stability | 210 | - | 168 | - | 168 | 42 | 80.00% |
| SC55000 - Benefits : Worker's Comp | 763 | 51 | 342 | - | 342 | 421 | 44.88% |
| SC55001 - Benefits : Employee Retirement | 72,626 | 3,826 | 25,527 | - | 25,527 | 47,099 | 35.15% |
| SC55002 - Benefits : Disability Income Plan | 1,484 | 81 | 565 | - | 565 | 919 | 38.05% |
| SC55003 - Benefits : Employee Insurance | 64,022 | 2,348 | 17,398 | - | 17,398 | 46,624 | 27.18% |
| SC55005 - Benefits : Medicare | 9,779 | 500 | 3,523 | - | 3,523 | 6,256 | 36.03% |
| SC55008 - Benefits : Thrift Plan | 18,096 | 733 | 7,668 | - | 7,668 | 10,428 | 42.38% |
| SC55009 - Benefits : Car Allowance | 5,200 | 400 | 2,771 | - | 2,771 | 2,429 | 53.30% |
| SC55010 - Benefits : Phone Allowance | 2,392 | 46 | 346 | - | 346 | 2,046 | 14.47% |
| 60000:Supplies | 150,000 | 8,174 | 80,011 | - | 80,011 | 69,989 | 53.34% |
| SC0500 - Office Supplies less than \$5,000 | 10,000 | 830 | 1,441 | - | 1,441 | 8,559 | 14.41% |
| SC0514 - Other Supplies | 3,000 | - | - | - | - | 3,000 | 0.00% |
| SC0516 - Supplies/Computer Hardware | 22,000 | - | 6,901 | - | 6,901 | 15,099 | 31.37% |
| SC0517 - Office Furniture less than \$5,000 | 60,000 | - | - | - | - | 60,000 | 0.00% |
| SC0521 - Cost Of Food & Beverage | 25,000 | - | 1,008 | - | 1,008 | 23,992 | 4.03% |
| SC0531 - Rental | 30,000 | - | - | - | - | 30,000 | 0.00% |
| SC0675 - Supplies/Computer Software | - | 7,344 | 70,661 | - | 70,661 | (70,661) | 0.00% |
| 61000:Purchase/Contract | 700,000 | 22,077 | 250,320 | 121,732 | 372,052 | 327,948 | 53.15% |
| SC0533 - Special Services | 500,000 | 17,643 | 179,907 | 115,232 | 295,140 | 204,860 | 59.03% |
| SC0574 - Professional Services | 200,000 | 4,434 | 70,413 | 6,500 | 76,913 | 123,087 | 38.46% |
| 62000:Utilities | 20,000 | - | - | - | - | 20,000 | 0.00% |
| SC0578 - Electric Service | 20,000 | - | - | - | - | 20,000 | 0.00% |
| 63000:Maintenance and Repair | 1,000,000 | 1,935 | 14,946 | 216 | 15,162 | 984,838 | 1.52% |
| SC0583 - Maintenance of Buildings | 1,000,000 | 1,935 | 14,946 | 216 | 15,162 | 984,838 | 1.52% |
| 65000:Miscellaneous Expense | 755,000 | 998 | 97,360 | 35,550 | 132,910 | 622,090 | 17.60% |
| SC0658 - Advertising | 750,000 | 998 | 97,360 | 35,550 | 132,910 | 617,090 | 17.72% |
| SC0735 - Employee Reimbursement - non travel/training | 5,000 | - | - | - | - | 5,000 | 0.00% |
| 66000:Travel and Training | 438,050 | 4,252 | 35,014 | 650 | 35,664 | 402,386 | 8.14% |
| SC0668 - Membership | 50,000 | 125 | 17,464 | - | 17,464 | 32,536 | 34.93% |
| SC0669 - Training | 10,000 | 583 | 4,047 | 650 | 4,697 | 5,303 | 46.97% |
| SC0670 - Registration | 78,050 | 1,053 | 2,253 | - | 2,253 | 75,797 | 2.89% |
| SC0671 - Travel | 50,000 | 2,491 | 11,250 | - | 11,250 | 38,750 | 22.50% |
| SC0675 - Supplies/Computer Software | 250,000 | - | - | - | - | 250,000 | 0.00% |
| 67000:Interdepartmental Expense | 6,000 | 159 | 957 | - | 957 | 5,043 | 15.95% |
| SC0500 - Office Supplies less than \$5,000 | - | 50 | 50 | - | 50 | (50) | 0.00% |
| SC0633 - General Services Charges | 6,000 | 110 | 908 | - | 908 | 5,092 | 15.13% |

**FD8050 Arlington Economic Development Corporation
 CC973005 Economic Development Corporation Projects
 FY23 EDC Project Expenditures Detail by Month**

NOTE: There were no project related expenditures in October, November, December, and March

JANUARY

| Amount | Transaction Date | Payee | Purpose |
|---------------------|------------------|--------------------|---|
| 1,000,000.00 | 1/24/2024 | Bell Textron, Inc. | Bell Textron AEDC Performance Agreement grant #2 |
| 1,500.00 | 1/26/2024 | TERRY RUTLAND | Center Street Gateway Project: construction fence removal |
| 1,001,500.00 | | | |

FEBRUARY

| Amount | Transaction Date | Payee | Purpose |
|-------------------|------------------|---------|-----------------------------|
| 500,000.00 | 2/28/2024 | Sportec | Startup costs reimbursement |
| 250,000.00 | 2/28/2024 | Sportec | Certificate of Occupancy |
| 750,000.00 | | | |

APRIL

| Amount | Transaction Date | Payee | Purpose |
|---------------------|------------------|----------------|--|
| 9,500,000.00 | 4/1/2024 | GKY Realty LTD | EDC Contribution towards purchase of Airport FBO |
| 9,500,000.00 | | | |

Summary by Project

| | |
|----------------------|-------------------------------|
| 1,000,000.00 | Bell Textron |
| 1,500.00 | Center Street Gateway Project |
| 750,000.00 | Sportec |
| 9,500,000.00 | |
| 11,251,500.00 | |

Economic Development Corporation

Pro Forma

Report Date: 06.14.2024

FD8050 CC 973010 (Operations) and CC 973005 (Projects)

| | ACTUALS | | | PROJECTIONS | | | | | | |
|---|-------------------|-------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 1 FY21 | 2 FY22 | 3 FY23 | 4 FY24 | 5 FY25 | 6 FY26 | 7 FY27 | 8 FY28 | 9 FY29 | 10 FY30 |
| Beginning Balance | - | 10,853,564 | 33,352,739 | 49,183,947 | 27,396,744 | 15,112,127 | 663,220 | 972,556 | 603,025 | 757,907 |
| Revenues | | | | | | | | | | |
| Sales Tax Revenue | 11,164,714 | 24,115,528 | 23,849,011 | 23,276,930 | 23,975,238 | 24,694,495 | 25,435,330 | 26,198,390 | 26,984,341 | 27,793,872 |
| Interest | - | 137,745 | 1,161,268 | 1,967,358 | 1,095,870 | 604,485 | 26,529 | 38,902 | 24,121 | 30,316 |
| Miscellaneous Revenue | - | 2 | 24,750 | - | - | - | - | - | - | - |
| Reserve for Incr/Decr in FMV of Investments | - | (877,675) | - | - | - | - | - | - | - | - |
| Reserve for Accrued Comp Absences | - | (10,666) | - | - | - | - | - | - | - | - |
| Total Revenues | 11,164,714 | 23,364,934 | 25,035,029 | 25,244,288 | 25,071,108 | 25,298,980 | 25,461,859 | 26,237,292 | 27,008,462 | 27,824,188 |
| Interfund Transfers | | | | | | | | | | |
| Transfer to General Fund | - | (227,363) | (254,250) | (261,878) | (269,734) | (277,826) | (286,161) | (294,745) | (303,588) | (312,695) |
| Total Transfers | - | (227,363) | (254,250) | (261,878) | (269,734) | (277,826) | (286,161) | (294,745) | (303,588) | (312,695) |
| Expenditures | | | | | | | | | | |
| | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 |
| EDC Operations | | | | | | | | | | |
| YTD Actuals (see monthly budget report) | (311,151) | (638,396) | (1,318,221) | (936,966) | - | - | - | - | - | - |
| Remaining current year budget for EDC Operations | - | - | - | (2,981,148) | - | - | - | - | - | - |
| Projected future budget | - | - | - | - | (3,035,657) | (3,126,727) | (3,220,529) | (3,317,145) | (3,416,659) | (3,519,159) |
| Total Operations | (311,151) | (638,396) | (1,318,221) | (3,918,114) | (3,035,657) | (3,126,727) | (3,220,529) | (3,317,145) | (3,416,659) | (3,519,159) |
| Projects - Active Incentive Agreements | | | | | | | | | | |
| Bell Textron Inc. | - | - | (1,000,000) | (1,500,000) | - | - | - | - | - | - |
| Six Flags Southeast Project / Intercon Environmental | - | - | (286,316) | - | - | - | - | - | - | - |
| Center Street Gateway Project | - | - | (5,845,034) | (1,500) | - | - | - | - | - | - |
| First Rate | - | - | (500,000) | (500,000) | (500,000) | - | - | - | - | - |
| TMAC | - | - | - | (50,000) | (50,000) | - | - | - | - | - |
| Small Business Initiatives | - | - | - | (550,000) | - | - | - | - | - | - |
| Sportec (startup incentive) | - | - | - | (750,000) | (250,000) | - | - | - | - | - |
| Sportec (hiring grant) | - | - | - | - | (10,000) | (10,000) | (12,500) | - | - | - |
| Town North Redevelopment | - | - | - | - | - | - | - | (2,361,600) | - | - |
| Go For Three / Sheraton redevelopment - 6(a) Parking Facility Contributions | - | - | - | - | (2,333,333) | (2,333,333) | (2,333,333) | (2,333,333) | (2,333,333) | (2,333,333) |
| Go For Three / Sheraton redevelopment - 5(a) Permit/Completion Guarantee | - | - | - | - | - | (5,000,000) | - | - | - | - |
| FBO property acquisition / airport development | - | - | - | (9,500,000) | - | - | - | - | - | - |
| Espace | - | - | - | - | (2,500,000) | (22,500,000) | (2,300,000) | (2,300,000) | (2,300,000) | (2,300,000) |
| Eden Cooper Business Park | - | - | - | - | (3,407,000) | - | - | - | - | - |
| Total Active Incentive Projects | - | - | (7,631,350) | (12,851,500) | (9,050,333) | (29,843,333) | (4,645,833) | (6,994,933) | (4,633,333) | (4,633,333) |
| Projects - Proposed and Potential | | | | | | | | | | |
| * prior year * funding available for new projects ^^^ | - | - | - | (10,000,000) | - | - | - | - | - | - |
| * current year * funding available for new projects | - | - | - | (20,000,000) | (25,000,000) | (6,500,000) | (17,000,000) | (16,000,000) | (18,500,000) | (19,500,000) |
| Total Available for Projects | - | - | - | (30,000,000) | (25,000,000) | (6,500,000) | (17,000,000) | (16,000,000) | (18,500,000) | (19,500,000) |
| TOTAL EXPENDITURES | (311,151) | (638,396) | (8,949,571) | (46,769,614) | (37,085,991) | (39,470,060) | (24,866,362) | (26,312,078) | (26,549,993) | (27,652,492) |
| Ending Balance | 10,853,564 | 33,352,739 | 49,183,947 | 27,396,744 | 15,112,127 | 663,220 | 972,556 | 603,025 | 757,907 | 616,907 |

italics indicate projections

^^^ "prior year funding available for new projects" is a placeholder to demonstrate that there are funds leftover from prior years that can be utilized during any year for any adopted project; these amounts will change periodically as this pro forma is updated

REVENUE Assumptions:

Sales Tax Revenue projections based on City's General Fund assumptions multiplied by .25 (25%), and out years beginning FY25 assume 3% growth

Interest projections based on the prior year ending balance multiplied by 4%

Operations EXPENDITURE Assumptions:

FY24 operations expenditure projections based on proposed budget, which includes one-time expenditure of \$1m for tenant improvement expenses at Choctaw Stadium

FY25 shows 3% growth minus \$1m for the one-time construction costs at Choctaw Stadium in FY24

FY26 and beyond operations expenditure projections assume 3% growth

Projects EXPENDITURE Assumptions:

Bell Textron payment years based on project commencement/completion deadlines per the agreement

Town North payment projected in FY28 based on 12/31/2027 project completion deadlines; timing subject to change

Six Flags Southeast Project: actual expenditure includes purchase price and closing costs

Center Street Gateway Project: projection includes purchase price, attorneys fees and commissions; additional closing costs to be determined

First Rate will be paid \$500k per year for three years for a total of \$1.5m

Partnership with Texas Manufacturing Assistance Center (TMAC) are estimated expenditures per year for a total of \$150k total

Current year funding available for new projects = current year revenue estimate minus operations and all known project expenses, while still maintaining a healthy fund balance

City of Arlington Office Overview

June 2024 Report



ARLINGTON/MANSFIELD SUBMARKET

The Arlington/Mansfield Submarket is geared toward distribution and manufacturing functions. As a result, warehouses and industrial parks are more likely to be built in this area than office facilities. The City of Arlington has one of the most educated labor forces in Texas, ranking second in the state for the percentage of adults with a bachelor's degree or higher, which is a result of the high concentration of institutions of higher learning found in the area. Arlington/Mansfield's office inventory of 14.8 million SF pales in comparison to its industrial stock of about 50 million SF. The primary office node in the submarket is in Arlington and runs along I-30 near SH-360. The vacancy rate is 11.1%, well below the metro average of 18.3%. Primary assets in this submarket serve as call centers or offices serving the local population, healthcare-related tenants, and municipal organizations. Major tenants include D.R. Horton and Lockheed Martin.

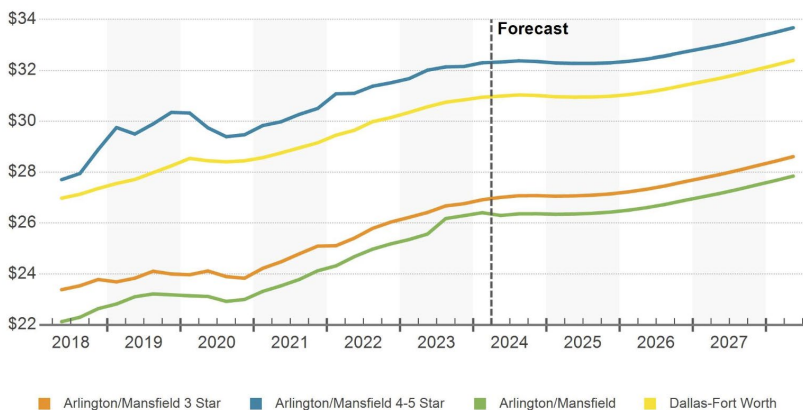
| 12 Mo Deliveries in SF | 12 Mo Net Absorption in SF | Vacancy Rate | Market Asking Rent Growth |
|------------------------|----------------------------|--------------|---------------------------|
| 26.3K | (39K) | 11.1% | 3.1% |

KEY INDICATORS

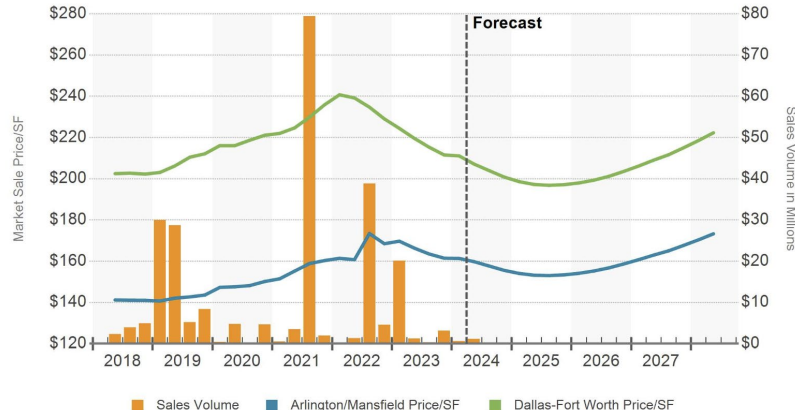
| Current Quarter | RBA | Vacancy Rate | Market Asking Rent | Availability Rate | Net Absorption SF | Deliveries SF | Under Construction |
|------------------|-------------------|--------------|--------------------|-------------------|-------------------|---------------|--------------------|
| 4 & 5 Star | 2,327,239 | 19.1% | \$32.31 | 22.1% | 32,072 | 0 | 0 |
| 3 Star | 7,274,158 | 11.1% | \$26.98 | 12.5% | (91,867) | 0 | 33,190 |
| 1 & 2 Star | 5,193,126 | 7.6% | \$22.69 | 8.0% | (5,423) | 0 | 0 |
| Submarket | 14,794,523 | 11.1% | \$26.32 | 12.5% | (65,218) | 0 | 33,190 |

| Annual Trends | 12 Month | Historical Average | Forecast Average | Peak | When | Trough | When |
|---------------------------|----------|--------------------|------------------|-----------|---------|-----------|---------|
| Vacancy Change (YOY) | 0.4% | 12.5% | 12.7% | 21.6% | 1989 Q1 | 7.5% | 1998 Q2 |
| Net Absorption SF | (39K) | 213,797 | (78,945) | 1,139,605 | 1985 Q1 | (257,359) | 2010 Q1 |
| Deliveries SF | 26.3K | 246,134 | 14,445 | 1,196,442 | 1985 Q1 | 3,236 | 1991 Q3 |
| Market Asking Rent Growth | 3.1% | 1.9% | 1.5% | 17.8% | 1997 Q1 | -19.7% | 1988 Q2 |
| Sales Volume | \$6.2M | \$22.8M | N/A | \$87.9M | 2021 Q3 | \$0 | 1995 Q3 |

MARKET ASKING RENT PER SF



SALES VOLUME & PRICE PER SF



City of Arlington Office Overview

June 2024 Report

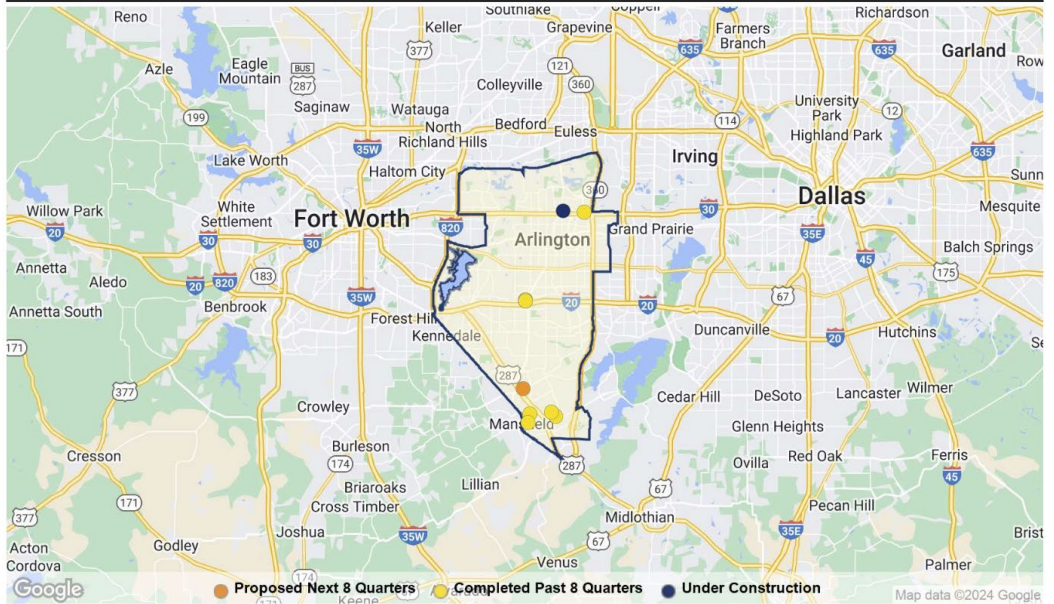


ARLINGTON/MANSFIELD
SUBMARKET

PROPERTIES UNDER CONSTRUCTION

| All-Time Annual Avg. Square Feet | Delivered Square Feet Past 8 Qtrs | Delivered Square Feet Next 8 Qtrs | Proposed Square Feet Next 8 Qtrs |
|----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| 243,444 | 49,806 | 33,190 | 2,800 |

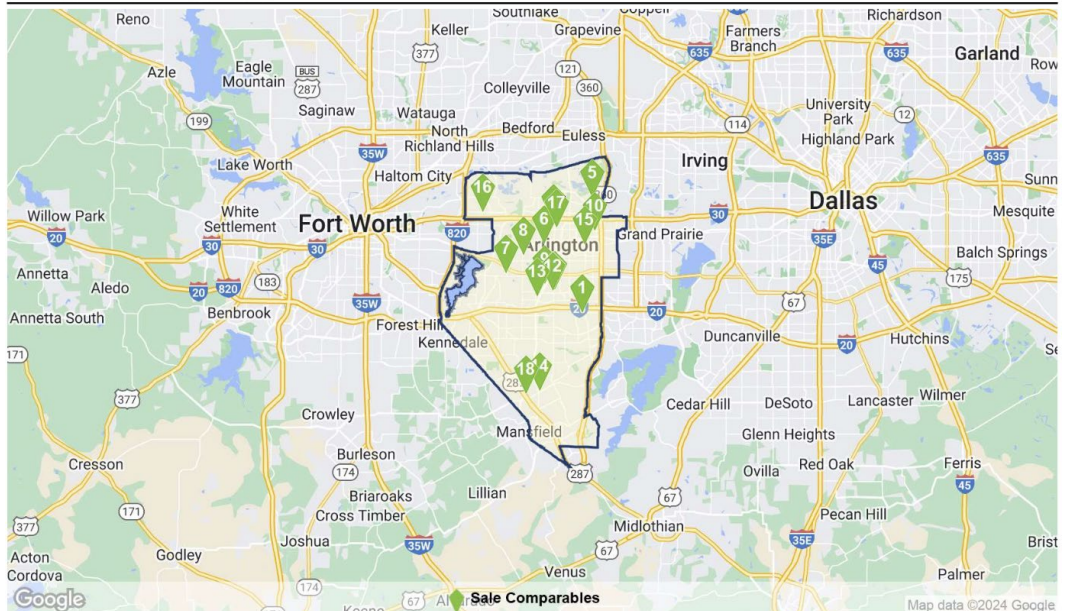
PAST 8 QUARTERS DELIVERIES, UNDER CONSTRUCTION, & PROPOSED



PROPERTIES FOR SALE (PAST 12 MOS)

| Sale Comparables | Avg. Cap Rate | Avg. Price/SF | Avg. Vacancy At Sale |
|------------------|---------------|---------------|----------------------|
| 52 | 8.3% | \$118 | 14.6% |

SALE COMPARABLE LOCATIONS





AEDC Eligible Industries Snapshot

FY2023Q4 Eligible NAICS Codes Industry Summary for Arlington, Texas

June 18, 2024

| INDUSTRY | | CURRENT SNAPSHOT | | | 5-YEAR HISTORY | | 1-YEAR FORECAST | | | |
|--|---------------|------------------|-----------------|------|----------------|---------------|-----------------|-------|-------------|---------------|
| | | EMPLOYEES | AVG. ANN. WAGES | LQ* | EMP. CHANGE | ANN. % CHANGE | TOTAL DEMAND | EXITS | EMP. GROWTH | ANN. % GROWTH |
| CROPS, ANIMAL PRODUCTION, FORESTRY | NAICS 111-115 | 70 | \$48,962 | 0.07 | -16 | -0.02% | 9 | 4 | 0 | 0.8% |
| MINING, OIL, & GAS EXTRACTION | NAICS 211-213 | 72 | \$139,544 | 0.19 | 7 | 0.01% | 6 | 2 | 0 | 1.2% |
| UTILITIES | NAICS 221 | 1,982 | \$111,041 | 2.08 | 440 | -0.03% | 190 | 74 | 13 | 0.2% |
| MANUFACTURING | NAICS 331-339 | 7,903 | \$68,516 | 0.94 | 518 | 0.07% | 864 | 314 | 62 | 0.6% |
| WHOLESALE TRADE, TRANSPORTATION, & WAREHOUSING | NAICS 42, 48 | 10,495 | \$78,879 | 0.89 | 1,010 | 0.03% | 2,368 | 444 | 91 | 0.9% |
| INFORMATION | NAICS 51 | 1,511 | \$75,201 | 0.42 | -825 | -0.08% | 189 | 68 | 18 | 1.2% |
| SECURITIES, COMMODITY CONTRACTS, & FINANCIAL INVESTMENT ACTIVITIES | NAICS 523 | 631 | \$105,865 | 0.75 | 318 | 0.10% | 58 | 20 | 10 | 1.7% |
| INSURANCE CARRIERS & RELATED ACTIVITIES | NAICS 524 | 2,790 | \$113,730 | 0.71 | 255 | -0.02% | 282 | 105 | 41 | 1.4% |
| FUNDS, TRUSTS, AND FINANCIAL VEHICLES | NAICS 525 | 23 | \$61,563 | 1.11 | 5 | 0.09% | 2 | 1 | 0 | 2.2% |
| ARCHITECTURAL & ENGINEERING SERVICES | NAICS 5413 | 1,745 | \$78,579 | 1.06 | 335 | 0.08% | 157 | 56 | 22 | 1.2% |
| COMPUTER SYSTEM DESIGN SERVICES | NAICS 5415 | 1,526 | \$118,199 | 0.54 | 583 | 10.1% | 145 | 40 | 38 | 2.5% |
| MANAGEMENT, SCIENTIFIC, & TECHNICAL CONSULTING SERVICES | NAICS 5416 | 1,906 | \$101,424 | 1.10 | 840 | 0.12% | 197 | 64 | 33 | 1.8% |
| SCIENTIFIC RESEARCH AND DEVELOPMENT | NAICS 5417 | 434 | \$85,259 | 0.90 | 270 | 0.35% | 40 | 13 | 6 | 1.4% |
| OTHER PROFESSIONAL, SCIENTIFIC, & TECHNICAL SERVICES | NAICS 5419 | 1,283 | \$61,497 | 1.14 | 38 | 0.0% | 156 | 53 | 24 | 1.6% |
| MANAGEMENT OF COMPANIES & ENTERPRISES | NAICS 551 | 1,128 | \$91,864 | 0.40 | 87 | 1.6% | 117 | 40 | 20 | 1.8% |
| TELEPHONE CALL CENTERS | NAICS 56142 | 550 | \$93,405 | 0.72 | -285 | -8.0% | 68 | 26 | 5 | 0.9% |

*LQ = Location Quotient compares the concentration of the employment of an industry to the nation. An LQ of 1.00 indicates Arlington has the same concentration of an industry as the U.S. , while a LQ of 2.00 means that Arlington has twice the expected employment compared to the nation.

Staff Report



| | |
|---|---------------------------------------|
| Arlington Economic Development Corporation Performance Agreement – VBI Group, Inc. d/b/a Ikon Technologies | |
| Arlington Economic Development Corporation Meeting Date: 06-18-2024 | Document Being Considered: Resolution |

RECOMMENDATION

Approve a resolution authorizing the Executive Director of the Arlington Economic Development Corporation to execute a Performance Agreement with VBI Group, Inc. d/b/a Ikon Technologies, relative to the retention and expansion of their headquarters in Arlington.

PRIOR BOARD OR COUNCIL ACTION

None.

ANALYSIS

VBI Group, Inc. d/b/a Ikon Technologies, established their headquarters in Arlington in 2019. Ikon Technologies is a fast-growing, innovative start-up software developer servicing the auto dealership industry with inventory, asset management, and customer service solutions. The company currently has 116 employees, average annual salaries of \$103,000, and annual revenues of \$30 million. By 2026, Ikon Technologies is projected to have 206 employees and annual revenues of \$150 million.

To retain and grow the high-tech, high-wage jobs that Ikon Technologies provides, the Arlington Economic Development Corporation will provide a \$7 million grant on or before December 31, 2024. In return, Ikon Technologies will be required to do the following:

- Maintain its headquarters in Arlington for a minimum of 15 years
- Grow the total number of employees to a minimum of 266 within 15 years
- Stamp the in-vehicle monitoring units they produce with the words "Designed in Arlington, Texas"
- Participate in annual outreach to, engagement of, and recruitment of University of Texas at Arlington students and graduates for internship and employment opportunities
- Provide the City of Arlington with assistance in targeting and pursuing opportunities to revitalize Division Street between Cooper and Collins Streets, including:
 - assistance with actively engaging with the business community along Division to identify opportunities for land assemblage and reinvestment into more active uses of property
 - assistance with encouraging investment in aesthetic improvements to businesses in the corridor
- Provide a minimum of \$1.5 million in philanthropic support for community organizations, events, and initiatives over the 15-year term of the agreement

The retention and expansion of Ikon Technologies represents an opportunity to retain and grow a substantial number of high-tech, high-wage jobs to Arlington, meeting objectives in the City's Economic Development Strategic Plan to capture a larger share of high-wage, high-impact growth.

FINANCIAL IMPACT

The projected financial impact for this contract is as follows:

FY 2024
\$0

FY 2025
\$7,000,000

FY 2026
\$0

Funding is available in the AEDC Account No. CC973005 SC0574.

ADDITIONAL INFORMATION

Attached:
Under separate cover:
Available in the City Secretary's office:

Resolution and Performance Agreement
None
None

STAFF CONTACTS

Lyndsay Mitchell, AICP, CPM
Director of Strategic Initiatives
City of Arlington
817-459-6653
Lyndsay.Mitchell@arlingtontx.gov

Marty Wieder, AICP
Executive Director
AEDC
817-459-6432
Marty.Wieder@arlingtontx.gov

ARLINGTON ECONOMIC DEVELOPMENT CORPORATION
Resolution No. _____

A resolution of the Board of Directors authorizing the Executive Director to execute a Performance Agreement with VBI Group, Inc d/b/a Ikon Technologies relative to the retention and creation of primary jobs and retention and expansion of their headquarters in Arlington

WHEREAS, the Arlington Economic Development Corporation (“AEDC”) is a Type B economic development corporation, created pursuant to Chapter 505 of the Texas Local Government Code, as amended; and

WHEREAS VBI Group, Inc. d/b/a Ikon Technologies (“OWNER”) is a corporation headquartered in Arlington, Texas that designs and develops hardware and software for automotive fleet and sales management technologies, consumer telematics and subscription services; and

WHEREAS, OWNER anticipates it will grow a significant number of jobs over the next few years and has requested the AEDC’s assistance in attracting employees while maintaining and expanding its headquarters in Arlington; and

WHEREAS, the AEDC’s Board of Directors has determined that the financial assistance provided to OWNER pursuant to this Agreement is consistent with and meets the definition of “project” as that term is defined in Chapters 501 and 505 of the Texas Local Government Code, and in particular Section 501.101 of the Texas Local Government Code; and

WHEREAS, the AEDC finds that providing a program of incentives to OWNER in exchange for OWNER’s maintenance of its corporate headquarters in Arlington, creation of primary jobs, and community engagement and promotion initiatives will fulfill the public purposes stated in Section 501.004 of the Texas Local Government Code; and

WHEREAS, pursuant to Section 505.159 of the Texas Local Government Code a public hearing on the proposed project was held on June 18, 2024;
NOW THEREFORE

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ARLINGTON ECONOMIC DEVELOPMENT CORPORATION:

I.

That all of the recitals contained in the preamble of this resolution are found to be true and are adopted as findings of fact by this body and as part of its official record.

II.

That the Executive Director of the Arlington Economic Development Corporation is hereby authorized to execute a Performance Agreement with VBI Group, Inc. d/b/a Ikon Technologies, of Arlington, Texas, to provide a performance grant in an amount not to exceed \$7,000,000 relative to the retention and creation of primary jobs and retention and expansion of their headquarters in Arlington.

III.

A substantial copy of the Performance Agreement is attached hereto and incorporated herein for all intents and purposes.

PRESENTED AND PASSED on this the ____ day of _____, 2024, by a vote of ____ ayes and ____ nays at a regular meeting of the Board of Directors of the Arlington Economic Development Corporation.

Michael Jacobson, President

ATTEST:

Alex Busken, Assistant Secretary

APPROVED AS TO FORM:
MOLLY SHORTALL, Counsel for the
Arlington Economic Development
Corporation

BY Molly Shortall

Performance Agreement

THE STATE OF TEXAS §
 §
COUNTY OF TARRANT §

Performance Agreement

THIS Performance Agreement (hereafter referred to as “Agreement”) is executed on _____, 2024 (the “Effective Date”), by and between **VBI GROUP, INC. D/B/A IKON TECHNOLOGIES**, an entity duly authorized to do business in the State of Delaware, acting by and through its authorized officer (hereafter referred to as “OWNER”), and the **ARLINGTON ECONOMIC DEVELOPMENT CORPORATION**, a Texas non-profit corporation acting by and through its authorized officer (hereafter referred to as “AEDC”).

W I T N E S S E T H:

WHEREAS, the AEDC is a Type B economic development corporation, created pursuant to Chapter 505 of the Texas Local Government Code, as amended; and

WHEREAS, Section 501.101 of the Texas Local Government Code, in pertinent part, defines the term “project” to mean “land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements that are (1) for the creation or retention of primary jobs;. . .;” and

WHEREAS, the AEDC’s Board of Directors have determined that that the financial assistance provided to OWNER pursuant to this Agreement is consistent with and meets the definition of “project” as that term is defined in Chapter 501 of the Texas Local Government Code, and in particular Section 501.101; and the definition of “cost” as that term is defined by Section 501.152 of the Texas Local Government Code;

NOW THEREFORE, for and in consideration of the mutual premises and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the AEDC and OWNER do hereby agree, covenant, and contract as set forth below:

I.
Definitions

- A. “Additional Jobs” are Jobs that exceed the Base Jobs number that are in existence at the beginning of the Term or newly created after the beginning of the Term.
- B. “Base Jobs” are the 116 Jobs that OWNER warrants are in existence at the beginning of the Term.
- C. “Headquarters” is defined as the primary site of OWNER’s operations in the United States of America, including the design and development of hardware and software for automotive fleet and sales management technologies consumer telematics and subscription services.

- B. “Job” is defined as a permanent, full-time employment position that results in actual paid employment of an employee, not independent contractor, of at least 1,820 hours per position in a year. It shall not include part-time employees. A Job must also meet the definition of a “primary job” as defined by Texas Local Government Code Section 501.002(12).
- C. “Premises” are defined as the real property, land and improvements located at 1701 E Lamar Boulevard, Suite 100, Arlington, Texas.
- E. “Project” is defined as the retention and expansion of the OWNER’s Headquarters to Arlington, Texas for the duration of the Term, the maintenance of 116 Jobs and the creation of 150 new jobs located in Arlington, Texas.

II.
Term

This Agreement shall be effective on the date of execution and shall expire on December 31, 2040 (the “Term”), unless otherwise sooner terminated in accordance with the terms of this Agreement.

III.
Conditions and Requirements

- A. Headquarters. OWNER shall maintain its Headquarters in Arlington, Texas for the duration of the Term. If OWNER seeks to move its headquarters to a different location or multiple locations within the city limits of Arlington, Texas, OWNER must provide written notice of the new location(s) to the AEDC within 30 days of the move. Relocation or expansion to multiple sites of the OWNERS Headquarters in Arlington, Texas shall not be considered a breach of this Agreement, provided OWNER’s Headquarters remains in Arlington, Texas throughout the Term of this Agreement.
- B. Job Maintenance and Growth. OWNER will maintain, at minimum, the Base Jobs amount and create new Jobs in Arlington, Texas, whether at its headquarters or at other locations in Arlington, throughout the Term, according to the following schedule:
 - 1. As of January 1, 2025, OWNER will retain a total of 116 Jobs.
 - 2. As of January 1, 2028, OWNER will have a total of 146 Jobs
 - 3. As of January 1, 2031, OWNER will have a total of 176 Jobs.
 - 4. As of January 1, 2034, OWNER will have a total of 206 Jobs
 - 5. As of January 1, 2037, OWNER will have a total of 236 Jobs
 - 6. As of January 1, 2040, OWNER will have a total of 266 Jobs.

- D. Arlington Branded Hardware. OWNER agrees that all hardware it produces for sale during the Term will bear the mark “Designed in Arlington, Texas” on its exterior in an easily visible type or font.
- E. Advisory Assistance- OWNER agrees to provide the City of Arlington with commercially reasonable assistance with targeting and pursuing opportunities to revitalization of Division Street between Cooper and Collins Streets, including assistance with actively engaging with the business community along Division to identify opportunities for land assemblage, reinvestment into more active uses of property, and encouraging investment into aesthetic improvements to businesses in the Division Street corridor.
- F. Community Engagement and Philanthropy- OWNER agrees to participate in philanthropic support of community organizations, events, and initiatives totaling One Million Five Hundred Thousand (\$1,500,000.00) over the term of the agreement. It is at the discretion of the OWNER to choose which philanthropic event or organization to support and when to provide that support so long as the aggregate support is provided during the Term of this Agreement.
- G. UTA Activities. OWNER agrees to participate in annual outreach to, engagement of, and recruitment of University of Texas at Arlington students and graduates for internship and employment opportunities.
- H. Throughout the Term, OWNER shall not allow the ad valorem taxes owed on any property owned by OWNER and located within the City of Arlington to become delinquent beyond the last day they can be paid without assessment of penalty, as such date is generally extended to allow for any appeal.
- I. If the OWNER relocate or expands its Headquarters facilities during the Term, OWNER agrees to use diligent efforts and to cause its contractors and subcontractors to use diligent efforts to purchase all goods and services from Arlington businesses whenever such goods and services are comparable in availability, terms, quality, and price. OWNER also agrees to develop a policy that establishes a goal of thirty percent (30%) use by OWNER of qualified contractors, subcontractors, and suppliers where at least fifty-one percent (51%) of the ownership of such contractors, subcontractors, or suppliers is vested in racial or ethnic minorities or women for design and construction of the Project, which such policy shall contain reasonable exclusions. Beginning in the first full calendar quarter after this Agreement is executed and continuing until the project has been completed, OWNER shall provide the AEDC with a quarterly report detailing its progress towards the thirty percent (30%) goal.

IV.
Incentive Program

In exchange for OWNER's development of the Project, AEDC agrees to provide the following incentive program:

- A. Grant. In exchange for performing the Conditions and Requirements in Article III of this Agreement, the AEDC agrees to provide a grant of Seven Million and 00/100 Dollars (\$7,000,000) (the "Grant"). The AEDC shall pay the Grant on or before December 31, 2024.
- B. Certifications. OWNER shall provide to the AEDC annual written certifications of its compliance with the Conditions and Requirements in Article III. Annual certifications shall be made by March 1 of each calendar year of the Term, and shall include, at minimum, include the following information:
1. The number of Jobs OWNER maintained as of January 1 of the reporting year.
 2. The location address of Jobs within Arlington, Texas, including the number of jobs at each location in Arlington, Texas.
 3. The number and type of outreach activities conducted to UTA students and the number of UTA students hired for internship and employment opportunities as of January 1 of the reporting year.
 4. The amount of philanthropic support, date provided, and names of community organizations, events, and initiatives support was provided to as of January 1 of the reporting year, if any.

V.
Records, Audits, and Inspections

- A. Additional Records and Information - Throughout the Term of this Agreement, OWNER shall furnish AEDC records and information reasonably requested to support the Improvement Conditions and Requirements set forth in Article III of this Agreement.
- B. Right to Audit Books and Records - AEDC shall have the right to audit the books and records of OWNER related to the grants. AEDC shall notify OWNER in advance in writing of their intent to audit to allow OWNER adequate time to make such books and records available.
- C. Inspection - At all times throughout the Term of this Agreement, AEDC shall have reasonable access to the Premises for the purpose of inspecting the Premises to ensure that the Project is conducted in accordance with the terms of this Agreement.

All inspections shall be conducted in a manner as to not unreasonably interfere with the operation of the Premises. The inspections shall be conducted within a reasonable time after notice by AEDC.

VI.
Use of Premises

The Premises always shall be used in a manner that is consistent with City of Arlington's Unified Development Code and all other applicable federal, state, and local laws.

VII.
Breach and Recapture

- A. Breach - Subject to Section VII.B. below, a breach of this Agreement by OWNER may result in termination or modification of this Agreement and recapture by AEDC of grant payments made as set forth in Section VII.C below. OWNER's failure to satisfy any of the Conditions and Requirements as specified in Article III, failure to provide annual written certifications as specified in Section IV.B., or OWNER's failure to provide records and information necessary to support the Improvement Conditions and Requirements, as specified in Article V, shall constitute a breach of this Agreement.
- B. Notice of Breach - If AEDC makes a reasonable determination that OWNER has breached this Agreement, then AEDC shall give OWNER written notice of such. OWNER has 90 days following receipt of said written notice to cure such breach or this Agreement may be terminated by AEDC, and recapture of grant payments made may occur pursuant to Section VII.C. below. Notice of breach and opportunity to cure shall be in writing and shall be delivered by personal delivery or certified mail to OWNER at its address provided in Article X of this Agreement.
- C. Recapture - During the Term of this Agreement, should OWNER fail to timely cure a breach of this Agreement, AEDC may terminate this Agreement and recapture a percentage of the total amount of grant payments made under this Agreement set forth in this Section VII.C. If OWNER fails to timely cure a breach of this Agreement and the AEDC opts to terminate this Agreement on or prior to December 31, 2026, AEDC may recapture the full Grant amount. If the OWNER fails to timely cure a breach of this agreement, and the AEDC opts to terminate this Agreement after December 31, 2026, the AEDC's maximum recovery shall be diminished by \$500,000 for each whole calendar year after 2025 the Agreement has continued to be in existence. For example, if the AEDC terminates the Agreement on June 1, 2027, the maximum recovery will be \$6,500,000, and if the AEDC terminates the Agreement on January 1, 2028, the maximum recovery would \$6,000,000.

VIII.
Undocumented Workers

OWNER covenants and certifies that OWNER does not and will not knowingly employ an undocumented worker at the Project as that term is defined by section 2264.001(4) of the Texas Government Code. In accordance with section 2264.052 of the Texas Government Code, if OWNER is convicted of a violation under 8 U.S.D. Section 132a(f), OWNER shall repay to the AEDC all grant payments provided under Article IV of this Agreement, plus 10% per annum from the date such grant payments were made. Repayment shall be paid within 120 days after the date following such conviction that OWNER receives notice of violation from the AEDC as provided by 2264.101(c) of the Texas Government Code.

IX.
Assignment

The incentive program authorized by this Agreement shall not be assignable to any new owner or lessee of all or a portion of the Project unless such assignment is approved in writing by the AEDC with approval of the AEDC Board of Directors and Arlington City Council, which approval shall not be unreasonably withheld. The parties hereto do not construe the term “new owner” to mean the issuance of shares of the OWNER to employees of or advisors to the OWNER as part of a stock incentive or long-term incentive plan. In the event OWNER engages in the public offering of shares, that offering and resulting ownership shall not constitute a “new owner” for purposes of this paragraph.

X.
Notice

Notices required to be given to any party to this Agreement shall be delivered by hand delivery or certified mail, return receipt requested, postage prepaid, addressed to the party at its address as set forth below, and shall be deemed delivered as of the date of delivery or deposited in the United States Mail:

OWNER: IKON TECHNOLOGIES.
 Attention: Office of General Counsel
 1161 Corporate Drive W., Ste. 101
 Arlington, Texas 76006

AEDC: Arlington Economic Development Corporation
 Attention: Executive Director
 Post Office Box 90231
 Arlington, Texas 76004-3231

cc: Arlington Economic Development Corporation
Attention: City Attorney's Office
Post Office Box 90231
Arlington, Texas 76004-3231

Any party may change the address and add additional parties to whom notice will be sent by giving the other parties written notice in the manner provided in this Section.

XI.
Authorization

This Agreement was authorized by resolution of the AEDC Board of Directors and Arlington City Council authorizing the Executive Directors of the AEDC to execute this Agreement on behalf of the AEDC and shall constitute a valid and binding agreement between the AEDC and OWNER upon execution.

XII.
Counterparts

This Agreement may be executed in any number of counterparts, each of which may be executed by any one or more of the parties hereto, but all of which shall constitute one instrument, and shall be binding and effective when all of the parties hereto have executed at least one counterpart.

XIII.
Severability

In the event any section, subsection, paragraph, sentence, phrase, or word is held invalid, illegal, or unconstitutional, the balance of this Agreement shall stand, shall be enforceable, and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, sentence, phrase, or word.

XIV.
Estoppel Certificate

Any party hereto may request an estoppel certificate from another party hereto, so long as the certificate is requested in connection with a bona fide business purpose. The certificate, which if requested will be addressed to a subsequent purchaser or assignee of OWNER, shall include, but not necessarily be limited to statements that this Agreement is in full force and effect without default (or if default exists the nature of same), the remaining term of this Agreement, the levels and remaining term of the grant payments in effect, and such other matters reasonably requested by the party(ies) to receive the certificates.

XV.
Owner's Standing

OWNER, as a party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions, AEDC Board of Directors or City Council actions authorizing same, and OWNER shall be entitled to intervene in said litigation.

XVI.
Applicable Law

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be the State's District Court of Tarrant County, Texas. This Agreement is performable in Tarrant County, Texas.

XVII.
Indemnification

It is understood and agreed between the parties that the OWNER, in performing its obligations hereunder, is acting independently, and AEDC assumes no responsibility or liability to third parties in connection therewith, and OWNER agrees to indemnify and hold harmless AEDC from any such responsibility or liability. It is further understood and agreed among the parties that AEDC, in performing its obligations hereunder, is acting independently, and the OWNER assumes no responsibility or liability to third parties in connection therewith.

XVIII.
Force Majeure

Neither AEDC or OWNER, nor any successor in interest or assignee shall be considered in breach or default of their respective obligations under this Agreement, and time for performance of obligations hereunder shall be extended, in the event of any delay caused by force majeure, including damage or destruction by fire or other casualty, condemnation, strike, lockout, civil disorder, war, pandemic and any applicable limitations imposed by order of local, State or Federal government, governmental action or inaction for an unreasonable period (unless caused by negligence or omissions by OWNER), acts of God, or similar events.

XIX.
No Other Agreement

This Agreement embodies all of the agreements of the parties relating to its subject matter as specifically set out herein, supersedes all prior understandings and agreements regarding such subject matter, and may be amended, modified, or supplemented only by an instrument or instruments in writing executed by the parties.

XX.
Headings

The headings of this Agreement are for the convenience of reference only and shall not affect in any manner any of the terms and conditions hereof.

XXI.
No Other Agreement

This Agreement embodies all of the agreements of the parties relating to its subject matter as specifically set out herein, supersedes all prior understandings, written or otherwise, and agreements regarding such subject matter, and may be amended, modified, or supplemented only by an instrument or instruments in writing executed by the parties.

XVII.
Survival of Obligations

All obligations under this Agreement shall survive the expiration or termination of this Agreement to the extent required for their full observance and performance.

XVIII.
Petition for Election

OWNER acknowledges that this Agreement is an economic development project as defined by Section 501.103 of the Texas Local Government Code. Pursuant to Section 505.160 of the Texas Local Government Code, if a petition from more than ten (10) percent of the registered voters in the City of Arlington is filed within sixty (60) days of the publication notice of this project, which was published on June 14, 2024, an election shall be held before this project is undertaken or any expenditures are made. If an election is held the AEDC shall have no obligation to make the expenditures provided for in this Agreement unless and until the project has been successful approved by the voters. If a valid petition is filed, OWNER may request that this Agreement be terminated prior to any such election.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written above.

**VBI GROUP INC. D/B/A
IKON TECHNOLOGIES**

BY _____
[Name]
[Title]
Date _____

WITNESS:

**ARLINGTON ECONOMIC
DEVELOPMENT CORPORATION**

BY _____
MICHAEL JACOBSON
President
Date _____

ATTEST:

_____, AEDC Secretary

APPROVED AS TO FORM:
MOLLY SHORTALL, Counsel for the
Arlington Economic Development
Corporation

BY _____

THE STATE OF TEXAS §
 §
 §
COUNTY OF _____ §

**VBI GROUP INC. D/B/A
IKON TECHNOLOGIES
Acknowledgment**

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared _____, known to me (or proved to me on the oath of _____ or through _____ (*description of identity card or other document*)) to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed same for and as the act and deed of **VBI GROUP INC. D/B/A IKON TECHNOLOGIES.**, an entity duly authorized to do business in the State of Delaware, and as the _____ thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of _____, 2024.

Notary Public in and for
The State of Texas

My Commission Expires

Notary's Printed Name

THE STATE OF TEXAS §
 §
COUNTY OF TARRANT §

**ARLINGTON ECONOMIC
DEVELOPMENT CORPORATION
Acknowledgment**

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for and as the act and deed of the **ARLINGTON ECONOMIC DEVELOPMENT CORPORATION**, a non-profit corporation of Tarrant County, Texas, and as the **Executive Director** thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of _____, 2024.

Notary Public in and for
The State of Texas

My Commission Expires

Notary's Printed Name

Staff Report



| | |
|--|---------------------------------------|
| First Amendment to the Arlington Economic Development Corporation Performance Agreement – Bell Textron Inc. | |
| Arlington Economic Development Corporation Meeting Date: 06-18-2024 | Document Being Considered: Resolution |

RECOMMENDATION

Approve a resolution superseding Resolution No. 24-003 authorizing the President of the Board of Directors to execute a First Amendment to the Performance Agreement with Bell Textron Inc. relative to the development of a 50,000 square-foot facility to house systems integration labs and the creation of primary jobs.

PRIOR BOARD OR COUNCIL ACTION

On June 22, 2021, following a public hearing, the Arlington Economic Development Corporation Board of Directors approved Resolution No. 21-007 authorizing the President of the Board of Directors to execute a Performance Agreement with Bell Textron Inc. The Board was previously briefed on the proposed Agreement on May 27, 2021.

On June 29, 2021, the City Council approved Resolution No. 21-136 authorizing the President of the Board of Directors to execute a Performance Agreement with Bell Textron Inc.

On February 20, 2024, the Arlington Economic Development Corporation Board of Directors approved Resolution No. 24-003 authorizing the President of the Board of Directors to execute a First Amendment to the Performance Agreement with Bell Textron Inc.

ANALYSIS

The Arlington Economic Development Corporation and City Council approved a Performance Agreement with Bell Textron, Inc. in June of 2021 for a new facility to house the company's Systems Integration Lab.

At the time of agreement execution, the property address had not been finalized. Now that the project is finished and is in operation, this amendment to the agreement corrects the property address and clarifies the legal description of the property. This amendment replaces the prior version approved in February to not only correct the property address but also update the Base Year Value for the corrected address.

FINANCIAL IMPACT

There is no financial impact as part of this amendment.

ADDITIONAL INFORMATION

Attached:

Resolution with Amendment to Performance Agreement

Under separate cover:

None

Available in the City Secretary's office:

None

STAFF CONTACTS

Marty Wieder, AICP

Executive Director

Arlington EDC

817-459-6432

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ARLINGTON ECONOMIC DEVELOPMENT CORPORATION

Resolution No. _____

A resolution superseding Resolution No. 24-003 authorizing the President of the Board of Directors to execute a First Amendment to the Performance Agreement with Bell Textron Inc. relative to the development of a 50,000 square-foot facility to house systems integration labs and the creation of primary jobs

WHEREAS, the Arlington Economic Development Corporation (“AEDC”) is a Type B economic development corporation, created pursuant to Chapter 505 of the Texas Local Government Code, as amended; and

WHEREAS, Section 501.101 of the Texas Local Government Code, in pertinent part, defines the term “project” to mean “land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements that are (1) for the creation or retention of primary jobs; . . .;” and

WHEREAS, on June 22, 2021, the Board of Directors of the AEDC approved a project and authorized execution of a Performance Agreement with Bell Textron Inc. (“Bell”) to develop a fifty thousand (50,000) square foot facility to house systems integration labs (the “Facility”) on land adjacent to Arlington Municipal Airport and to create new jobs in Arlington to staff the Facility (the “Agreement”); and

WHEREAS, the Agreement was executed by the AEDC and Bell on July 7, 2021, and since that time Bell has constructed the Facility and has otherwise been working diligently in good faith toward the goals of the Agreement; and

WHEREAS, in administering the Agreement, the AEDC and Bell discovered that the site of the Facility was incorrectly identified in the language of the Agreement, and such incorrect language could thwart the goals and purposes of the Agreement; and

WHEREAS, on February 20, 2024, the Arlington Economic Development Corporation Board of Directors approved Resolution No. 24-003 authorizing the President of the Board of Directors to execute a First Amendment to the Performance Agreement with Bell; however, the First Amendment was never executed by the parties; and

WHEREAS, the AEDC and Bell now seek to amend the language of the Agreement to bring it into harmony with the intents and purposes of the Agreement; NOW THEREFORE

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ARLINGTON ECONOMIC DEVELOPMENT CORPORATION:

I.

That all of the recitals contained in the preamble of this resolution are found to be true and are adopted as findings of fact by this body and as part of its official record.

II.

That Resolution No. 24-003 is superseded in its entirety by this resolution.

III.

That the Board of Directors of the Arlington Economic Development Corporation hereby authorizes the President of the Board of Directors to execute a First Amendment to the Performance Agreement with Bell Textron Inc. relative to the development of a 50,000 square foot systems integration lab and creation of Primary Jobs.

IV.

A substantial copy of the First Amendment to the Performance Agreement is attached hereto and incorporated herein for all intents and purposes.

PRESENTED AND PASSED on this the _____ day of _____, 2024, by a vote of _____ ayes and _____ nays at a regular meeting of the Board of Directors of the Arlington Economic Development Corporation.

ATTEST:

Michael Jacobson, President

Alex Busken, Assistant Secretary

APPROVED AS TO FORM:
MOLLY SHORTALL, Counsel for
the Arlington Economic
Development Corporation

BY Molly Shortall

First Amendment

THE STATE OF TEXAS §
 § **First Amendment to Performance Agreement**
 §
COUNTY OF TARRANT §

THIS First Amendment to the Performance Agreement (hereafter referred to as "Amendment") is executed on _____, 2024 (the "Effective Date"), by and between **BELL TEXTRON INC.**, entity duly authorized to do business in the State of Texas, acting by and through its authorized officer (hereafter referred to as "**OWNER**"), and the **ARLINGTON ECONOMIC DEVELOPMENT CORPORATION**, a Texas non-profit corporation acting by and through its authorized officer (hereafter referred to as "**AEDC**"). Bell Textron Inc. and the Arlington Economic Development Corporation may be referred to herein collectively as the "Parties."

RECITALS:

- A.** The Parties entered into that certain Performance Agreement, dated July 7, 2021 (the "Agreement"), in which AEDC agreed to provide incentives to OWNER for, *inter alia*, the construction of systems integration laboratories and the creation and maintenance of Primary Jobs for the systems integration laboratories on land adjacent to the Arlington Municipal Airport;
- B.** OWNER has constructed the systems integration laboratories and created new Primary Jobs on land adjacent to Arlington Municipal Airport;
- C.** The Agreement, as originally drafted, did not correctly identify the specific lot adjacent to Arlington Municipal Airport on which the systems integration laboratories were to be built as it is identified in Tarrant Appraisal District records;
- D.** The Parties desire to amend the Agreement to accurately identify the location of the systems integration laboratories, where OWNER has in all good faith built the laboratories and otherwise substantially complied with the goals of the Agreement;

NOW THEREFORE, for and in consideration of the mutual premises and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, AEDC and OWNER do hereby agree as follows:

- 1.** Article I, Section B. of the Agreement shall be amended to read as follows:
 - B.** "Base Year Value" is defined as the tax year 2021 taxable value of the Premises as finally determined by Tarrant Appraisal District, which shall be Four Hundred and Sixty-Six Thousand Seven Hundred and Thirty-Four and 00/100 Dollars (\$466,734.00). (TAD Account Number 05784018)
- 2.** Article I, Section E. of the Agreement shall be amended to read as follows:
 - E.** "Premises" are defined as the real property, land and improvements, containing approximately 23.167 acres of land located at 600 E Bardin Road, Arlington, Texas 76018, as depicted by a blue outline and further described in **Exhibit "A"** attached hereto and incorporated herein for all purposes.

3. Exhibit "A" of the Agreement shall be amended to appear and read as follows:

EXHIBIT "A"



Being Lot 3, W.D. Lacy Addition, an addition to the City of Arlington, Tarrant County, Texas, and being a portion of that certain tract of land described as Parcel K, conveyed to Bell Helicopter Textron Inc., a Delaware Corporation, as evidenced by the deed recorded in Volume 7231, Page 1786 of the Deed Records of Tarrant County, Texas.

4. Binding Effect; Governing Law. Except as modified hereby, the Agreement shall remain in full effect and this Amendment shall be binding upon OWNER and AEDC, and their respective successors and assigns. If any inconsistency exists or arises between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail. This Amendment shall be governed by the laws of the State of Texas.
5. Entire Agreement. This Amendment, together with the Agreement, embodies the entire agreement and understanding between OWNER and AEDC regarding the Project. Any and all prior or contemporaneous oral or written representations, agreements, understandings, or statements other than those set forth in the Agreement and this Amendment are of no force and effect.
6. Headings; Capitalized Terms. The headings appearing in this Amendment are for the purpose of easy reference only and cannot be considered a part of this Amendment or in any way to modify, amend, or affect the provisions of this Amendment. Capitalized terms used but not defined herein shall have the same meanings ascribed to such terms in the Agreement.
7. Severability. If any term or provision of this Amendment is found to be invalid, illegal, or unenforceable, the remaining terms and provisions of this Amendment cannot be affected thereby, and each term and provision of this Amendment will be valid and enforceable to the fullest extent permitted by law.
8. Construction. The Parties acknowledge that each party and, if it so chooses, its counsel have reviewed this Amendment and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Amendment.
9. Ratification of the Agreement. OWNER and AEDC hereby ratify and confirm the Agreement, as amended by this Amendment.
10. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.
11. City Council Authorization. This Amendment was authorized by resolution of the AEDC Board of Directors and Arlington City Council authorizing the President of the AEDC to execute this Agreement on behalf of the AEDC.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written above.

BELL TEXTRON INC.

BY _____
Rachel Bailey
VP - Contracts
Date, _____

WITNESS:

**ARLINGTON ECONOMIC
DEVELOPMENT CORPORATION**

BY.....
MICHAEL JACOBSON
President
Date.....

ATTEST:

AEDC Secretary

APPROVED AS TO FORM:
MOLLY SHORTALL, Counsel for the
Arlington Economic Development
Corporation

BY.....

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

BELL TEXTRON INC.
Acknowledgement

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared _____, known to me (or proved to me on the oath of _____ or through _____ (*description of identity card or other document*)) to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed same for and as the act and deed of **BELL TEXTRON INC.**, an entity duly authorized to do business in the State of Texas, and as the _____ thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of _____, 2024.

Notary Public in and for
The State of Texas

My Commission Expires

Notary's Printed Name

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

**ARLINGTON ECONOMIC
DEVELOPMENT CORPORATION**
Acknowledgment

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared **MICHAEL JACOBSON**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same for and as the act and deed of the **ARLINGTON ECONOMIC DEVELOPMENT CORPORATION**, a non-profit corporation of Tarrant County, Texas, and as the **President** thereof, and for the purposes and consideration therein expressed, and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the _____ day of _____, 2024.

Notary Public in and for
The State of Texas

My Commission Expires

Notary's Printed Name

Staff Report



Amendment to the espace Inc. Master Agreement

Arlington Economic Development Corporation
Meeting Date: 06-18-2024

Document Being Considered: Resolution

RECOMMENDATION

Approve a resolution authorizing the Executive Director of the Arlington Economic Development Corporation to execute a First Amendment to Master Agreement with espace Inc. and the City of Arlington, relative to the establishment of a North American headquarters and manufacturing facility at the Arlington Municipal Airport.

PRIOR BOARD OR COUNCIL ACTION

On April 16, 2024, following a public hearing, the Arlington Economic Development Corporation Board of Directors approved Resolution No. 24-005 authorizing the execution of a Master Agreement with espace Inc. and the City of Arlington, relative to the establishment of a North American headquarters and manufacturing facility at the Arlington Municipal Airport.

On April 23, 2024, City Council approved Resolution No. 24-108 authorizing the execution of a Master Agreement with espace Inc. and the Arlington Economic Development Corporation, relative to the establishment of a North American headquarters and manufacturing facility at the Arlington Municipal Airport.

ANALYSIS

In April 2024, a Master Agreement with espace Inc. (E-Space) was executed to facilitate the development of a North American headquarters, manufacturing facility, hangar space, and other improvements at Arlington Municipal Airport.

The Master Agreement stipulates several milestone deadlines to ensure project progress. The agreement states that E-Space will execute a lease for initial existing industrial space in Arlington within 90 days of execution of the agreement, which is currently July 30, 2024. E-Space has diligently pursued lease space in Arlington since late April and has found two suitable options. Their preferred option is currently in a potential ownership transition, and more time is needed to allow that transition to occur before a lease can be executed. Therefore, the proposed amendment to the agreement extends the deadline for execution of initial lease space to within 120 days of agreement execution, or August 29, 2024.

FINANCIAL IMPACT

None

ADDITIONAL INFORMATION

Attached:

Resolution and First Amendment to Master Agreement

Under separate cover:

None

Available in the City Secretary's office:

None

STAFF CONTACTS

Lyndsay Mitchell, AICP, CPM
Director of Strategic Initiatives
City of Arlington
817-459-6653

Marty Wieder, AICP
Executive Director
AEDC
817-459-6432

Lyndsay.Mitchell@arlingtontx.gov

Marty.Wieder@arlingtontx.gov

ARLINGTON ECONOMIC DEVELOPMENT CORPORATION

Resolution No. _____

A resolution of the Board of Directors authorizing the Executive Director to execute a First Amendment to Master Agreement with espace Inc. and the City of Arlington, relative to the establishment of a North American headquarters and manufacturing facility at the Arlington Municipal Airport

WHEREAS, the Arlington Economic Development Corporation (“AEDC”) is a Type B economic development corporation, created pursuant to Chapter 505 of the Texas Local Government Code, as amended; and

WHEREAS, espace Inc. (“Company”), AEDC, and the City of Arlington (“City”) entered into that certain Master Agreement dated May 1, 2024 (the “Master Agreement”) pertaining to the establishment of a North American headquarters and manufacturing facility at the Arlington Municipal Airport; and

WHEREAS, Company, AEDC, and City desire to amend the Master Agreement in certain respects; NOW THEREFORE

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ARLINGTON ECONOMIC DEVELOPMENT CORPORATION:

I.

That all of the recitals contained in the preamble of this resolution are found to be true and are adopted as findings of fact by this body and as part of its official record.

II.

That the Board of Directors of the Arlington Economic Development Corporation hereby authorizes the Executive Director to execute a First Amendment to Master Agreement with espace Inc. and the City of Arlington, relative to the establishment of a North American headquarters and manufacturing facility at the Arlington Municipal Airport.

III.

A substantial copy of the First Amendment to Master Agreement is attached hereto and incorporated herein for all intents and purposes.

PRESENTED AND PASSED on this the _____ day of _____, 2024,
by a vote of _____ ayes and _____ nays at a regular meeting of the Board of Directors of
the Arlington Economic Development Corporation.

Michael Jacobson, President

ATTEST:

Alex Busken, Assistant Secretary

APPROVED AS TO FORM:
MOLLY SHORTALL, Counsel for
the Arlington Economic
Development Corporation

BY Molly Shortall

First Amendment

THE STATE OF TEXAS §
 §
COUNTY OF TARRANT §

First Amendment to Master Agreement

THIS FIRST AMENDMENT TO MASTER AGREEMENT (hereinafter referred to as “First Amendment”) is entered into on _____, 2024 (hereinafter referred to as “Effective Date”) by and among **espace Inc.**, a Delaware Corporation (hereinafter referred to as “Company”), the **ARLINGTON ECONOMIC DEVELOPMENT CORPORATION** (hereinafter referred to as “AEDC”), and the **CITY OF ARLINGTON, TEXAS**, a home-rule city and municipal corporation of Tarrant County, Texas, acting by and through its City Manager or his designee (hereinafter referred to as “CITY”).

W I T N E S S E T H:

WHEREAS, Company, AEDC, and CITY entered into that certain Master Agreement dated May 1, 2024 (the “Master Agreement”) pertaining to the establishment of a North American headquarters and manufacturing facility at the Arlington Municipal Airport; and

WHEREAS, Company, AEDC, and CITY desire to amend the Master Agreement in certain respects; NOW THEREFORE

Company, AEDC, and CITY, for and in consideration of the mutual promises contained herein, do hereby agree as follows:

1. Subsection II.A. shall be amended to read as follows:
 - A. Company shall provide the CITY with evidence that it has executed a lease for space in Arlington (hereinafter “**Initial Leased Premises**”) that allows Company to establish Arlington as its North American corporate headquarters no later than 120 days after the Effective Date.
2. Except as modified by this First Amendment, the Master Agreement shall remain in full force and effect and this First Amendment shall be binding upon Company, AEDC, and CITY and their respective successors and assigns. If any inconsistency exists or arises between the terms of this First Amendment and the Master Agreement, the terms of this First Amendment shall prevail. This First Amendment shall be governed by the laws of the State of Texas.
3. This First Amendment, together with the Master Agreement, embodies the entire agreement and understanding between Company, AEDC, and CITY regarding the subject matters therein. Any and all prior or contemporaneous oral or written representations, agreements, understandings, or statements other than those set forth in the Master Agreement or this First Amendment are of no force and effect.

4. If any term or provision of this First Amendment is found to be invalid, illegal, or unenforceable, the remaining terms and provisions of this First Amendment cannot be affected thereby, and each term and provision of this First Amendment will be valid and enforceable to the fullest extent permitted by law.
5. Company, AEDC, and CITY hereby ratify and confirm the Master Agreement, as amended by this First Amendment.
6. This First Amendment may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one document.

(Remainder of page intentionally left blank. Signature page follows)

IN WITNESS WHEREOF, each party has caused this First Amendment to be executed on the date indicated below, effective as of the later of such dates.

espace, Inc.

BY _____

Date _____

WITNESS:

CITY OF ARLINGTON, TEXAS

BY _____

TREY YELVERTON

City Manager

Date _____

ATTEST:

ALEX BUSKEN, City Secretary

APPROVED AS TO FORM:

MOLLY SHORTALL, City Attorney

BY _____

**ARLINGTON ECONOMIC DEVELOPMENT
CORPORATION**

BY _____
MARTY WIDER
Executive Director
Date _____

ATTEST:

_____, AEDC Secretary

APPROVED AS TO FORM:
MOLLY SHORTALL, Counsel for the Arlington
Economic Development Corporation

BY _____