

May 25, 2022

WHEREAS, the City of Dallas ("City") recognizes the importance of its role in local economic development; and

WHEREAS, it is in the interest of the City to support and secure the expansion and retention of business operations within the City to support the economic vitality and employment opportunities that these businesses bring for Dallas residents; and

WHEREAS, the use of economic development incentives is a necessary tool in attracting business expansion and relocation to the City; and

WHEREAS, the proposed project will not occur within the City without an offer of economic development incentives from the City; and

WHEREAS, pursuant to Resolution No. 21-1052, approved by the City Council on June 9, 2021, the City: (1) authorized the continuation of its Public/Private Partnership Program - Guidelines and Criteria, which established certain guidelines and criteria for the use of City incentive programs for private development projects; and (2) established programs for making loans and grants of public money to promote local economic development and to stimulate business and commercial activity in the City of Dallas pursuant to the Economic Development Programs provisions under Chapter 380 of the Texas Local Government Code; and

WHEREAS, the City desires to support the retention and creation of jobs, and in recognition of the longstanding history of The Neiman Marcus Group LLC (Neiman Marcus) within the City of Dallas, wishes to support the selection of Dallas as Neiman Marcus' planned expanded headquarters, in accordance with the City's Public/Private Partnership Program; and

WHEREAS the City desires to enter into a Chapter 380 Economic Development Grant Agreement with Neiman Marcus and/or its affiliates to promote economic development, stimulate private sector investment, ensure job retention, encourage job creation, and grow the tax base in the City of Dallas.

Now, Therefore,

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

SECTION 1. That the findings of the City and its actions approving this resolution taken at the council meeting are hereby approved and adopted.

May 25, 2022

SECTION 2. That the City Council authorizes a Chapter 380 Economic Development Grant Agreement (“agreement”) for up to \$5,250,000.00 that consists of **(1)** an amount not to exceed \$5,000,000.00 for job retention and creation; and **(2)** an amount not to exceed \$250,000.00 for expedited permitting and soft cost expenditures; with NMG Holding Company, Inc. dba The Neiman Marcus Group LLC or an affiliate thereof (“Neiman Marcus”) for jobs created and retained related to a new office headquarters in accordance with the City’s Public/Private Partnership Program.

SECTION 3. That a Chapter 380 job retention and creation economic development grant in an amount not to exceed \$5,000,000.00 to be paid upon completion by Neiman Marcus of the following terms and conditions:

A. Job Retention Grant not to exceed \$4,000,000.00 if Neiman Marcus:

- 1) retains a minimum of 1,100 jobs in Dallas by December 31, 2023 (“retention requirement”).
- 2) provides an average wage for retained headquarters employees that exceeds \$49.00/hour prior to overtime, benefits, or bonuses (“wage requirement”).
- 3) ensures that a minimum of 35% of retained headquarters employees are Dallas residents (“local hiring requirement”).
- 4) leases and occupies a new headquarters space in Cityplace Tower on or before April 30, 2023 (“occupancy requirement”). Headquarters employees may office out of the Cityplace Tower or existing Neiman Marcus headquarters building at 1618 Main Street in downtown Dallas. Retail workers in the downtown facility or other area stores do not count towards the headquarters employment count.
- 5) documents the retention requirement, the wage requirement for retained employees, the local hiring requirement, and the occupancy requirement have been timely met and maintained.
- 6) is otherwise in compliance with the agreement.

May 25, 2022

SECTION 3. (continued)

B. Job Creation Grant in an amount not to exceed \$1,000,000.00 (equal to \$3,000.00 per new job created) if Neiman Marcus:

- 1) creates a minimum of 300 jobs in Dallas by December 31, 2026 ("job creation requirement").
- 2) documents that have timely met and maintained the job creation requirement, the wage requirement, and the local hiring requirement.
- 3) is otherwise in compliance with the agreement.

C. An expedited permitting and fee reimbursement grant of up to \$250,000.00 for any Q-TEAM fees, permitting fees, or other City of Dallas fees incurred by Neiman Marcus in connection with: 1) the move to Cityplace tower; and/or 2) improvements to the existing Neiman Marcus headquarters building at 1618 Main Street in downtown Dallas, provided expenses are incurred between fiscal year 2022- December 31, 2030.

SECTION 4. That in addition to the grant-specific terms and conditions outlined in Section 3. of this resolution, the agreement will also include the following applicable terms, conditions, and obligations:

A. A "job" shall mean a full-time position with benefits that is a W-2 employee of Neiman Marcus. Contractors, part-time workers, interns, or other positions will not qualify. Jobs that have the flexibility to work from home periodically or who may travel from time to time shall still count for purposes of this term sheet so long as their primary business address is the Cityplace Tower headquarters or the existing Neiman Marcus headquarters building at 1618 Main Street in downtown Dallas.

B. The City will monitor annually to confirm that Neiman Marcus remains in compliance with all terms of the agreement, including the retention, wage, local hiring, occupancy, and creation requirements through December 31, 2031 (the "compliance period").

C. Upon the request of Neiman Marcus, the Job Creation Grant payment may be made in two installments, with the first payment of \$450,000.00 made upon verification of the first 150 jobs. If Neiman Marcus fails to meet the job creation requirement or otherwise defaults under the agreement, this first installment payment shall be repaid by Neiman Marcus.

SECTION 4. (continued)

D. Provided that Neiman Marcus remains in compliance with the agreement during the compliance period, any repayment obligation for the jobs grant shall be reduced as follows:

- i. December 31, 2026: 33% (or \$1,320,000.00) of job retention grant;
- ii. December 31, 2029: 33% (or \$1,320,000.00) of job retention grant and 33% (up to \$330,000.00) of job creation grant; and
- iii. December 31, 2031: All remaining grant amounts.

E. Neiman Marcus shall retain its flagship store in downtown Dallas through the compliance period.

F. Throughout the compliance period, Neiman Marcus shall provide and maintain a minimum “living wage” salary for headquarters employees that is equal to or greater than the then-current living wage for an individual in Dallas County as determined by the Massachusetts Institute of Technology’s Living Wage Calculator. The rate in Dallas County is currently \$15.21 per hour.

G. Failure to comply with the terms of the agreement may result in repayment of incentives. However, to ensure that Neiman Marcus has time to address any default and to account for hiring cycles and other business processes that might hinder such cure, the agreement cure period will be one year.

H. Neiman Marcus shall, upon request, permit City staff access to its headquarters to review all records and document related to the obligations contained herein to monitor compliance with the agreement. Neiman Marcus shall provide written annual reports to the Office of Economic Development regarding compliance with the agreement.

I. The Director, in his or her sole discretion, may extend any of the completion deadlines for up to six months.

SECTION 4. (continued)

J. In the event of a force majeure, Neiman Marcus shall, in writing, notify Director of such an event. Director shall make a decision as to whether a force majeure event under the terms of the agreement is occurring within 30 days of notice from Neiman Marcus. A force majeure event pauses a Party's performance obligation for the duration of the event, the termination of the event being determined solely by the Director but does not excuse it. After the termination of the force majeure event, all deadlines occurring during the force majeure event shall be extended pursuant to the length of the force majeure event.

K. The agreement must be in writing and executed (which may be in counterparts) by all parties no later than March 31, 2023. If the agreement is not fully executed by that date, this incentive offer is void.

SECTION 5. That the Chapter 380 grant as noted within this Resolution is subject to annual verification, audit, or other necessary procedures deemed appropriate by the City. The Director is authorized to make appropriate arrangements with Neiman Marcus to meet the verification, audit, or other necessary requirements to fulfill the purposes described herein.

SECTION 6. That the Chapter 380 grants as noted within this Resolution are personal to Neiman Marcus and cannot be sold or assigned to non-affiliated companies.

SECTION 7. That upon City approval of annual appropriations, the Chief Financial Officer is hereby authorized to encumber and disburse funds to NMG Holding Company, Inc. dba The Neiman Marcus Group LLC and/or its affiliates from Public/Private Partnership Fund, Fund 0352, Department ECO, Unit W824, Object 3016, Activity PPPF, Program: PPPF0019, Contract/Encumbrance No. ECO-2022-00019263, Vendor VC24949 in an amount not to exceed \$5,250,000.00

SECTION 8. That this Resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.