

DRAFT

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL

January 10, 2023

Addison TreeHouse, 14681 Midway Road, Suite 200 Addison, TX 75001
6:00 p.m. Executive Session & Work Session
7:30 Regular Meeting

Present: Mayor Joe Chow; Mayor Pro-Tempore Kathryn Wheeler; Deputy Mayor Pro-Tempore Lori Ward; Council Member Tom Braun; Council Member Darren Gardner; Council Member Guillermo Quintanilla.

Present – Via ZOOM: Council Member Eileen Resnik

Call Meeting to Order: Mayor Chow called the meeting to order at 6:00 PM

Pledge of Allegiance: Mayor Chow lead the Pledge of Allegiance.

EXECUTIVE SESSION

Closed (Executive) Session of the Addison City Council pursuant to:

- Section 551.071 - Private Consultation with the City Attorney regarding -
 - Contract Negotiations Related to the Keller Springs Road Revitalization Project; and
 - Discuss Items #14 and #15 from tonight’s agenda.
- Section 551.087 - Deliberation Regarding Economic Development Deliberations, Texas Government Code, to discuss or deliberate regarding commercial or financial information that the City Council has received from a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or to deliberate the offer of a financial or other incentive to such business prospect or business prospects -
 - Discuss amending the Memorandum of Understanding (MOU) between Town of Addison, AMLI Residential and Stream Realty for the Transit Oriented Development Project.

Mayor Chow closed the Open Meeting at 6:01 PM to convene the City Council into Closed Executive Session.

Reconvene into Regular Session: In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matters discussed in Executive Session.

Mayor Chow reconvened the City Council into Open Session at 8:09 PM. Mayor Chow announced there was no action to be taken as a result of the Closed Executive Session.

WORK SESSION

1. **Present and Discuss the Annual Review of Community Waste Disposal (CWD) Waste Pick-Up Services.** *[Shawn Cheairs, Stormwater & Operations Manager]*

Since October of 2015, Community Waste Disposal (CWD) has provided garbage and recycling pickup services for approximately 1,800 single-family residents in Addison. Services are provided on Mondays and Thursdays for solid waste and Mondays for recycling collection.

CWD Municipal Coordinator Robert Medigovich provided a review of the services in 2021. A total of 350 tons of materials were recycled and all events/festivals are Green Events. Mr. Medigovich advised the Town's recycling efforts were honored by the State of Texas Alliance for Recycling (STAR) a 501c3 nonprofit for our partnership and for expanding access to recycling and green events. Mr. Cheairs was presented with a plaque made of FSC® Recycled Richlite, a post-consumer recycled paper, to acknowledge this award.

REGULAR MEETING

Announcements and Acknowledgments Regarding Town and Council Events and Activities

- **Recognize Contributions by Retiring Board/Commission Members**
 - Planning & Zoning Commission - John Meleky
 - Community Partners Bureau - Stephanie Baim

Mayor Chow presented an award to Mr. Meleky for his six years' service as a Member of the Planning & Zoning Commission. Ms. Baim will be presented her award later.

Discussion of Meetings / Events

Public Comment: *The City Council invites citizens to address the City Council on any matter, including items on the agenda, except public hearings that are included on the agenda. Comments related to public hearings will be heard when the specific hearing starts. Citizen comments are limited to three (3) minutes, unless otherwise required by law. To address the Council, please fill out a City Council Appearance Card and submit it to a staff member prior to the Public Comment item on the agenda. The Council is not permitted to take any action or discuss any item not listed on the agenda. The Council may choose to place the item on a future agenda.*

There were no citizens that wished to address the City Council.

Consent Agenda: *All items listed under the Consent Agenda are considered routine by the City Council and will be enacted by one motion with no individual consideration. If individual consideration of an item is requested, it will be pulled from the Consent Agenda and discussed separately.*

2. **Consider Action on the Minutes from the December 8, 2022 Special City Council Meeting.**
3. **Consider Action on the Minutes from the December 13, 2022 City Council Meeting.**
4. **Consider Action on a Resolution Adopting the 2023 Legislative Priorities for the Town of Addison, Texas.**
5. **Consider Action on a Resolution Approving a Three-Year Conventional Hangar Lease with ADS Importing, LLC, (dba Thrust Flight) for 4736 Airport Parkway at Addison Airport and Authorizing the City Manager to Execute the New Lease.**
6. **Consider Action on a Resolution to Approve a Three-Year Conventional Hangar Lease with ADS Importing, LLC, (dba Thrust Flight) for 4700 Airport Parkway at Addison Airport and Authorize the City Manager to Execute the New Lease.**
7. **Consider Action on a Resolution Approving a Professional Services Agreement Between the Town of Addison and RJN Group for a Water Main Condition Assessment and Authorizing the City Manager to Execute the Agreement in an Amount Not to Exceed \$79,660.**
8. **Consider Action on a Resolution Approving a Professional Services Agreement Between the Town of Addison and Stantec for a Water and Wastewater Capital Improvement Plan Validation and Authorizing the City Manager to Execute the Agreement in an Amount Not to Exceed \$122,096.**
9. **Consider Action on a Resolution Approving a Second Amended and Restated Memorandum of Understanding (MOU) Between the Town of Addison and Co-Developers AMLI Residential and Stream Realty for the Addison Circle Area Transit Oriented Mixed-Use Development Project and Authorizing the City Manager to Execute the Second Amended and Restated MOU.**

Mayor Chow called for any requests to remove an Item from the Consent Agenda to discuss separately. The following requests were made: Council Member Gardner requested to remove Item 3; Mayor Chow requested to remove Item 4; and Council Member Quintanilla requested to remove Items 7 and 8.

Mayor Chow called for a motion to approve Items 2, 5, 6 and 9.

MOTION: Deputy Mayor Pro-Tempore moved to approve Items 2, 5, 6 and 9 as presented. Mayor Pro-Tempore Wheeler seconded the motion. Motion carried unanimously.

***** Item #3 *****

Consider Action on the Minutes from the December 13, 2022 City Council Meeting.

Council Member Gardner requested the Council Directive be amended as follows: [~~Delete~~] Move forward with both Option #1 and #2. Present at future meeting. [Add] Direct staff to hold a community meeting regarding the topic and consider next steps following the meeting.

MOTION: Council Member Gardner moved to approve the December 13, 2022 Meeting minutes with amendment submitted. Council Member Braun seconded the motion. Motion carried unanimously.

***** Item #4 *****

Consider Action on a Resolution Adopting the 2023 Legislative Priorities for the Town of Addison, Texas

Mayor Chow requested to remove the following legislative priority:

- Support legislation that allocates the DART 1 Cent Sales Tax so that .75 cents go to DART and the remaining .25 cents go to the municipality where the sales tax was generated for use in that municipality's budget.

Mayor Chow requested to add a new priority in the Economic Development category as follows:

- Support legislation that restores equity in economic development between communities able to utilize 4A/4B sales tax and those who utilize sales tax funding for regional transportation.

MOTION: Mayor Chow moved to approve the 2023 Legislative Priorities with the amendments submitted. Council Member Braun seconded the motion. Motion carried unanimously.

***** Item #7 and #8 *****

Consider Action on a Resolution Approving a Professional Services Agreement Between the Town of Addison and RJN Group for a Water Main Condition Assessment and Authorizing the City Manager to Execute the Agreement in an Amount Not to Exceed \$79,660.

Consider Action on a Resolution Approving a Professional Services Agreement Between the Town of Addison and Stantec for a Water and Wastewater Capital Improvement Plan Validation and Authorizing the City Manager to Execute the Agreement in an Amount Not to Exceed \$122,096.

Council Member Quintanilla requested Shannon Hicks, Director of Public Works & Engineering to describe these innovative projects.

MOTION: Council Member Quintanilla moved to adopt Item #7 as presented. Deputy Mayor Pro-Tempore Ward seconded the motion. Motion carried unanimously.

MOTION: Council Member Quintanilla moved to adopt Item #8 as presented. Mayor Pro-

Tempore Wheeler seconded the motion. Motion carried unanimously.

Resolution R23-001: Adoption of 2023 Legislative Priorities

Resolution R23-002: ADS Importing, LLC dba Thrust Flight, 4736 Airport Parkway Hangar Lease

Resolution R23-003: ADS Importing, LLC dba Thrust Flight, 4700 Airport Parkway Hangar Lease

Resolution R23-004: Agreement RJN Group for Water Main Condition Assessment

Resolution R23-005: Agreement Stantec for Water/Wastewater Capital Improvement Plan

Resolution R23-006: 2nd Amended/Restated MOU, Addison/AMLI Residential/Stream Realty for Transit Oriented Development

Regular Items

10. **Hold a Public Hearing, Present, Discuss, and Consider Action on an Ordinance Approving a Special Use Permit (SUP) for Property Located at 5100 Belt Line Road, Suite #728, that is Currently Zoned Planned Development (PD), Through Ordinance Nos. O12-002 and O20-08, to Allow a Restaurant with the Sale of Alcoholic Beverages for On-Premises Consumption. Case 1866-SUP/5100 Belt Line Road, Suite #728 (Nando's).** [*Lesley Nype, Planning & Development Manager*]

The subject property is located at 5100 Belt Line Road, Suite #728. The proposed restaurant would occupy a currently vacant space within Village on the Parkway (VoP), generally situated at the southeast corner of Belt Line Road and the Dallas North Tollway. The center is zoned Planned Development (PD), Ordinance No. O12-002, and as amended by Ordinance No. O20-08. Nando's is a fast-casual restaurant specializing in South African flavors. It was founded in Johannesburg in 1987 and is known for their flame-grilled PERi-PERi chicken and sauces. The restaurant's Afro-Portuguese heritage is showcased through their food offerings, vibrant colors, and décor.

Nando's has the largest collection of contemporary South African art in the world that is on display in their restaurants. There are currently 48 locations within the United States. The Addison restaurant would be their third Texas location and first in the Dallas/Fort Worth market. Nando's anticipates employing 35 individuals at this location. The restaurant would occupy a 4,145 square foot tenant space and patio (Suite 728) in Block 700 at VoP. The space was previously used as The Saffron House. The restaurant proposes to include interior and patio seating. Nando's would also offer alcohol sales for on premises consumption.

Block 700 within VoP was recently approved for landscaping and pedestrian improvements, including the replacement and expansion of the patio for Suite 728. The new patio has incorporated the existing trees into the design. These improvements were approved administratively and are currently under construction. Tree removal was not proposed with these improvements. The PD Ordinance allows restaurants and the sale of alcoholic beverages for on-premises consumption through the approval of an SUP. The proposed use complies with the ordinance.

With this request, Nando's proposes an interior finish-out of the suite and a facade remodel. The

restaurant would also utilize a new 1,359 square foot dining patio that is currently under construction by the property owners of VoP. The proposed restaurant will provide seating for 149 individuals (81 indoor seats and 68 patio seats). The interior floor plan is comprised of kitchen and service areas, a bar, and table, booth, and bar seating in the dining areas.

PD, Ordinance No. O20-08, established a parking ratio of 1 space for each 225 square feet for all uses (except theaters) within VoP. The parking requirements for a theater is 1 space for each 3 seats. The current conditions require 1,971 spaces on site. The center currently provides 2,291 parking spaces (1,669 surface spaces and 622 garage spaces). The restaurant is not proposing to modify parking.

The restaurant proposes an extensive remodel to the north, east, and south facades as reflected in the façade plan. The entry way and windows will be updated with crittall style glazing to provide a more modern design. Bifold doors are proposed at the southeast corner of the restaurant to blend the interior and outdoor dining areas. A pergola with shade sails and string lights are proposed over the outdoor patio. Fans and heat lamps are proposed to be utilized as needed. The outdoor patio area will be bordered by timber railing. Façade materials will include masonry, tile, and stucco. The color scheme will consist primarily of grey with hints of green, orange, yellow, and magenta.

Modifications to the existing landscape and open space are not proposed as a part of this SUP request. The proposed pergola, shade sails, and string lights will not utilize existing trees for support. Nando's is proposing to add small planters along the east building façade for aesthetic purposes as shown on the façade plan.

The Addison Planning and Zoning Commission, meeting in regular session on December 14, 2022, voted to recommend approval of an ordinance changing the zoning on property located at 5100 Belt Line Road, Suite 728, which property is currently zoned Planned Development (PD), Ordinance No. O12-002, as amended by Ordinance No. O20-08, by approving a Special Use Permit (SUP) to allow the building to be used as a restaurant with the sale of alcoholic beverages for on-premises consumption, subject to the following conditions:

- The applicant shall not use any terms or graphic depictions that relate to alcoholic beverages in any exterior signage.
- Upon issuance of a CO for this restaurant, SUP Ordinance No. 003-001 permitting a restaurant with the sale of alcohol for on-premises consumption shall be repealed.

Public Hearing: Owner representatives were on hand to answer questions. No citizens appeared to address this item.

MOTION: Council Member Gardner moved to approve Case 1866-SUP/5100 Belt Line Road, Suite #728 (Nando's) subject to conditions as presented. Council Member Braun seconded the motion. Motion carried unanimously.

Ordinance No. O23-01: Approval of Case 1866-SUP/5100 Belt Line Road, Ste #728 (Nando's)

11. **Hold a Public Hearing, Present, Discuss, and Consider Action on an Ordinance**

Approving a Special Use Permit (SUP) for Property Located at 5290 Belt Line Road, Suite #134 that is Currently Zoned Planned Development (PD), Ordinance No. O22-3, to Allow a Veterinarian Hospital. Case 1867-SUP/5290 Belt Line Road, Suite #134 (Modern Animal). *[Ken Schmidt, Director of Development Services]*

The subject property is located at 5290 Belt Line Road, Suite #134. The proposed veterinary care provider would occupy a suite within Prestonwood Place, generally situated at the southeast corner of Belt Line Road and Montfort Drive. The center is zoned Planned Development (PD), Ordinance No. O22-3. Modern Animal is a technology driven veterinary care provider that incorporated in 2018 in California. Due to the pandemic, the first clinic did not open until 2020, and the company has experienced rapid growth since.

Modern Animal currently has six clinics in California, two locations coming soon to Austin, TX, and two locations coming soon to Dallas/Fort Worth, including the Addison location. The proposed clinic would occupy an existing 4,000 square foot tenant space (Suite 134) in Prestonwood Place. The space is currently occupied by Planned Parenthood. At full capacity, there would be four doctors, eight veterinary technicians, and three support staff on site.

Modern Animal uses a membership model for basic services, such as free exams, telemedicine, and digital tools for pet owners. The clinic provides general practice veterinary care for canines and felines. Services offered on site include exams and diagnostics, vaccinations, surgery, and dental care. Modern Animal does not board pets overnight and does not offer grooming or cosmetic services. The PD Ordinance allows a veterinarian hospital through the approval of an SUP. The proposed use complies with the ordinance.

With this request, Modern Animal proposes an interior remodel of the suite to meet their needs. The interior floor plan is comprised of a reception area, offices, exam rooms, and treatment rooms. There are no site or façade modifications proposed.

PD, Ordinance No. O22-3, established a mixed-use parking ratio of 1 space for each 200 square feet for all uses within Prestonwood Place. The current conditions require 675 spaces on site. The center currently provides 768 parking spaces. The applicant is not proposing to modify parking.

The clinic is not proposing any façade modifications to the existing suite. New tenant signage will be reviewed via the sign permitting process.

There are no modifications to existing landscape and open space proposed as a part of this SUP request. Following a site inspection, Staff identified that the shopping center, Prestonwood Place, is not in compliance with the landscape plan approved via PD, Ordinance No. O22-3. Town staff has issued a notice of violation to the property owner. Staff will continue to monitor the violation until it is resolved.

The Addison Planning and Zoning Commission, meeting in regular session on December 14, 2022, voted to recommend approval of an ordinance changing the zoning on property located at 5290 Belt Line Road, Suite #134, which property is currently zoned Planned Development (PD), Ordinance No. O22-3, by approving a Special Use Permit (SUP) to allow the suite to be used as a

veterinarian hospital, subject to the following conditions:

- There shall be no overnight boarding of animals at the subject property.
- The existing landscape island, west of the primary entrance, shall be converted to turf and a pet waste station shall be provided.
- Additional areas for pets to relieve themselves, away from adjacent businesses, shall be considered.

Public Hearing: Owner representatives and contractors were on hand via ZOOM to answer questions. No citizens addressed the City Council.

MOTION: Deputy Mayor Pro-Tempore Ward moved to approve Case 1867-SUP/5290 Belt Line Road, Suite #134 (Modern Animal) as presented. Council Member Braun seconded the motion. Motion carried unanimously.

Ordinance No. O23-02: Adoption of Case 1867-SUP/5290 Belt Line Road, Ste. 134 (Modern Animal)

12. **Hold a Public Hearing, Present, Discuss, and Consider Action on an Ordinance Amending the Development Plans for Planned Development (PD) District Ordinance Nos. O12-002 and O20-08 for a 31.608 Acre Property Located at 5100 Belt Line Road, to Allow for Modifications to a Proposed Retail and Office Building and Associated Site Improvements. Case 1869-Z/5100 Belt Line Road (VoP Office/Retail Building).**
[Ken Schmidt, Director of Development Services]

The subject property is Village on the Parkway (VoP), which is located at 5100 Belt Line Road, and is generally situated at the southeast corner of Belt Line Road and the Dallas North Tollway. The center is currently zoned Planned Development (PD), Ordinance Nos. O12-002 and O20-08. In January 2012, a new PD, Ordinance No. O12-002, was approved for the subject property establishing permitted uses, special conditions, and development plans for the center.

In March 2020, City Council approved PD Ordinance No. O20-08, to amend the PD, adopting a new parking ratio and valet parking regulations, and development plans including a two-story office and retail building within Block 900. The amendment also established minor modifications to existing landscaping and parking throughout the center. Since March 2020, several of the proposed site modifications have been completed. The changes included additional surface parking and modified landscape islands along the central east-west corridor of the center to improve parking and circulation. The proposed office and retail structure was never constructed, and Block 900 remains vacant with existing surface parking at the perimeter.

Currently, the property owner is requesting to amend the existing zoning to adopt updated development plans. The plans include an updated design of the proposed office and retail structure at Block 900 and minor landscaping improvements throughout the center. The proposed development plans also reflect recently approved landscaping and pedestrian improvements for Block 700. These improvements were approved administratively and are currently under construction. If approved, this request would amend the development plans for the office and retail building at Block 900 and does not include amendments to the existing permitted uses or special

conditions.

With this request, VoP is proposing to amend the development plans previously approved for an office and retail development at Block 900. The proposal includes increasing the building height from two stories (42 feet) to three stories (56 feet), updating the façade design, and relocating the building footprint approximately 60 feet toward the southwest. The office and retail building are proposed to be three stories with a gross interior floor area of 45,658 square foot and 2,835 square feet of ground floor patio area. The 15,286 square foot ground floor will be used for retail and restaurant use. The second and third floors are intended for 30,372 square feet of office space.

PD, Ordinance No. O20-08, established a mixed-use parking ratio of 1 space for each 225 square feet for all uses (except theaters) within VoP. The parking requirements for a theater is 1 space for each 3 seats. The center currently provides 2,291 parking spaces (1,669 surface spaces and 622 garage spaces). The existing site plan, approved via PD Ordinance No. O20-08, requires 2,052 parking spaces and proposes to provide 2,262 spaces following completion of the 32,831 square foot retail/office building at Block 900. This request proposes to increase the size of the retail/office building and patio to 48,493 square feet, therefore, increasing the required number of parking spaces to 2,127. The proposed site plan identifies 2,260 spaces to be provided. This reflects a loss of 31 spaces from existing conditions (2,291 spaces), however, this is only a loss of 2 spaces from the previously approved office/retail development (property management added 29 spaces, distributed throughout the site, since the 2020 zoning approval). The proposed site plan will still exceed the minimum parking required by 133 spaces.

	Parking Required	Parking Provided
Existing Conditions	1,971	2,291
PD, Ordinance No. O20-08	2,052	2,262
Proposed PD Amendment	2,127	2,260

While the additional floor area will add more demand for parking, this impact is mitigated by the designation of the floor area for office use. With much of the parking demand for VoP being restaurant oriented, with weekend and weekday evenings reflecting peak hour, peak parking demand for the office space – weekday morning and afternoon – will occur at a time where restaurant parking demand is lower. Additionally, with increased employment of flexible scheduling and remote work policies, actual parking demand for office use has declined.

The request includes an updated façade plan that proposes to increase the building height from two stories (42 feet) to three stories (56 feet). The façade design has also changed, with the previous plans utilizing more masonry materials. This façade plan proposes approximately 60% glazing on each façade, with the second and third floors being comprised almost exclusively of glass. Other façade materials used include masonry and stucco with metal accents. All roof mounted mechanical equipment is proposed to be screened with a metal corrugated roof screen.

A 2,000 square foot canopy is proposed over a concrete patio at the southeast corner of the building. Canopies will also be provided over ground floor entrances that project approximately 2 feet from the building façade. A larger canopy is proposed at the primary entrance on the east 3 façade, projecting approximately 12 feet from the façade. The canopies are proposed to be

constructed of aluminum.

The proposed landscape plan remains similar to PD, Ordinance No. O20-08, but provides modifications to accommodate the relocated building footprint. The center currently has 7.85% open space, out of the required 20%. The proposed landscape plan would provide a 2.36% increase, for a total landscape coverage of 10.21%. While this is a slight decrease from the existing PD, the proposed changes provide a more continuous, pedestrian friendly and engaging landscaped area adjacent to the ground floor retail space. Small segments of mixed planting and lawn areas are also proposed around existing buildings throughout the center.

The open space within Block 900 will be programmed with a covered restaurant patio, public eating area, game area, sidewalks, and planting areas. Hardscape surface materials include concrete for the restaurant patio and sidewalks and decomposed granite for the public eating and game areas.

To accommodate the new structure, a total of 329 caliper inches of existing trees are proposed to be removed. This is 17 caliper inches less than the existing plan, which proposed to remove 346 caliper inches, as two additional trees will be able to be preserved on site. The applicant proposes to install twenty-three 8 caliper inch shade trees and twenty-six 2.5 caliper inch ornamental trees for a total of 249 caliper inches to be mitigated on site. The remaining 80 caliper inches are proposed to be mitigated by payment into the tree mitigation fund at a rate of \$192 per caliper inch, for a total amount of \$15,360. Full mitigation was not feasible on site due to existing constraints, including overhead power lines, utilities, and site improvements.

As provided in PD, Ordinance No. O20-08, in lieu of being able to fully comply with the landscape regulations and the Master Transportation Plan requirements, VoP will provide a bus stop with shelter at the Montfort Drive frontage, along with sidewalks and seating. The proposed landscape plan has been reviewed by Town staff to ensure that standards are met, where possible. Given the existing conditions and limitations on site, Staff believes the landscape plan achieves an appropriate balance between parking and landscape for infill development and produces a highly engaging open space.

The Planning and Zoning Commission, meeting in regular session on December 14, 2022, voted unanimously to recommend approval of changing the zoning on property located at 5100 Belt Line Road, which property is currently zoned Planned Development (PD), Ordinance No. O12-002, as amended by Ordinance No. O20-08, to amend the Development Plans to allow modifications to a proposed retail and office building and associated site improvements, subject to the following condition:

- A detailed landscape plan shall be submitted for review with civil plans.

Public Hearing: Owner representatives were present in-person to address Council questions. No members of the audience addressed the City Council.

MOTION: Council Member Gardner moved to approve Case 1869-Z/5100 Belt Line Road (VoP Office/Retail Building) with conditions. Mayor Pro-Tempore Wheeler seconded the motion. Motion carried unanimously.

Ordinance No. 023-03: Adoption of Case 1869-Z/5100 Belt Line Road (VoP Office/Retail Building).

13. **Present, Discuss, and Consider Action on an Ordinance Granting a Meritorious Exception to Chapter 62 of the Code of Ordinances for Loro Asian Smokehouse, Located at 14999 Montfort Drive, in Order to Allow an 80 Square-Foot Mural on a Portion of the East Facades. (Case MR2022-10/14999 Montfort Drive - Loro Asian Smokehouse)** [Lesley Nype, Planning & Development Manager]

Loro Asian Smokehouse, 14999 Montfort Drive, submitted a request for a Meritorious Exception for a mural on a portion of the east façade of a new restaurant. Murals are defined as attached signs by the Town’s sign ordinance as “any sign attached to, applied on or supported by any part of a building (such as a wall, roof, window, canopy, awning, arcade or marquee) which encloses or covers usable space.” The proposed mural exceeds the maximum height requirements for attached signs.

Council may consider appeals on the basis that such regulations and/or standards will, by reason of exceptional circumstances or surroundings, constitute a practical difficulty or unnecessary hardship or on the basis that the proposed improvement although falling under the definition of a "sign," constitutes art that makes a positive contribution to the visual environment.

Staff believes the proposed mural meets these criteria as it that makes a positive contribution to the visual environment: (1) The mural is intended to improve the appearance of an otherwise blank façade; (2) The tiger is representative of the Asian inspired cuisine; (3) The smoke surrounding the tiger represents the smoked food offerings; and (4) Color palette is consistent with Loro Asian Smokehouse branding.

Staff recommends approval of the request, subject to one condition: The beverage depicted in the proposed mural should be removed. The depicted beverage is commercial in nature and may be interpreted as a graphic depiction relating to the sale of alcoholic beverages which is not permitted by the applicable SUP.

MOTION: Council Member Braun moved to approve Case MR2022-10/14999 Montfort Drive - Loro Asian Smokehouse) with 1 staff recommended condition. Mayor Pro-Tempore Wheeler seconded the motion. Motion carried unanimously.

Ordinance No. 023-04: Grant Meritorious Exception with conditions Case MR2022-10/14999 Montfort Drive - Loro Asian Smokehouse)

14. **Hold a Public Hearing, Present, Discuss, and Consider Action on a Resolution Approving the Financing and Refinancing of the Addison Hangars, LLC Project Including the Redevelopment of Certain Real Property for Commercial Aeronautical Purposes Solely for Purpose of Section 147(f) of the Internal Revenue code of 1986, as Amended and Section 66.0304(11)(A) of the Wisconsin Statutes, as Amended.** [Bill

Dyer, Assistant Airport Director]

15. **Present, Discuss, and Consider Action on a Resolution Approving the First Amendment to that Certain Ground Lease Between the Town of Addison and Sky Harbour Group (d/b/a Addison Hangars, LLC) Providing for an Expansion of the Current Leased Premises to Include an Additional 6.06 +/- Acres of Land and Improvements to be Redeveloped and Used for Commercial Aeronautical Purposes; Authorizing Funding in an Amount Not to Exceed \$500,000 for the Remediation of Hazardous Materials that May Exist Upon the Additional 6 +/- Acres of Land at the Town's Discretion; and, Authorizing the City Manager to Execute the First Amendment and Such Other Agreements as May Be Necessary to Effectuate the Same.** *[Bill Dyer, Assistant Airport Director]*

[Editor's Note: Items #14 and #15 was presented jointly.]

The Town of Addison ("Town") and Addison Hangars, LLC ("Addison Hangars"), a wholly owned subsidiary of the Sky Harbour Group (NYSE-SKYH), entered into a ground lease effective June 20, 2022, which, among other things, called for the redevelopment of a certain 6.5-acre site located at 4505 Claire Chennault Drive at Addison Airport. Pursuant to the ground lease, Addison Hangars is to design, construct, and operate an exclusive corporate/executive jet hangar campus on the 6-acre site subject to a 40-year lease term to consist of five 14,200 square-foot private hangars and one 30,000 square-foot, semi-private jet hangar. Each hangar will have 28-foot-high hangar doors designed to accommodate Aircraft Design Group III aircraft, which includes the larger business jet aircraft capable of operating at Addison Airport. Upon completion, Addison Hangars intends to sublease and operate the facility dedicated to serving high-end business aviation users including corporate and private flight departments that operate large, late-model business aircraft. Addison Hangars is expected to commence construction in the first quarter of 2023, with construction to be completed within 24 months. Estimated construction value of the building improvements is expected to exceed \$25 million.

Addison Hangars is now requesting the Town to consider and consent to a proposed First Amendment to Ground Lease ("First Amendment") which, among other things, will add 6.06-acres of airport land to be subject to the ground lease. The additional airport land ("Phase II") is located on Claire Chennault Drive, across from Addison Hangars' original "Phase I" development.



The Phase II site is a rectangular parcel bounded by Claire Chennault Drive to the north and is a rectangular parcel bounded by Claire Chennault Drive to the north and Taxiway Uniform to the south.

Pursuant to the terms and conditions of the proposed First Amendment, Addison Hangars proposes to construct four 14,000 square-foot private executive hangars and one 28,800 square-foot, semi-private executive jet hangar for a total of 91,500 additional square feet of executive jet hangar

space. Each hangar will be designed to accommodate Aircraft Design Group III aircraft, which are the larger business-class aircraft that frequent Addison Airport. The project will include over 87,000 square feet of heavy aircraft concrete apron with a design capacity rated for 100,000-pound, dual-wheel tandem landing gear; nearly 100 off-street vehicle parking spaces; and airport-friendly landscaping. The estimated construction cost of the Phase II project is \$27 million.

The proposed Phase II development site is where the Cavanaugh Flight Museum and Monarch Air have been located for many years. Cavanaugh Flight Museum subleases its hangar facilities from Jani-King International, Inc., which leases are due to expire May 31, 2024. Monarch Air's ground lease is due to expire the end of February 2023. Existing building improvements are regarded to be in fair condition and would require substantial capital investment to bring them to current market standards. Pursuant to the terms of the proposed First Amendment to Ground Lease, Addison Hangars would take possession of each of the parcels as the existing leases expire.

Under the proposed Amendment, Addison Hangars is responsible for the demolition of the existing building improvements at its sole cost, expense, and risk. Prior to demolition, the Town is responsible for the remediation of any hazardous materials as such is defined in the ground lease, up to \$500,000. The First Amendment to Ground Lease reflects that the Town will delegate the sole and absolute discretion for performing the remediation at the Town's expense to the city manager; any required expenditures in excess of \$500,000 will require the city council's consent.

As an inducement for the Town to enter into this First Amendment to Ground Lease, Addison Hangars agrees to deliver a \$250,000 non-refundable security deposit to the Town. Upon substantial completion of the Phase II Building Improvements, the security deposit is to be credited as pre-paid rent. Should Addison Hangars default on the ground lease as amended, it will forfeit the security deposit. Additionally, if the Town consents to the First Amendment to Ground Lease prior to February 1, 2023, Addison Hangars will contribute \$250,000 to the Town toward the cost of repairs and improvements to be made to the airport's service vehicle road, a common-area element of the airport. Should the Town not give its consent to the First Amendment to Ground Lease prior to February 1, 2023, Addison Hangars will, instead, increase its non-refundable security deposit to \$500,000, also to be credited as pre-paid rent upon substantial completion of the building improvements. The security deposit is separate and apart from any payment and performance bonds required during construction required under the ground lease.

Pursuant to the proposed lease terms, the proposed Phase II development represents approximately \$205,000 in annual real estate revenue and \$66,500 in annual fuel flowage fees for the airport: collectively, an estimated \$14.8 million in airport revenue (un-discounted) over the 40-year lease term. When discounted at airport revenue (un-discounted) over the 40-year lease term. When discounted at 6% per annum, the projected cashflow yields a net present value of \$5 million in today's dollars. It is estimated that the Town's business property and ad valorem tax base will benefit by as much as \$612,000 per annum once the tenant's business operations stabilize.

Sky Harbour Group, Addison Hangars, LLC's parent company, intends to finance the design, construction, and operation of this new executive hangar campus with loan proceeds originating from the sale of Series 2021 tax-exempt, public activity bonds through municipal conduit issuer

Public Finance Authority. These public activity bonds do not require the full faith and credit of the Town and, do not constitute Town-issued debt or a monetary liability obligation of the Town. The bonds are secured by Sky Harbour's qualifying projects, including the Addison project's leasehold interest, and building improvements, and are repaid from the operating revenues generated by the properties.

The proposed First Amendment to Ground Lease further supports the Town's objectives for the Airport by enhancing the overall value of Addison Airport with new development, increased revenue, and an enhanced tax base. The proposal achieves the Town Council's Strategic Pillars and Milestone associated with the Airport. Finally, the proposed use is consistent with the 2013 Airport Strategic Plan and the 2016 Airport Master Plan Update. The city attorney has reviewed the First Amendment to Ground Lease and finds it acceptable to form for the Town's purposes.

Public Hearing for Financing and Refinancing of the Addison Hangars, LLC Project Including the Redevelopment of Certain Real Property for Commercial Aeronautical Purposes Solely for Purpose of Section 147(f) of the Internal Revenue code of 1986, as Amended and Section 66.0304(11)(A) of the Wisconsin Statutes, as Amended: There were no requests from the public to address the City Council.

Public Comments - opposing:

- Robert Smith, 5281 Shoshone Drive, Frisco, read a letter from the Monarch Air Owner, Trey Sawtelle.
- Robert Jacoby, 4015 Rive Lane.

MOTION: Council Member Quintanilla moved to approve Item #14 a Resolution Approving the Financing and Refinancing of the Addison Hangars, LLC Project Including the Redevelopment of Certain Real Property for Commercial Aeronautical Purposes Solely for Purpose of Section 147(f) of the Internal Revenue code of 1986, as Amended and Section 66.0304(11)(A) of the Wisconsin Statutes, as amended. Council Member Braun seconded the motion. Motion carried 6 -1 with Council Member Gardner voting against.

MOTION: Mayor Pro-Tempore Wheeler moved to approve Item #15 as presented. Council Member Braun seconded the motion. Motion carried 6-1 with Council Member Gardner voting against.

16. **Present, Discuss, and Consider Action on an Ordinance Calling and Ordering the May 6, 2023 General Election.** *[Irma Parker, City Secretary]*

A general election is conducted each May to elect representatives to the Addison City Council. An Ordinance calling the election in English, Spanish, and Vietnamese were presented to establish the procedures for the May 6, 2023 General Election in accordance with state law and the Town's Home Rule Charter. The 2023 election is called to elect a mayor and three (3) City Council Members.

The first day to file for a place on the May ballot is Wednesday, January 18, 2023. The last day to file is Friday, February 17, 2023.

The Town will enter into a Joint Election Contract with the Dallas County Election Department for the General Election. All procedures remain the same as in previous years except for omitting the Council approved polling locations in the attached ordinance due to concerns expressed by Council over traffic issues at the May 2022 General Election. If Council desires, Staff will bring back a discussion regarding polling stations at a future work session. Should the election be uncontested and unnecessary, the Town will have the opportunity to cancel the election in accordance with the Election Code.

Council Directive: Staff will present suggestions for 2023 polling locations at the January 24th meeting for Council consideration.

MOTION: Mayor Pro-Tempore Wheeler moved to approve Ordinance as presented. Council Member Braun seconded the motion. Motion carried unanimously.

Ordinance No. O23-05: English Language – Calling May 6, 2023 Election

Ordinance No. O23-06: Spanish Language – Calling May 6, 2023 Election

Ordinance No. O23-07: Vietnamese Language – Calling May 6, 2023 Election

Adjourn Meeting

There being no further business to come before the City Council, Mayor Chow adjourned the meeting.

TOWN OF ADDISON, TEXAS

Joe Chow, Mayor

ATTEST:

Irma G. Parker, City Secretary