

MALL AREA REDEVELOPMENT TIF DISTRICT (REINVESTMENT ZONE NUMBER TWENTY)

ANNUAL REPORT
FY 2018-2019



City of Dallas

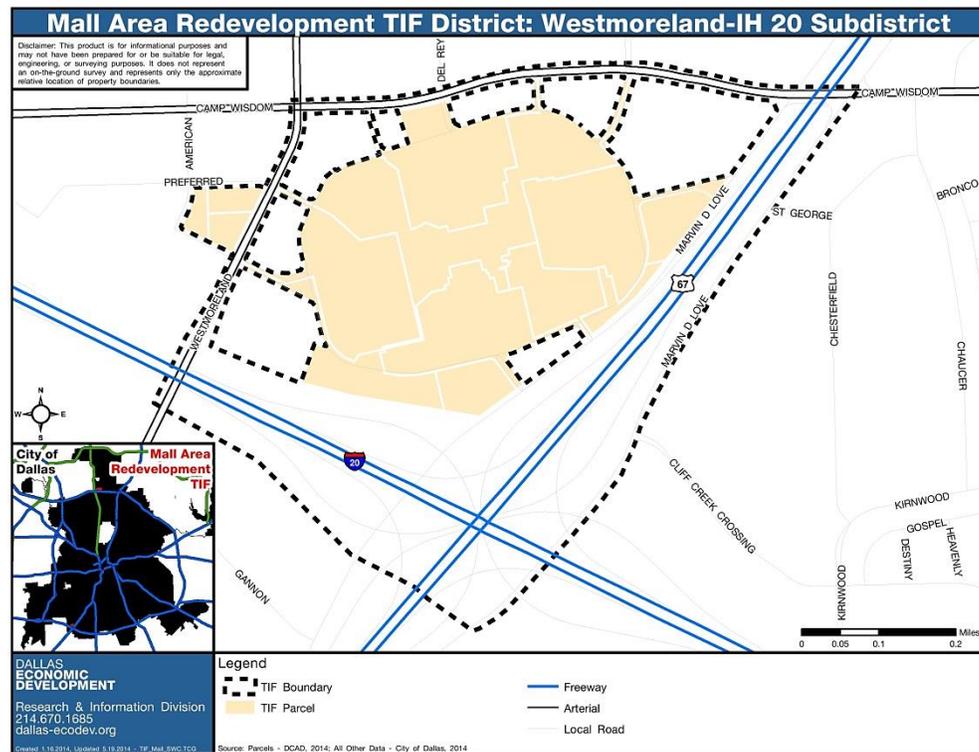
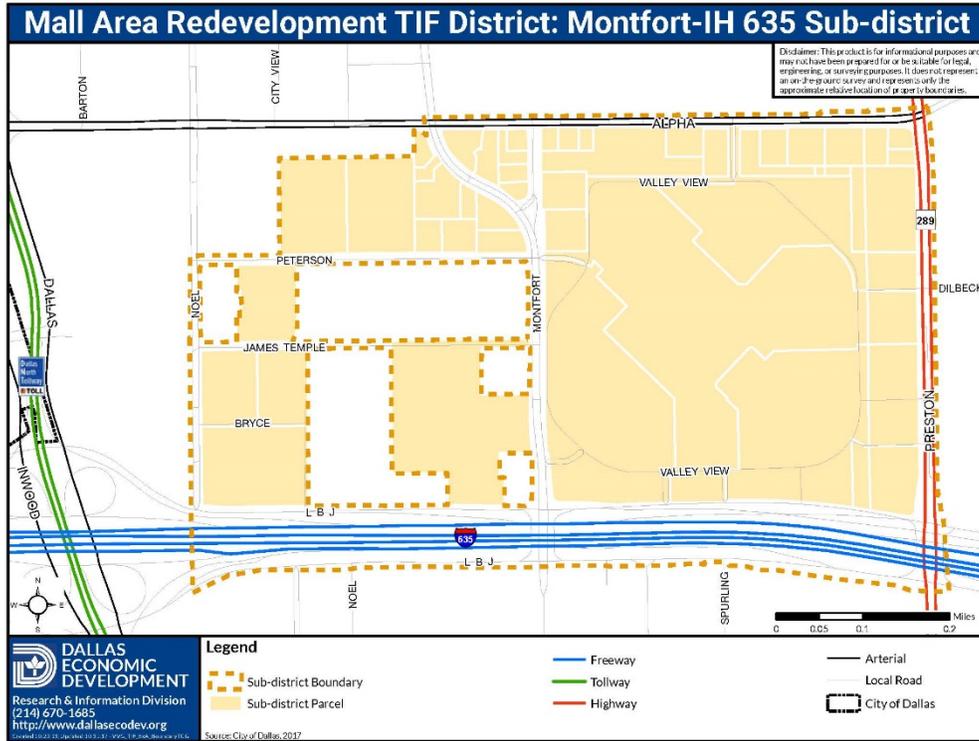
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October 1, 2018 to September 30, 2019

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District Map



Mission Statement

The Mall Area Redevelopment Tax Increment Financing District (TIF District) represents the City of Dallas' effort to encourage the sustainable redevelopment of properties including and around two obsolete shopping malls while taking advantage of each area's strategic regional location at the crossroads of key transportation corridors.

As allowed by Chapter 311 of the Texas Tax Code, the TIF District comprises two non-contiguous sub-districts—the Montfort-IH 635 Sub-District for the Valley View Center Mall area in northern Dallas and the Westmoreland-IH 20 Sub-District for the Southwest Center Mall area in southern Dallas.

The Montfort-IH 635 Sub-District is generally bounded by Alpha Road, Preston Road, Noel Road, and Interstate Highway 635 (LBJ Freeway). The Montfort-IH 635 Sub-District encompasses approximately 173.9 acres, not including rights-of-way. The Montfort-IH 635 Sub-District is recommended by and consistent with the City's adopted Valley View-Galleria Area Plan (2013) and serves as a long-term funding tool to help implement the shared vision for the area by further leveraging other implementation tools (PD 887 form-based zoning and Thoroughfare Plan amendments) enacted by the City Council.

The Westmoreland-IH 20 Sub-District is generally bounded by Westmoreland Road, Camp Wisdom Road, Highway 67 (Marvin D. Love Freeway), and Interstate Highway 20 (LBJ Freeway). The Westmoreland-IH 20 Sub-District encompasses approximately 96.6 acres, not including rights-of-way. The Westmoreland-IH 20 Sub-District is recommended by and consistent with the City-sponsored Advisory Services Panel report entitled "Southwest Center Mall" published by the Urban Land Institute (2009) and serves as a long-term funding tool to help implement many of the report's recommendations over time.

The mission of the TIF District is to provide a source of funding for a program of public infrastructure improvements, economic development grants, and land acquisition/assembly for public open space, which is intended to stimulate private investment in each mall area to occur earlier and to a much greater extent than would occur solely through private investment in the reasonably foreseeable future.

Originally, the Valley View Center Mall and the Southwest Center Mall were created by complex configurations of super-blocks, private land ownership, and reciprocal easement agreements that bound multiple owners together. Over the last decade as market conditions have shifted significantly, these same configurations have heavily burdened each mall area, making redevelopment and revitalization extremely difficult without public participation.

With the assistance of this TIF District, each mall area is to be reconfigured into a traditional pattern of public streets, public open space, public infrastructure, and smaller parcels of private land ownership, thereby setting the stage for incremental redevelopment that is flexible to meet market demands and community needs.

TIF District Accomplishments in FY 2018-2019

- In July 2018, Mill Creek Residential Trust LLC began construction on a new 344-unit apartment community on 3.2 acres located at 13001 Cornell Drive in the Montfort-IH 635 Sub-District. Known as Modera Dallas Midtown, the project will be 5 stories (approximately 417,928 square feet) wrapping a structured parking garage. The total estimated value when complete is approximately \$32 million. Construction continued throughout FY 2018-2019 and is anticipated to be completed in early-mid FY 2019-2020.
- Following on the footsteps of City Council's approval in February 2018 of an amendment to the City of Dallas Thoroughfare Plan to change the dimensional classification of Montfort Drive from Alpha Road to Interstate Highway (IH)-635 from a special six-lane divided (SPCL 60) roadway within 117 feet of right-of-way with 92 feet of pavement with bike lanes to a special four-lane divided (SPCL 40) roadway within 80 feet of right-of-way with bicycle facilities, City Council approved Resolution No. 19-0170 in January 2019 to authorize a professional services contract (not to exceed \$468,246) with Lockwood Andrews & Newnam, Inc. (LAN) for the engineering design of a complete street project on Montfort Drive from Interstate Highway 635 frontage road to Alpha Road. The contract was executed in February 2019, and LAN was issued a notice to proceed.
- In March 2019, pursuant to Cause No. DC-18-13452 in the 298th District Court, the City (Plaintiff) executed a Settlement Agreement with TX Dallas Midtown, L.P. (Defendant and owner of the in-line portion of Valley View Mall, the former Dillard's anchor building, the former JC Penney's anchor building, and the appurtenant parking structure) in order to settle all existing claims connected to Defendant's alleged violations of the Dallas City Code. With the settlement, the Defendant agreed to a \$1 million penalty, but the penalty was eligible for reduction pending the Defendant's successful performance of eleven requirements, specifically including the completion of environmental remediation and demolition by December 31, 2019 of the in-line portion of Valley View Mall, the former Dillard's anchor building, the former JC Penney's anchor building, and the appurtenant parking structure (note: required demolition did not include the existing AMC movie theater). As of the end of September 2019, the Defendant had performed the first ten requirements and was on track to complete the eleventh requirement by the December 31, 2019 deadline.
- In May 2019, Seritage Growth Properties, owner of approximately 23 acres of the Valley View Mall site, held a ground-breaking event to promote the commencement of demolition of the former Sears anchor building as well as site preparation activities to make way for Park Heritage, a new mixed-use project with phased development plans for almost 2 million square feet of offices, apartments, and retail/restaurant space to be built in partnership with KDC and Toll Brothers.

- During FY 2018-2019, significant progress was made on the Reimagine RedBird redevelopment project at Red Bird Mall. On November 29, 2018, a grand opening event was held for the new freestanding Starbucks (2,550 square feet). On March 26, 2019, a ground-breaking event was held to officially celebrate the commencement of horizontal site preparation activities for the overall redevelopment project. The developer completed grading as well as utility infrastructure improvements necessary to begin vertical construction of a new freestanding Foot Locker (20,493 square feet) and an adjacent 1.1-acre open space known as The Lawn. During the summer, the developer also completed interior renovations to convert 52,856 square feet of existing in-line retail space on the second floor for a new office tenant, Chime Solutions, Inc. (Chime). Chime took occupancy of the space at the end of September 2019. Additionally, the developer successfully completed all site preparation activities necessary to convey a 6.4-acre site for the development of a new 300-unit apartment project by Palladium RedBird, Ltd.



Foot Locker retail building under construction
Photo courtesy of Office of Economic Development



RedBird office tenant Chime Solutions, Inc. moved into newly renovated space at the end of FY 18-19
Photo courtesy of Office of Economic Development

- At the end of FY 2018-2019, Palladium RedBird, Ltd. began construction on a new 300-unit apartment project on 6.4 acres located at 7202 S. Westmoreland Road within the Reimagine RedBird redevelopment area. Known as Palladium at RedBird, the project will have two 4-story buildings (approximately 436,842 square feet) with elevators and a structured parking garage. Planned amenities include a clubhouse with a fitness center, business center and club room, a resort style swimming pool, a playground, pedestrian access to the Redbird Mall area, and a dog park.
- In late FY 2018-2019, the North Central Texas Council of Governments (NCTCOG) and their consultant team of Jacobs Engineering Group, Inc. and Walker Consultants completed the Dallas Midtown Autonomous Transportation System (ATS) and Shared Parking Feasibility Study. The study assessed the utility and technical feasibility of an autonomous transportation system to achieve larger district-wide mobility and sustainability goals, feasible recommendations for development, support, and management of the system, and project capital and operating costs. On September 26, 2019, the Study Review Committee held a final update meeting to review the report and discuss recommended next steps.

Projects Within the Mall Area Redevelopment TIF District Utilizing TIF Funding ¹							
Project	Location	Sub-District	Completion Date (Calendar Year)	Status	Development Amount/Type ²	Approx Value ³	TIF Investment ⁴
Reimagine RedBird ⁶	3662 W. Camp Wisdom	Westmoreland-IH 20	2024	Under Construction	demolition of 100,000 square feet retail renovation of 600,000 square feet retail new construction of 100,000 square feet retail	\$115,000,000	\$15,600,000
TOTAL						\$115,000,000	\$15,600,000
Projects Within the Mall Area Redevelopment TIF District Not Utilizing TIF Funding ⁵							
Project	Location	Sub-District	Completion Date (Calendar Year)	Status	Development Amount/Type ²	Approx Value ³	TIF Investment ⁴
Modera Near the Galleria	13290 Noel Road	Montfort-IH 635	2017	Complete	new construction of multi-family residential (321 units)	\$55,500,000	\$0
Marriott Hotel (dual branded)	2 Bryce Lane	Montfort-IH 635	2018	Complete	new construction of hotel (256 rooms)	\$24,300,000	\$0
Modera Dallas Midtown	13001 Cornell Drive	Montfort-IH 635	2020	Under Construction	new construction of multi-family residential (344 units)	\$32,000,000	\$0
Palladium at RedBird ⁷	7202 Westmoreland	Westmoreland-IH 20	2021	Under Construction	new construction of multi-family residential (300 units)	\$30,000,000	\$0
TOTAL					new construction of multi-family residential (965 units) new construction of hotel (256 rooms)	\$141,800,000	\$0
Grand Total - All Projects Utilizing and Not Utilizing TIF Funding						Approx Value ³	TIF Investment ⁴
GRAND TOTAL					new construction of multi-family residential (965 units) new construction of hotel (256 rooms) demolition of 100,000 square feet retail renovation of 600,000 square feet retail new construction of 100,000 square feet retail	\$256,800,000	\$15,600,000

¹ All information updated as of September 30, 2019.

² Based upon: either the TIF application or the required minimum stated in the Development Agreement. May be updated for completed projects based on actual unit mix and square footage.

³ Based upon: (1) market value of comparable projects for anticipated projects, (2) required minimum private investment stated in the Development Agreement for projects that have been approved for TIF funding or are under construction, or (3) DCAD market value for completed projects (unless project has not yet been assessed).

⁴ TIF funding amount not to be exceeded per an approved City Council Resolution.

⁵ Selected significant projects included.

⁶ Project also includes other City subsidies; contact the Office of Economic Development for more information.

⁷ Project also includes other City subsidies; contact the Office of Economic Development for more information.

Mixed-Income Housing Summary

Successful development efforts support a variety of housing options. Accordingly, twenty percent (20%) of all housing units in projects using direct site-specific TIF funding assistance are subject to the City’s and County’s established criteria for mixed-income housing.

In the Montfort-IH 635 Sub-District, construction was completed in April 2017 on the 321-unit Modera Near the Galleria apartment project located at 13290 Noel Road. The Modera Near the Galleria multi-family project did not utilize direct site-specific TIF funding and, as such, does not set aside any affordable units. Additionally, in the Montfort-IH 635 Sub-District, construction continued during FY 2018-2019 on the 344-unit Modera Dallas Midtown multi-family project located at 13001 Cornell Drive. The Modera Dallas Midtown multi-family project did not utilize direct site-specific TIF funding and, as such, will not set aside any affordable units when the project is complete.

In the Westmoreland-IH 20 Sub-District, at the end of FY 2018-2019, construction began on the 300-unit Palladium at RedBird mixed-income apartment project located at 7202 S. Westmoreland Road within the Reimagine RedBird redevelopment area. As a requirement of the funding sources (i.e. housing tax credits; tax exempt bonds; CDBG/HOME funds; City general obligation bond funds) being utilized to develop the project, 70% of the 300 units (i.e. 210 units) will be reserved and leased solely to households earning at or below 60% of Area Median Income as defined by the U.S. Department of Housing and Urban Development. The 210 affordable units must remain affordable for a minimum of 20 years. The remaining 30% of the units in the project (i.e. 90 units) will be leased at market rate.

Value and Increment Revenue Summary

The base value of the zone is the total appraised value of all taxable real property in the TIF District as determined by the Dallas Central Appraisal District in the 2014 certified roll. The TIF District's base value was \$168,357,630 (\$148,591,740 in the Montfort-IH 635 Sub-District and \$19,765,890 in the Westmoreland-IH 20 Sub-District).

In the 2019 certified roll, the total appraised value of all taxable real property in the TIF District as determined by the Dallas Central Appraisal District was \$242,369,940, representing an increase of \$74,012,310 (44%) over the base year.

In the Montfort-IH 635 Sub-District, the total appraised value of all taxable real property in 2019 was \$221,372,370, representing an increase of \$72,780,630 (49%) over the base year. This 49% increase over the base year is attributed to new taxable value created by the Modera Near the Galleria multi-family project, the Marriott hotel project, and the Modera Dallas Midtown multi-family project (10% complete as of January 1, 2019).

In the Westmoreland-IH 20 Sub-District, the total appraised value of all taxable real property in 2019 was \$20,997,570, representing an increase of \$1,231,680 (6%) over the base year.

With the City's participation in the TIF District this year at 90%, the captured incremental tax revenue anticipated to be collected and deposited into the TIF fund in 2020 for tax year 2019 is approximately \$517,368.

Objectives, Programs, and Success Indicators

The Project Plan and Reinvestment Zone Financing Plan for the Mall Area Redevelopment TIF District was approved in June 2015. The following goals are included in the Project Plan and Reinvestment Zone Financing Plan:

- Goal 1: To create additional taxable value attributed to new private investment in projects in the Montfort-IH 635 Sub-District totaling approximately \$3.92 billion in total dollars over the 30-year life of the Sub-District.

Taxable value in the Montfort-IH 635 Sub-District has increased \$74,012,310 over the base value (representing 2% of goal).

- Goal 2: To create additional taxable value attributed to new private investment in projects in the Westmoreland-IH 20 Sub-District totaling approximately \$295.2 million in total dollars over the 30-year life of the Sub-District.

Taxable value in the Westmoreland-IH 20 Sub-District has increased \$1,231,680 over the base value (representing 0.4 % of goal).

- Goal 3: To attract new higher density private development in the Montfort-IH 635 Sub-District totaling approximately 707,870 square feet of new retail space; 72,991 square feet of renovated movie theater; 3,987,022 square feet of new office space; 957 new hotel rooms; and 7,674 new residential units (including apartments and condominiums).

In the Montfort-IH 635 Sub-District, 321 multi-family residential units have been completed, and 344 multi-family residential units are under construction (9% of goal). Additionally, 256 hotel rooms have been completed (27% of goal).

- Goal 4: To attract new higher density private development in the Westmoreland-IH 20 Sub-District totaling approximately 140,000 square feet of new retail space; 45,000 square feet of movie theater; 70,000 square feet of new office space; 80 new hotel rooms; and 1,620 new residential units (including apartments and townhomes).

In the Westmoreland-IH 20 Sub-District, 2,550 square feet of new retail space (Starbucks) are complete, and 20,493 square feet of new retail (Foot Locker) are under construction (16.5% of goal). Additionally, new multi-family residential units are under construction with the Palladium at RedBird project. When complete, this project will add 300 multi-family residential units (18.5% of goal).

- Goal 5: To encourage the sustainable redevelopment of properties including and around two severely declining shopping malls in a manner in which negative fiscal

impacts for the remainder of the City are limited and a walkable development pattern is achieved that is a net benefit to the City from a fiscal, land use, and quality of life standpoint.

- Goal 6: To increase public open space in the District.

During FY 2018-2019, staff supported ongoing efforts to acquire/assemble property for the Dallas Midtown Commons Park, including detailed discussions with the owner of 4 acres on the east side of Montfort Drive currently addressed as 13138 Montfort Drive; detailed discussions with the owner of 5580 Peterson Lane (known as the Prism at Midtown office building); coordination with the Dallas Midtown Park Foundation to promote the park visioning plan created by MIG; and coordination with Dallas Parks and Recreation Department staff, the North Dallas Chamber of Commerce, and the District 11 Park Board Member to strategize regarding how to secure matching private funds to unlock the \$6 million for Dallas Midtown Commons Park authorized by the voters in the 2017 Bond Program.

- Goal 7: To generate approximately \$431.4 million (net present value of approximately \$182.5 million in 2014 dollars) in TIF fund revenues over the 30-year life of the District.

Total collection of TIF fund revenues (including estimated collection for this year) = \$934,637 (0.22% of goal).

Year-End Summary of Meetings and Council Items

The Mall Area Redevelopment TIF District Board of Directors had one meeting (one special called meeting) during FY 2018-2019. The Board can consist of up to seven members, including six (6) City of Dallas appointees and one (1) Dallas County appointee. During FY 2018-2019, the Board members were (FY 2018-2019 Board meetings attended):

- Position 1: Fred Wells—City representative (1 of 1 meeting)
- Position 2: Bruce Bernbaum—City representative (1 of 1 meeting)
- Position 3: Kiyundra Gulley—City representative (0 of 1 meeting)
- Position 4: Josh Womack—City representative (1 of 1 meeting)
- Position 5: Arthur Hollingsworth—City representative (1 of 1 meeting)
- Position 6: Amy Monier (Chairperson)—City representative (1 of 1 meeting)
- Position 7: Rick Loessberg—County representative (0 of 1 meeting)

During FY 2018-2019, the City Council acted on seven items associated with the Mall Area Redevelopment TIF District:

- On October 24, 2018, City Council approved Resolution No 18-1487 to authorize (1) a Project Specific Agreement with Dallas County for funding participation in the design and construction of paving and drainage improvements for Montfort Drive from Interstate Highway 635 frontage road to Alpha Road; (2) the receipt and deposit of funds from Dallas County in an amount not to exceed \$1,900,000; and (3) an increase in appropriations in an amount not to exceed \$1,900,000 in the Capital Projects Reimbursement Fund - Not to exceed \$1,900,000 - Financing: Capital Projects Reimbursement Funds.
- On January 23, 2019, City Council approved Resolution No. 19-0170 to authorize (1) reprogramming of \$3,500,000 from the Alpha Road from Noel Road to Preston Road Project to the Montfort Drive from Interstate Highway 635 frontage road to Alpha Road Project; and (2) a professional services contract with Lockwood Andrews & Newman, Inc. for the engineering design of a thoroughfare improvement project on Montfort Drive from Interstate Highway 635 frontage road to Alpha Road - Not to exceed \$468,246.82 - Financing: Street and Transportation Improvements Fund (2006 Bond Funds) (\$283,115.53), Capital Projects Reimbursement Fund (\$153,691.29) and Water Utilities Capital Improvement Funds (\$31,440.00).
- On February 27, 2019, City Council approved Resolution 19-0378, accepting the FY 2017-2018 Annual Report on the status of the Mall Area Redevelopment TIF District and authorizing the City Manager to submit the annual report to the Chief Executive Officer of each taxing jurisdiction that levies taxes on real property in the District and to the State Comptroller.
- On February 27, 2019, City Council held a public hearing to receive comments regarding an application by Palladium Redbird, Ltd. (PRL) to the Texas Department of Housing and Community Affairs (TDHCA) for 2019 4% Non-Competitive Housing Tax Credits for Palladium Redbird located at the intersection of West Camp Wisdom Road and South Westmoreland Road site of the former Red Bird Mall/Southwest Center Mall; and at the close of the public hearing approved Resolution No. 19-0385 to: (1) authorize a Resolution of No Objection for PRL or its affiliate, related to its application to TDHCA for the acquisition and new construction of improvements to be known as the Palladium Redbird; and (2) conditioned upon PRL receiving a 2019 4% Housing Tax Credit award and upon City Council's final adoption of the Community Development Block Grant (CDBG) Reprogramming Budget No. 1 on April 10, 2019, authorize (a) a development loan agreement in an amount not to exceed \$6,271,576 (comprised of \$2,696,300 in Community Development Block Grant Funds and \$3,575,276 of HOME Investment Partnerships Program Funds) with PRL or an affiliate thereof; (b) a conditional grant agreement in an amount not to exceed \$2,028,424 in 2012 General Obligation Bond Funds with a nonprofit entity; and (c) the City of Dallas Housing

Finance Corporation to purchase and own the land, enter into a long-term ground lease with PRL, and take an ownership interest in PRL for the development of a mixed-income multifamily complex located at the intersection of West Camp Wisdom Road and South Westmoreland Road, site of the former Red Bird Mall/Southwest Center Mall.

- On June 12, 2019, City Council approved the first amendment to Resolution No. 19-0385 to: (1) amend the development loan amount with Palladium Redbird, Ltd. or an affiliate (“Palladium Redbird”) to only include an amount not to exceed \$5,000,000 in HOME Investment Partnership Program (“HOME”) funds for construction, (2) authorize a development loan agreement with Palladium Redbird or the City of Dallas Housing Finance Corporation (“DHFC”) for acquisition of land and construction, subject to DHFC Board of Directors’ approval, in an amount not to exceed \$1,271,576 in Community Development Block Grant Funds, (3) allow the closing of the Palladium Redbird and DHFC grant/loan to occur prior to closing on the equity and all other financing for the development, (4) allow Palladium Redbird and DHFC to be reimbursed for costs associated to acquisition at closing, but must meet all other requirements under the agreement to be reimbursed the remaining loan and grant amounts, and (5) allow the City to maintain no less than 3rd lien position.
- On September 25, 2019, City Council approved the second amendment to Resolution No. 19-0385 to: (1) remove the permanent repayment guaranty requirement of Palladium USA, Inc.; (2) add to the requirement that the City only be added as an additional obligee on the payment and performance bonds furnished by Palladium Redbird, Ltd. to its senior construction lender, if allowed by the permanent lender; and (3) add a minimum investment requirement for Palladium Redbird, Ltd. of \$30,000,000 to construct the improvements for the Development as additional consideration.
- On September 25, 2019, City Council approved Resolution No. 19-1507 to authorize approval of the City Council of the City of Dallas, acting as the applicable elected representative, as defined by Section 147(f)(2)(E) of the Internal Revenue Code of 1986, as amended (“Code”), of the issuance of multifamily residential revenue bonds (“Bonds”) to be issued by the City of Dallas Housing Finance Corporation (“Issuer” or “DHFC”) in one or more series in an aggregate principal amount not to exceed \$30,000,000; proceeds of the Bonds will be loaned to Palladium Redbird, Ltd. (“PRL”) to finance a portion of the cost of the acquisition of land and new construction of 300 units and related facilities for a mixed-income multifamily complex to be known as Palladium Redbird and located at 7202 South Westmoreland Road, Dallas, Texas (“Development”); a public hearing with respect to the Bonds and the Development was held on September 10, 2019, after reasonable public notice was published in a newspaper of general circulation in the City of Dallas all in compliance with Section 147(f) of the Code.

Budget and Spending Status

Each TIF district establishes a budget for the public expenditures necessary to support private investment in the district. As included in the Project Plan and Reinvestment Zone Financing Plan for the Mall Area Redevelopment TIF District, the budget is shown below:

Mall Area Redevelopment TIF District Projected Increment Revenue to Retire TIF Fund Obligations			
	B	C	B - C
Category	TIF Budget**	Allocated	TIF Balance
Montfort-IH 635 Sub-District			
Public Infrastructure Improvements; Environmental Remediation & Demolition; Grants for Economic Development	\$264,229,113	\$0	\$264,229,113
Set Aside for Land Acquisition for Sub-District-Wide Central Open Space***	\$72,659,277	\$0	\$72,659,277
Set Aside for Sub-District-Wide Infrastructure Improvements	\$24,219,759	\$0	\$24,219,759
Westmoreland-IH 20 Sub-District			
Public Infrastructure Improvements; Environmental Remediation & Demolition; Parks, Open Space, Trails, Gateways; Grants for Economic Development	\$72,665,022	\$15,600,000	\$57,065,022
Administration and Implementation*	\$7,684,059	\$485,489	\$7,198,570
Total Project Costs	\$441,457,229	\$16,085,489	\$425,371,741
* TIF Administration costs are pending until collection of sufficient tax increment to reimburse the City. TIF Administration costs shown are expended through FY 2017-2018; actual FY 2018-2019 administrative costs will be reflected in the FY 2019-2020 financial statements.			
** TIF Budget shown above is in current dollars (updated yearly); TIF Project Plan and Reinvestment Zone Financing Plan shows the budget in net present value.			
*** For land acquisition and associated costs; not for design, construction, maintenance, or operating/programming costs.			

Mall Area Redevelopment TIF District Project Plan Budget (NPV)*	
Category	TIF NPV Budget
Montfort-IH 635 Sub-District	
Public Infrastructure Improvements; Environmental Remediation & Demolition; Grants for Economic Development	\$109,123,655
Set Aside for Land Acquisition for Sub-District-Wide Central Open Space	\$30,000,000
Set Aside for Sub-District-Wide Infrastructure Improvements	\$10,000,000
Westmoreland-IH 20 Sub-District	
Public Infrastructure Improvements; Environmental Remediation & Demolition; Parks, Open Space, Trails, Gateways; Grants for Economic Development	\$30,088,432
Administration and Implementation	\$3,250,000
Total Project Costs	\$182,462,088
* As approved in the Project Plan and Reinvestment Zone Financing Plan.	

FY 2019-2020 Work Program

The FY 2019-2020 work program for the Mall Area Redevelopment TIF District includes:

- Continued coordination with interested property owners/investors/developers on potential TIF subsidy applications.
- Consideration of any potential TIF District boundary amendments and/or plan amendments that are necessary or convenient to further implement the Project Plan and Reinvestment Zone Financing Plan for the Mall Area Redevelopment TIF District.
- Continued coordination and staff support for City-initiated public infrastructure projects benefitting the TIF District.
- Continued coordination with Dallas County on execution of the interlocal agreement for participation in the TIF District.
- Continued coordination and staff support for the continued implementation of the Valley View-Galleria Area Plan and the ULI vision for Southwest Center Mall (now Red Bird Mall), including funding opportunities from other governmental entities or private philanthropic entities; City bond projects; park land acquisition; public improvement district.
- Continued coordination and staff support for next steps/implementation of the Dallas Midtown Autonomous Transportation System (ATS) and Shared Parking Feasibility Study completed by the North Central Texas Council of Governments (NCTCOG).
- Continued coordination with Dallas Independent School District (DISD) regarding the site evaluation and potential location of a new public “choice” school in the Valley View-Galleria area.

Appendix A: Financials

City of Dallas, Texas				
Mall Area Redevelopment Tax Increment Financing District Fund				
Reinvestment Zone Number Twenty				
As of September 30, 2019 (Unaudited)				
Chapter 311.016 of V.C.T.A. requires the following information as part of the annual report on the status of the TIF District. Information is contained in detail on the attached financial statements.				
1. Amount and source of revenue in the tax increment fund established for the zone:				
\$6,539	Interest Income			
\$533,180	Ad Valorem Taxes (Collected in FY 19 based on 2018 Final Tax Roll)			
<u>\$539,719</u>	Total Revenue			
2. Amount and purpose of expenditures from the fund:				
\$43,902	TIF Administrative Expense for fiscal year 2017-2018*			
\$1,057	Non-Capital Outlay -TIF reimbursement - Planning & Urban Development (PNV)			
\$0	Capital outlay			
\$0	Additional Subsidy in Form of Grant (in lieu of interest expense)			
<u>\$44,958</u>	Total Expenditures			
*Actual FY 2018-2019 (in process) administration expenses will be reflected in the FY 2019-2020 financial statements.				
3. Amount of Principal and Interest due-on outstanding indebtedness:				
a. The zone did not have any bonded indebtedness at fiscal year end September 30, 2019.				
4. Tax increment base and current captured appraised value retained by the zone:				
	Taxable	Base Year	Est. Captured	
Taxing Jurisdiction	Value 2019*	2014 Value	Value 2019	
City of Dallas	\$242,369,940	\$168,357,630	\$74,012,310	
Dallas County	\$242,369,940	\$168,357,630	\$74,012,310	
Taxable value shown for participating taxing jurisdictions.				
*Based on Certified Taxable Value. The final values will be determined on February 01, 2020.				
5. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality:				
A. Estimated tax increment shared by the municipality and other participating taxing jurisdictions:				
	Taxing Jurisdiction	Assessment Per \$100	Estimated 2019 Increment**	
City of Dallas		0.69894	\$517,302	
Dallas County		0.24310	\$0	
	Total for all Jurisdictions	<u>\$0.94204</u>	<u>\$517,302</u>	
**Dallas County does not participate in the zone in 2019. Participation rates for City of Dallas and Dallas County is as follows:				
	City of Dallas	Dallas County		
	90% for tax years 2016-2042	55% for tax years 2020-2039		
	75% for tax year 2043			
	55% for tax year 2044			
B. The total amount of estimated tax increment to be billed for the 2019 tax year and collected in 2020 is \$517,302. For the 2018 tax year, the Zone received increment of \$533,180 in 2019.				

Appendix A: Financials

City of Dallas, Texas						
Mall Area Redevelopment Tax Increment Financing District Fund						
Balance Sheet as of September 30, 2019 (Unaudited)						
With Comparative Totals for September 30, 2018, 2017, 2016, and 2015 (Audited)						
		2019	2018	2017	2016	2015
Assets:						
Pooled cash and cash equivalents		\$750,409	\$209,586	\$44,815	\$0	\$0
Interest receivable		\$815	\$817	\$196	\$0	\$0
Total assets		\$751,224	\$210,403	\$45,011	\$0	\$0
Liabilities and Fund Balance (Deficit):						
Liabilities:						
Accounts and contracts payable		\$0	\$0	\$0	\$0	\$0
Due to other funds		\$299,939	\$256,037	\$401,661	\$401,661	\$401,661
Total liabilities		\$299,939	\$256,037	\$401,661	\$401,661	\$401,661
Fund Balance (Deficit):						
Fund Balance (Deficit)		\$451,285	(\$45,634)	(\$356,650)	(\$401,661)	(\$401,661)
Total Liabilities and Fund Equity		\$751,224	\$210,403	\$45,011	\$0	\$0
		(\$0)	\$0	(\$0)	\$0	\$0
Mall Area Redevelopment Tax Increment Financing District Fund						
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)						
For the Period September 30, 2019 (Unaudited)						
With Comparative Totals for September 30, 2018, 2017, 2016, and 2015 (Audited)						
	ITD	2019	2018	2017	2016	2015
Revenues:						
Tax increment-Governmental	\$926,298	\$533,180	\$311,825	\$81,294	\$0	\$0
Tax increment-Intergovernmental	\$0	\$0	\$0	\$0	\$0	\$0
Interest income	\$9,731	\$6,539	\$2,684	\$508	\$0	\$0
Net increase (decrease) in fair value of investments	\$745	\$2,159	(\$1,284)	(\$130)	\$0	\$0
Total revenues	\$936,774	\$541,877	\$313,226	\$81,671	\$0	\$0
Expenditures:						
Administrative expenses	\$482,223	\$43,902	\$0	\$36,660	\$0	\$401,661
Non-Capital Outlay	\$3,266	\$1,057	\$2,209	\$0	\$0	\$0
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0	\$0
Total expenditures	\$485,489	\$44,958	\$2,209	\$36,660	\$0	\$401,661
Excess (Deficiency) of Revenues over Expenditures	\$451,285	\$496,919	\$311,016	\$45,011	\$0	(\$401,661)
Fund balance (Deficit) at beginning of year						
as previously reported	\$0	(\$45,634)	(\$356,650)	(\$401,661)	(\$401,661)	\$0
Fund balance (Deficit) at beginning of year,						
as restated	\$0	(\$45,634)	(\$356,650)	(\$401,661)	(\$401,661)	\$0
Fund balance (deficit) at end of year						
	\$451,285	\$451,285	(\$45,634)	(\$356,650)	(\$401,661)	(\$401,661)
Note: Fiscal Year 2018-19 unaudited financial statements are based on preliminary close numbers and are subject to review by the City Controller's Office prior to approval by the City Council. In case of any material changes, TIF board will be provided with the updated financial statements.						

Appendix A: Financials

City of Dallas, Texas
Mall Area Redevelopment Tax Increment Financing District
(Reinvestment Zone #20)
Notes to Financial Statements for the Year Ended September 30, 2019

1. The measurement focus used for the TIF Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred.
2. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
3. The TIF Zone fund's cash balances are invested in the City's investment pool and include amounts in demand deposits as well as short-term investments. Pooled investments and short-term non-pooled investments are treated as cash equivalents. Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.
4. All project costs resulting in capital improvements which are owned by the City are capitalized in the City's fixed assets.
5. The TIF Zone's Financing Plan permits expenditures not to exceed \$7,684,059 over the life of the TIF Zone to reimburse the City for administrative expenses. Inception-to-date, the TIF Zone has recognized an actual cumulative total of \$485,489 in administrative expenses, comprised of the following: (1) \$229,452 in staff time through FY 2017-2018, which will be reimbursed to the City's General Fund upon collection of sufficient increment; (2) \$248,137 in a grant to the North Dallas Chamber of Commerce for the 2012-2013 Valley View-Galleria Area Planning Study, which will be reimbursed to the City's Public/Private Partnership Fund upon collection of sufficient increment; and (3) \$7,900 for real property appraisal services necessary to assist the City with implementation, which will be reimbursed to the City's Public/Private Partnership Fund upon collection of sufficient increment.
6. On the Balance Sheet, the "due to other funds" amount of \$299,939 at September 30, 2019 represents the TIF Zone's administration expenses that had been earned in prior years but will be reimbursed to the City's General Fund and Public/Private Partnership Fund based on the availability of future TIF funds.
7. Actual FY 2018-2019 (in process) administration expenses will be reflected in FY 2019-2020 financial statements.

Appendix B: Financial Obligations

As of the end of FY 2018-2019, there is one TIF funding obligation:

- Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement (Agreement) with WCWRD Inc (Developer) in an amount not to exceed \$15,600,000 (TIF Subsidy). Note: Per the Agreement, Developer has assigned all rights to receive payment of the TIF Subsidy to the City of Dallas as collateral for and in payment of a loan in an amount not to exceed \$12,000,000 from the City's Public/Private Partnership Fund. The City made the first disbursement of the Loan in an amount of \$6,000,000 to Developer on June 10, 2019 in accordance with the terms and conditions as set forth in the Agreement. As of September 30, 2019, notes receivable in the amount of \$6,000,000 has been set up in the City's Public/Private Partnership Fund, and interest accrued on the outstanding principal balance of the loan through September 30, 2019 is \$36,821.92. Pursuant to the Agreement, the 10% Transfer to the Westmoreland-IH 20 Sub-District (see page 20) in the amount \$43,367.32 will be applied towards the accrued but unpaid interest due on the loan and then to the outstanding principal balance of the loan.

Appendix C: Sub-District-Wide Set Aside Funds

Consistent with the Project Plan and Reinvestment Zone Financing Plan, the Increment Allocation Policy adopted by the TIF Board for the Mall Area Redevelopment TIF District includes two sub-district-wide set asides (in the Montfort-IH 635 Sub-District) and an inter-sub-district transfer (from the Montfort-IH 635 Sub-District to the Westmoreland-IH 20 Sub-District) as described below:

Annual Process (Montfort-IH 635 Sub-District)

First, the Montfort-IH 635 Sub-District Gross Increment will pay:

- 1) Administrative Expenses: After the Total Gross Increment has been deposited into the District fund, the City's Administrative Expenses for the District will be reimbursed first in each year of the District. The Montfort-IH 635 Sub-District's portion of the District's Administrative Expenses will be paid from the Montfort-IH 635 Sub-District Gross Increment based on the ratio of the Montfort-IH 635 Sub-District Gross Increment to the Total Gross Increment.

Then, the Montfort-IH 635 Sub-District Net Increment will be transferred or set aside as follows:

- 2) Transfer to the Westmoreland-IH 20 Sub-District: Ten percent (10%) of the Montfort-IH 635 Sub-District Net Increment will be annually transferred to the Westmoreland-IH 20 Sub-District to help facilitate the revitalization and redevelopment of the Southwest Center Mall area.

End of FY 2018-2019 Transfer Amount: \$43,367.32

- 3) Set Aside for Sub-District-Wide Public Infrastructure Improvements: Ten percent (10%) of the Montfort-IH 635 Sub-District Net Increment will be set aside annually for Sub-District-Wide Public Infrastructure Improvements (i.e. improvements not specific to a single development site such as gateways, trails, parks/open space, public facilities, or utility/streetscape improvements benefitting multiple parcels or blocks, regardless of ownership). Anticipated priorities of this set aside include the replacement and upsizing of existing off-site wastewater lines as well as the establishment of roadway connections.

End of FY 2018-2019 Allocation Amount: \$43,367.32

Available balance: \$43,367.32

- 4) Set Aside for Land Acquisition for Sub-District-Wide Central Open Space: Since the long-term redevelopment potential of the area will be limited without a large central open space and since TIF funding assistance of land acquisition for the large central open space will be critical to making the Montfort-IH 635 Sub-District a dense, walkable, livable, and sustainable place, thirty percent (30%) of the Montfort-IH 635 Sub-District Net Increment will be set aside annually for Land Acquisition for Sub-District-Wide Central Open Space.

End of FY 2018-2019 Allocation Amount: \$130,101.95

Available balance: \$130,101.95