

Design District TIF District FY 2018-2019 Annual Report



CENTURION AMERICAN PREDEVELOPMENT STUDY, CASANA HOTEL, DALLAS TX.

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GIESE LTD



City of Dallas

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October 1, 2018 to September 30, 2019

Reinvestment Zone Number Eight Tax Increment Financing District

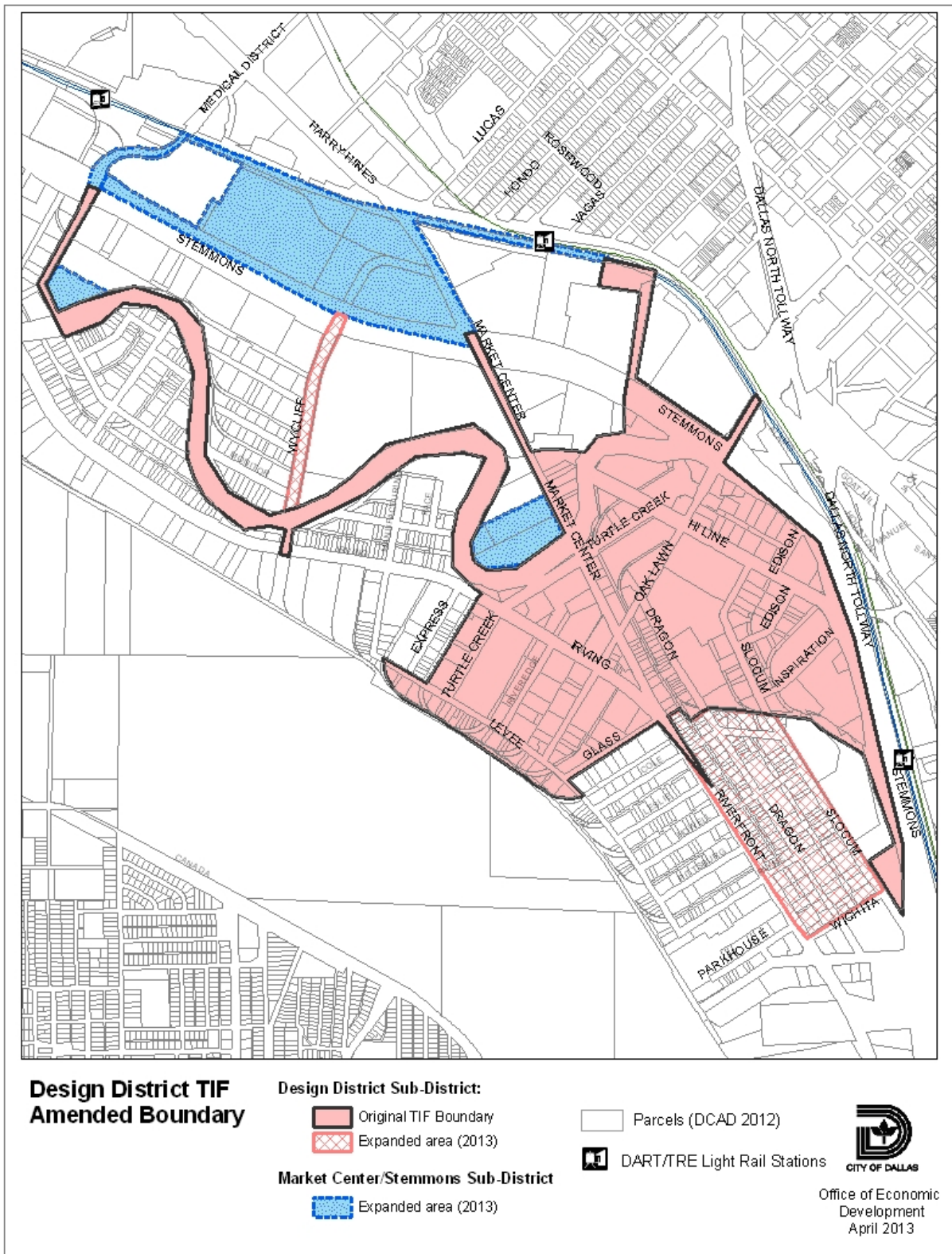


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Front cover shows the rendering of a restored Cabana Hotel

Mission Statement

The mission of the Design District TIF District is to provide a source of funding for public infrastructure improvements that will assist in redeveloping an industrial and warehouse district to take full advantage of the expanding DART light rail system, to promote transit oriented development, and to improve access to the Trinity River and the quality of development adjacent to the Trinity Corridor. The Design District TIF District duration began on January 1, 2006, and will terminate on December 31, 2027, (including collection of the 2027 increment in calendar year 2028 and any related matters to be concluded in 2028).

District Accomplishments

Dallas City Council established the Design District TIF District by Ordinance Number 26021 on June 8, 2005. The District was established to assist in the transformation of the old Stemmons Industrial area into a diversified, pedestrian friendly, mixed-use neighborhood near the heart of Downtown Dallas. The Design District TIF Board adopted the final Project Plan and Reinvestment Zone Financing Plan in 2006.

In February 2009, the TIF Board adopted a “Design District TIF Strategic Implementation Plan” to guide the next phases of development and improvements in the District.

The first TIF funded project in the District, “1525 Turtle Creek at the District” (apartments now called Alta 1900 Lofts), was completed in 2010 and included extensive public improvements along Hi Line Drive, Oak Lawn Avenue, and Turtle Creek Boulevard.

During FY 2011-2012, the TIF Board approved by-law amendments to reflect changes in state law for TIF Board composition recognizing that only taxing jurisdictions that participate financially can have representation and a change in the TIF design review process to have that function undertaken as part of the City Design Studio Peer Review Panel. The TIF Board also approved a set of master design guidelines and mixed-income housing guidelines.

A development agreement with Texas Security Bank for the Turtle Creek Median district-wide improvement project dedicated up to \$116,356 in TIF reimbursement for median and signage improvements along Turtle Creek Boulevard from Irving Boulevard to Market Center Boulevard. The median project was completed in 2013.

Also approved in FY 2011-2012 was a development agreement with Friends of the Trinity Strand Trail to dedicate up to \$400,000 for the design and engineering of the Trinity Strand Trail Soft Surface Trail Design Project. The proposed soft surface trail would be approximately 2 miles of decomposed granite trail mostly on top of the banks of the Old Trinity Meanders extending from Farrington Street east of Medical District

Drive, crossing below Wycliff Avenue, crossing Market Center Boulevard at street level and terminating at the Hi Line Drive trail plaza. Pedestrian bridges, low water crossings, and small plazas/overlooks will also be included in the design. The design study was completed in mid-2014.

During FY 2012-2013, an expansion of the TIF District and Plan amendment was approved by Ordinance Number 29037 to create two subdistricts within the Design District TIF District: (a) Design District Sub-District (original district boundary plus additional property along Slocum/Dragon Streets and Riverfront Boulevard) and (b) Market Center/Stemmons Sub-District (an expansion area to facilitate the redevelopment of the Dallas Apparel Mart site). A development agreement was also approved for the Proton Treatment Center project; however, the Proton Treatment Center project did not move forward, and TIF agreement authorization expired in December 2015.

During FY 2013-2014, the TIF Board adopted a set of “Guidelines for Wayfinding and Gateway Signage” to encourage consistency with signage improvements whether as a district-wide improvement or in conjunction with a development project.

In FY 2014-2015, a development agreement for the Alexan Riveredge project dedicated up to \$7,800,000 in TIF reimbursement for public infrastructure and an economic development grant in support of the project. The development was completed in 2017.

In 2018-2019, a development agreement for the Virgin Hotel Infrastructure Project was approved for up to \$3,622,885 for streetscape and trail related public improvements. In September 2019, the TIF Board recommended up to \$15,500,000 in future TIF funding in support of the Cabana Hotel Redevelopment Project and City Council consideration was pending as of the end of FY 2018-2019.

Initial projects within the District completed, under construction or in the development stage are shown in the table below.

As the Virgin Hotel was nearing completion in fall 2019, streetscape/trail improvements for the Hi Line Drive block supported by TIF funding began construction.



Design District TIF District Projects ¹						
Projects Within TIF District Utilizing TIF Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF ²	Approx. Value ³	TIF Investment ⁴
1525 Turtle Creek at the District (now The Dunhill Design District) ⁷	1900 Hi Line Drive	2010	Complete	214 residential units	\$38,000,000	\$4,402,000*
Alexan Riveredge (now Apex Design District) ⁸	150 Turtle Creek Blvd.	2017	Complete	309 residential units	\$52,181,000	\$7,800,000
Virgin Hotel Infrastructure Project (Dunhill Partners)	1909 Hi Line Dr.	2023	Under const.	268 hotel rooms	\$69,000,000	\$3,622,885
Cabana Hotel Redevelopment Project	899 N. Stemmons Fwy.	2023	Planned	264 hotel rooms	\$47,000,000	TBD
Subtotal				523 units; 532 hotel rooms	\$206,181,000	\$15,824,885
Projects Within TIF District Not Utilizing TIF Funding ⁵						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value	TIF Investment
International on Turtle Creek	150 Turtle Creek Blvd.	2006	Complete	157,640 square feet showroom & retail space	\$16,321,020	\$0
Trinity Lofts & Work/Live Showrooms	1403 Slocum St. & 1430 Dragon St.	2007	Complete	~92 units & 28,063 square feet showroom (164,030 square feet total)	\$19,557,670	\$0
Alta Design District	1531 Inspiration Dr.	2009	Complete	309 residential units	\$47,000,000	\$0
Alexan Design District (now Camden Design District)	1551 Oak Lawn Ave.	2009	Complete	355 residential units	\$57,109,040	\$0
Green Zone, arts venue	161 Riveredge Dr.	2008	Complete	2,520 square feet performance space	\$1,266,600	\$0
Dallas Contemporary ⁶	161 Glass St.	2010	Complete	6,000 square feet office space & 11,000 square feet gallery space for Center; & 22,000 square feet office/retail for tenants	\$2,214,900	\$0
1400 Hi Line	1400 Hi Line Dr.	2012	Complete	314 residential units; 29,000 square feet retail	\$81,500,000	\$0

Avant Apartments	1955 Market Center Blvd.	2013	Complete	301 residential units	\$40,000,000	\$0
Renaissance Hotel Conference Center expansion	2222 N. Stemmons Frwy.	2014	Complete	50,000 square feet meeting space	\$11,700,000	\$0
Alta Strand	1931 Market Center Blvd.	2017	Complete	400 residential units	\$59,800,000	\$0
Urby Phase I - apartments	1930 Hi Line Drive	2023	Planned	381 residential units	\$85,000,000	\$0
Hotel/Apartments (Dunhill Partners)	1645 & 1700 Stemmons Frwy.	2024	Planned	250 hotel rooms; 100 apartments	\$70,000,000	\$0
Office Tower (Dunhill Partners)	1605 & 1615 N. Stemmons Frwy.	2025	Planned	240,000 square feet office space	\$75,000,000	\$0
Subtotal				2,252 units; 214,703 square feet retail/showroom; 13,520 square feet gallery/arts venue; 298,000 square feet office; 50,000 square feet hotel space; 250 hotel rooms	\$566,469,230	\$0
Projects Utilizing and Not Utilizing TIF Funding						
Total				2,775 residential units; 214,703 square feet retail/showroom; 13,520 square feet gallery/arts; 298,000 square feet office; 50,000 square feet hotel space; 782 hotel rooms	\$772,650,230	\$15,824,885
<p>¹ All information updated as of September 30, 2019.</p> <p>² Based upon either the TIF application or required minimum stated in the development agreement. May be updated for completed projects based on actual unit mix and square footage.</p> <p>³ Based upon 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) DCAD market value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF District for redevelopment projects once pre-existing value and/or the demolition of structures is netted out.</p> <p>⁴ Principal amount not to be exceeded per the development agreement. TBD indicates that development agreement has not yet been adopted. Asterisk indicates investment also includes interest not shown.</p> <p>⁵ Selected significant projects included.</p> <p>⁶ Tax-exempt property. Amount shown is approximate investment in improvements.</p> <p>⁷ Per the TIF program requirements when the development agreement was executed, the project provided 20% of units as affordable during the time period December 2009 – December 2012.</p> <p>⁸ Per TIF program mixed-income housing requirement, the project will provide at least 20% affordable units for 15 years.</p>						

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 this District, as part of TIF funding, a total of 523 units have been built to date and 62 are currently set-aside as affordable. 1525 Turtle Creek at the District had previously included 43 affordable units from 2009 to 2012; however, there was a provision in the agreement allowing a buyout of the remaining affordability period. The buyout totaled \$524,600 and those funds been dedicated towards offsetting the cost of affordable units for the Alexan Riveredge project in the District. The buyout option is no longer included in TIF development agreements, and deed restriction provisions are now being added to secure affordable housing.

A total of 2,294 residential units have been completed overall. Another 481 units are planned without any TIF subsidy or affordable units anticipated.

District Initiatives

The City and community partners have been engaged in several district-wide initiatives to create trail connections and other public improvements described in more detail below. The Trinity Strand Trail (formerly known as the Old Trinity Trail) Master Plan improvements are an integral part of attracting new mixed-use development in the Trinity River corridor and creating a vibrant neighborhood with recreational opportunities in the Design District area. A total of over \$22 million has been raised to date including the value of land donations.

Two trailheads are complete at Hi Line Drive (by the river channel and the Turtle Creek Plaza and trailhead along Turtle Creek Boulevard between Market Center and Irving Boulevards. A Phase 1, 2.5-mile concrete trail (main/spine trail) running along the old Trinity River from Stemmons Freeway to Medical District Drive officially opened in 2015. In addition, \$400,000 in TIF funds were utilized for the design of a soft surface trail that would parallel the Phase I concrete trail on the opposite banks. Those plans were completed in mid-2014.

The Hi-Line Drive pedestrian improvement project is now complete. The project was funded through the North Central Texas Council of Governments (NCTCOG)'s Regional Transportation Council's 2006 Sustainable Development Program. The improvements were constructed concurrently with TIF public improvements as part of the "1525 Turtle Creek at the District" project. As part of the developer's TIF reimbursement, \$207,447 in local match funds leveraged \$829,789 in grant funds for a total project cost of \$1,037,236.

The Edison/Hi Line/Stemmons/Rail Transit Underpass Connection project is complete. The \$1.4 million pedestrian improvement project was part of the 2009-2010 North Central Texas Council of Governments (NCTCOG) Sustainable Development (SD) Call for Projects. PM Realty Group was the private sponsor with the 1400 Hi Line mixed use development and provided the 20% local match, \$287,766 of the total project cost of \$1.4 million. The public infrastructure improvements included pedestrian and crosswalk improvements along Edison Street between Stemmons Freeway and Hi Line Drive, along southbound Stemmons frontage road and improvements to the underpass of Hi Line Drive under Stemmons Freeway. These improvements built on the 2006 SD Hi Line Drive improvements to create a stronger connection to the Victory DART Light Rail and TRE train stations and further enhance the gateway from downtown/Victory into the Design District.

The Friends of the Trinity Strand Trail is working with the City to implement Phase 2 that would connect to the medical center area and explore connections with the Katy Trail. There has been dialogue with the Friends of Reverchon Park on the feasibility of connecting Reverchon Park to Stemmons Park and the Trinity Strand Trail via the existing culverts underneath the Dallas North Tollway and Harry Hines Boulevard.

During 2018-2019, preliminary discussions began among City staff, the Friends of the Trinity Strand Trail, the Circuit Trail Conservancy, and Dallas County on a potential TIF assisted project that would include a pedestrian bridge from the Hi Line Drive trailhead across the meanders and a mini connector trail on the western banks to Irving Boulevard.

District Initiatives				
Activity	Scope	Status	Investment	Source
Trinity Strand Trail Master Plan. Public/private partnership including the non-profit Friends of the Trinity Strand Trail.	To create a fully assessable hike, bike, and jogging trail system along the course of the original Trinity River as it winds northwest of downtown. Approximately 7.8 miles. Total cost estimated at \$30 million. Phase 1 includes 2.5 miles of concrete trail from Stemmons Freeway to Farrington Drive, connecting to the Trinity River via Sylvan Ave.	<i>Underway.</i> The Master Plan for Trinity Strand Trail was adopted in December 2004 by the Dallas' Park & Recreation Board. City bond funds are committed, and private fundraising continues. Construction began in 2013 on Phase 1, 2.5 miles of concrete trail and was completed in 2015. The trailhead at Turtle Creek Plaza was completed in May 2010 and the Hi Line trailhead was	\$1 million for design and match for federal funds.	2003 Bond Program
			\$2.5 million for trail development	2006 Bond Program

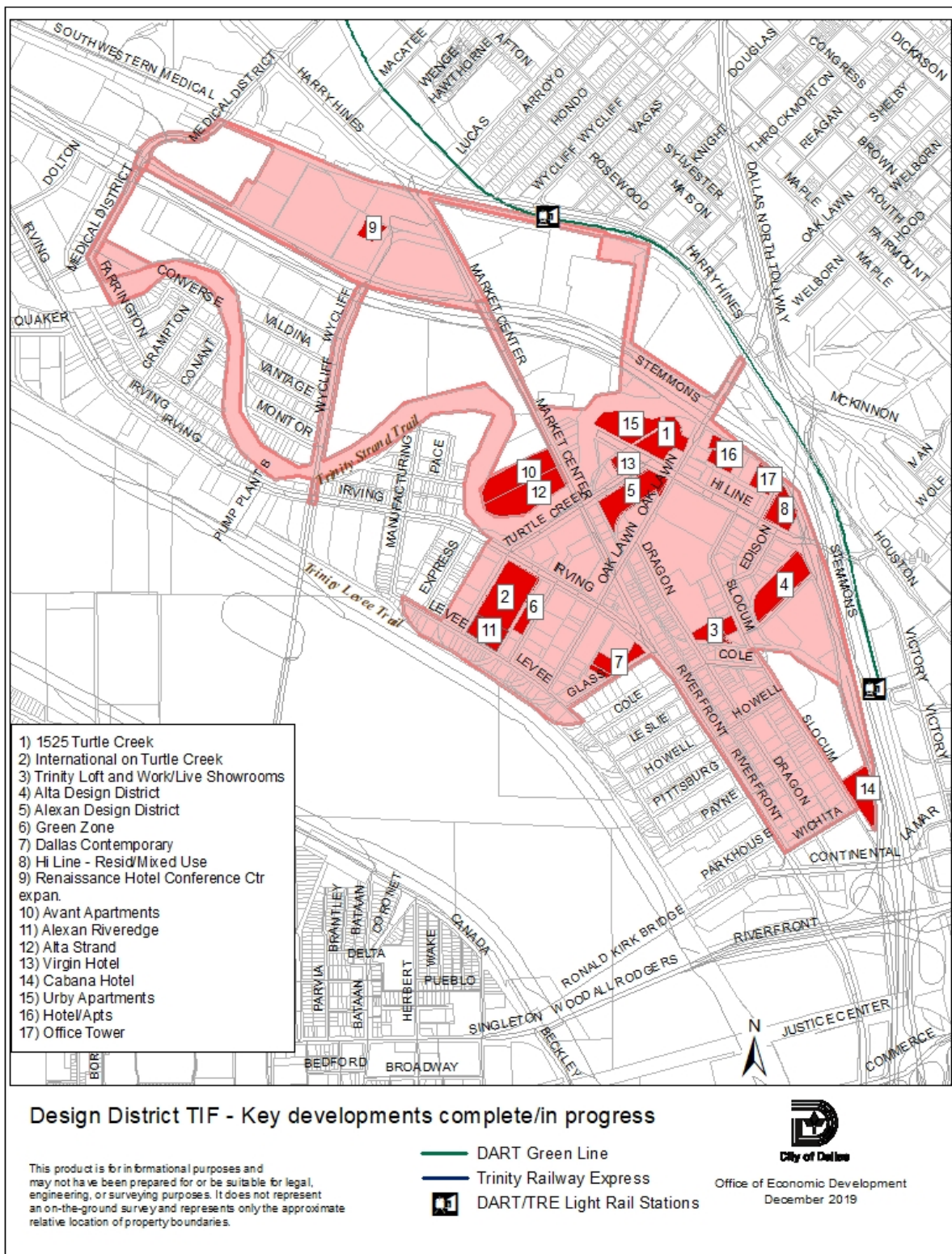
Trinity Strand Trail Master Plan continued	Phase 2 includes connection to the medical center area including a shared-use path from the existing Trinity Strand Trail at the intersection of Market Center Blvd. and Turtle Creek Blvd. to Inwood/Love Field DART station.	completed summer 2009.	\$3.36 million for trail design & construction	2012 Bond Program
		2012 bond funds allocated are for design and construction of a trail segment between IH35/Oak Lawn and Inwood Road. Phase 2 of the trail was awarded TXDOT Transportation Alternatives funding in 2017 (<i>with 2012 bond funds as a local match</i>).	\$4,536,039 (<i>required local match \$1,134,010 part of City bond funds</i>) \$5 million	NCTCOG funds – Regional Toll Revenue (RTR) initiative TXDOT Transportation Alternatives funding
		TIF funding for the design of a soft surface trail to parallel the Ph I concrete trail was approved in FY 12 and the design completed in 2014.	\$1.1 million additional funds raised. Land donations valued at \$4.2 million will benefit and assist with linkage of the Trinity Strand and Katy Trails TIF funding up to \$400,000 from district wide improvement funds.	Individuals and foundations, including Eugene McDermott and Hoblitzelle Foundations and Texas Parks and Wildlife grant TIF funds
Turtle Creek Boulevard Public Improvements	Design and construction of street paving, storm drainage, water and wastewater improvements on Turtle Creek Blvd. from Market Center Blvd. to Levee St.	<i>Completed in fall 2009.</i>	\$3,587,746	2003 Bond Funds & Water Utilities Capital Funds
Regional Transportation Council (RTC) Sustainable Development Program – Design District TIF Walking/Bike Improvements	Pedestrian improvements will be constructed along Hi-Line Dr. between Stemmons Frwy. & the Trinity Meanders	<i>Complete.</i> Funding approved by the RTC in 2006. Interlocal Agreement approved by City Council, June 2008. Design completed September 2008. Improvements completed summer 2009	\$1,037,236 total includes: \$829,789 \$207,447	RTC funds TIF funds

Regional Transportation Council (RTC) 2009-10 Sustainable Development Program – Edison/Hi Line/ Stemmons/Rail Transit Underpass Connection	Pedestrian improvements along Edison St. between Stemmons Frwy. and Hi Line Dr. and along Stemmons frontage and Hi Line passing under Stemmons Freeway toward the Victory DART Light Rail & TRE stations.	Project was selected by the RTC in June 2010. <i>Construction has been completed in 2013.</i>	\$1,438,829 total includes: \$1,151,063 \$287,766	RTC funds Private local match
Trinity River Corridor Project	Multi-faceted project involving transportation, flood protection, and recreational improvements. Several projects are adjacent or close to the TIF district (shown on the right)	<i>Complete:</i> Margaret Hunt Hill Bridge Sylvan Bridge (2014) Riverfront Blvd improv. (2014-17) Continental Bridge pedestrian/bike (2014)	\$120 million \$42 million \$42 million \$10.6 million	Multiple funding sources incl. private TXDOT City/County/NCTCOG City/private



Streetscape improvements along Hi Line Drive under construction as part of the Virgin Hotel Infrastructure Project.

TIF District Development Project Map



Value and Increment Summary

The Design District TIF District's assessed 2019 taxable value was \$919,731,692 for the District as amended in 2013. This represents an increase of \$637,857,939 or 226% over the base years (2005 and 2013) value and an increase of 10% over last year's final value. For the individual sub-districts, the Design District Sub-District 2019 taxable value was \$730,529,182, an increase of 277% of the base year, and the Market Center/Stemmons Sub-District taxable value was \$189,202,510 an increase of 115% over the base year.

The TIF District anticipates collecting approximately \$5,274,311 in incremental tax revenue in 2020 for tax year 2019.

Objectives, Programs, and Success Indicators

The final Design District Project Plan and Reinvestment Zone Financing Plan was adopted in April 2006 and amended in June 2013. Among the goals of the Plan are:

- To create additional taxable value attributed to new private investment in projects in the Design District TIF District totaling approximately \$1 billion.
Over \$772 million in new investment is completed, underway or planned (77% of the goal)
- To attract new private development in the District totaling approximately 1.4 million square feet of retail/showroom/gallery space, 500,000 square feet of office space, 550 hotel rooms, and 4,500 new residential units.

Approximately 2,775 residential units, 214,703 square feet of new or upgraded retail/showroom space, 13,520 square feet of gallery/arts space, 298,000 square feet of office space, and 782 hotel rooms are completed, under construction or planned. (62% of the residential, 16% of the retail, 60% of the office, and exceeding the hotel room goal by 42%.

Apartments at 1900 Hi Line with plaza that had new sculpture added this year.



- To reach ridership at the future DART Market Center light rail station averaging 2,500 riders per weekday by 2017.



This portion of the DART Green Line including the Market Center station opened in December 2010. During the first year of operations average daily ridership was 281. The annualized ridership for FY 2019 is 189,934, according to DART. This represents an 150% increase over the base year (FY 2011) and 0.42% decline from last year. Average daily ridership is 603, a -1.2% decrease from last year.

Market Center DART Station

Year	Station	Annualized Ridership	Change from Previous Year	Change from Base Year
FY 2011	Market Center	76,100	-	-
FY 2012	Market Center	114,455	50.40%	50.40%
FY 2013	Market Center	146,936	28.8%	93.08%
FY 2014	Market Center	159,901	8.82%	110.12%
FY 2015	Market Center	167,167	4.54%	119.67%
FY 2016	Market Center	171,517	2.60%	125.38%
FY 2017	Market Center	185,315	8.04%	143.51%
FY 2018	Market Center	190,737	2.93%	150.64%
FY 2019	Market Center	189,934	-0.42%	149.58%

- To improve the access and connections to the DART light rail system within the Design District TIF District.

Streetscape and open space improvements constructed as part of the approved "1525 Turtle Creek at the District" project have provided more pedestrian accessibility in the northern gateway of the District. Improvements completed this year near Edison Street and Hi Line Drive connecting through the underpass at Stemmons Freeway will provide improved access from the District to the Victory DART Light Rail and TRE Stations. The expansion of the TIF District boundary in 2013 may also facilitate future opportunities to connect to multiple stations.

- To support the conversion of the Design District area from industrial and warehousing land uses to a mixed-use, transit-oriented neighborhood that complements the Victory development and the Trinity River Project.

Mixed-use projects like the completed Trinity Lofts and others in the planning stages show positive movement for the District. The Trinity Lofts project was a mixture of new construction and conversion – the site previously had an 88,000-square foot warehouse/office and was redeveloped into 164,030 square feet of residential and showroom space. For other projects in the District approximately 219,676 square feet of space was demolished for new residential construction/showroom upgrade and 196,640 square feet of space converted into upgraded showrooms or new retail, gallery and office uses.

Some former showroom buildings or vacant commercial properties have been repurposed for new uses including restaurants, a coffee house, and Bowl Lounge (bowling alley).

- To increase recreational opportunities, public open space and improve connections to the City of Dallas trails and open space system, including the Trinity Strand Trail, in the District.

The Master Plan for the Trinity Strand Trail has been adopted and funding of over \$22 million for design and trail development has been committed to date. Two trailheads are now completed at Turtle Creek Plaza along Turtle Creek Boulevard between Market Center and Irving Boulevards and at the western end of Hi Line Drive (by the river channel). Construction of Phase I of the trail from Stemmons Freeway to Medical District Drive was completed and the trail officially opened in 2015. The design project for a soft surface trail to parallel the Phase I concrete trail was completed in 2014. A civic plaza at Oak Lawn Avenue and Hi Line Drive has also been completed as part of the “1525 Turtle Creek at the District” project. Funding has been secured for Phase 2 that will connect to the medical center area along Market Center Boulevard to the Inwood/Love Field DART station.

- To generate approximately \$76.9 million (net present value) in increment over 20 years of collections.

The District’s 2019 total taxable value was \$919,731,692. The revised budget figure of \$76.9 million was approved in a 2013 plan amendment, and 2014 was the first year that expanded areas began generating increment. The estimated collection for 2019 is \$5,274,311. Total collections (NPV) are currently 25% of the amended final plan goal.

Year-End Summary of Meetings

The Design District TIF District Board of Directors met three times during the fiscal year from October 1, 2018 to September 30, 2019. The Board approved and forwarded four items to City Council.

The Board, based on amended composition, can consist of up to seven members, including six City of Dallas appointees and one Dallas County appointee. During FY 2018-2019 the Board members were Ed Oakley – City Representative, Chair (3 of 3 meetings), Ryan Garcia, City representative, Vice-Chair (2 of 3 meetings), Mike Kutner, City Representative (3 of 3 meetings), Carolyn Sortor, City representative (1 of 3 meetings), Nicolas Villalba, City representative (2 of 3 meetings), Pam Dawson, City representative (1 meeting), *was appointed August 2019 after the first two meetings*, and Rick Loessberg – Dallas County Representative (2 of 3 meetings).

During the fiscal year, the City Council approved two items directly associated with the Design District TIF District:

- On February 27, 2019, the City Council passed Resolution Number 19-0366 accepting the FY 2017-2018 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Eight, (Design District TIF District), submitted by the Design District TIF District's Board of Directors, 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, as required by state law.
- On June 12, 2019, the City Council passed Resolution Number 19-0949 authorizing a development agreement with DD Dunhill Hotel LLC and/or its affiliates in an amount not to exceed \$3,622,885.00, payable from future Design District TIF District Funds, in consideration of the Virgin Hotel Infrastructure Project on and adjacent to property currently addressed at 1909 Hi Line Drive - Financing: Design District TIF District Fund (subject to current and future appropriations from tax increments)

Pending TIF Items

- Consideration of the FY 2018-2019 TIF District Annual Report and a recommendation to the City Council for approval.
- Consideration of an amendment to the development agreement for the Virgin Hotel Infrastructure Project to divide implementation and the TIF subsidy payment eligibility for the Project into two portions: (1) Phase I and Phase IIA with the same deadlines as previously authorized; and (2) Phase IIB with a completion deadline extended from June 30, 2020 to June 30, 2023.

- Consideration of a development agreement for up to \$15,500,000 in TIF funding for the Cabana Hotel Redevelopment Project.

Budget and Spending Status

Each TIF District establishes a budget for the public improvement expenditures necessary to support private investment in the district in the Project Plan and Reinvestment Zone Financing Plan. Below is the current TIF District budget:

Design District TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget ¹	Allocated ²	Balance
Design District Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$80,932,690	\$16,147,887*	\$64,784,803
Market Center/Stemmons Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$32,176,150	\$0	\$32,176,150
Trinity Strand Trail	\$7,544,712	\$400,000	\$7,144,712
Administration and implementation ³	\$4,526,827	\$394,639	\$4,132,188
Total Project Costs	\$125,180,379	\$16,942,526	\$108,237,853
¹ Budget shown above in current dollars; TIF Project Plan shows the budget in net present value. ² Allocated amount includes \$222,896 in interest accrued as of FY 2013 (September 30, 2013). No additional interest has accrued since. ³ TIF administration costs shown are expended through FY 2017-2018; actual FY 2018-2019 (in process) administration costs will be reflected in the FY 2019-2020 financial statements			

Design District TIF District Project Plan Budget	
Category	TIF NPV Budget*
Design District Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$47,487,686
Market Center/Stemmons Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$23,088,979
Trinity Strand Trail	\$4,000,000
Administration and Implementation	\$2,400,000
Total	\$76,976,666
* As approved in the Project Plan and Reinvestment Zone Financing Plan.	

Design District TIF M/WBE Participation			
Project	Contractor	Total Contract Award Amount	Percentage Minority Participation
Phase I – 1525 Turtle Creek Project development site public improvements	Spoor Electric & KDA Landscapes	\$1,108,021	44.4%
Phase II & III – 1525 Turtle Creek Project district-wide improvements	John Burns Construction Company of Texas & Metheny Landscape Development	\$3,473,759	30.2%
Turtle Creek Median Project	focusEGD & ArtOGrafx	\$100,105	48.5%
Trinity Strand Trail Soft Surface Design Project	Bowman-Melton, Integrated; Environmental Solutions; Di Sciullo-Terry Stanton & Associates; and Jakan Engineering, PLLC	\$387,495	39.8%
Alexan Riveredge	McPherson Electric, Inc Mission Site Services	\$976,470	56.2%
Total		\$6,045,850	\$2,292,587 (37.9%)

FY 2019-2020 Work Program

The FY 2019-2020 work program includes:

- Continue coordination efforts for implementation of current development projects.
- Attracting \$40 million in taxable value, including new development.
- Continue working with stakeholders on potential district-wide improvements such as connections to trails and open space, signage and other projects benefiting the District.
- Investigate additional sources of funding for the District.

Appendix A – Financials

City of Dallas, Texas
Design District Tax Increment Financing District Fund
Reinvestment Zone Number Eight
As of September 30, 2019

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:

\$217,918	Interest Income
\$4,536,277	Ad Valorem Taxes (Collected in FY'2018-19 based on 2018 Final Tax Roll)
\$0	Affordable Housing Buyout
<u>\$4,754,194</u>	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$41,211	Administrative Expense - for fiscal year 2017-2018.
\$0	Non-Capital outlay
\$0	Capital outlay
\$0	Additional Subsidy in Form of Grant (in lieu of interest expense)
<u>\$41,211</u>	Total Expenditures

* TIF admin cost is \$40,464.02 and PNV cost is \$747.02 for a combined total admin cost of \$41,211

*Actual FY 2018-2019 (in Process) administration costs will be reflected in the FY 2019-2020 Financial Statements.

3. a. Amount of Principal and Interest due-on outstanding bonded indebtedness:

Design District TIF District has incurred no bonded indebtedness as of September 30, 2019.

b. The Zone entered into a development agreement with Alta Block 1500, LLC for the development of the "1525 Turtle Creek at the District" project in the TIF in an amount not to exceed \$4,402,000 plus additional subsidy in form of grant (in lieu of interest) on certain public improvements. The developer was fully reimbursed in fiscal year 2014.

c. The Zone authorized a development agreement with Dallas Proton Treatment Center, LLC for the development of the Dallas Proton Treatment Center in an amount not to exceed \$7,025,000; however, the authorization expired in December 2015.

d. The Zone entered into a development agreement with AR Apartments, LLC for the development of the "Alexan Riveredge" project in an amount not to exceed \$7,800,000. The developer was fully reimbursed with the exception of a portion of the subsidy, up to \$150,000, pending a plan for a trail connection that is part of district-wide set aside funds.

e. The Zone entered into a development agreement with DD Dunhill Hotel LLC for the Virgin Hotel Infrastructure project in an amount not to exceed \$3,622,885. Reimbursement is anticipated upon completion.

5. Tax increment base and current captured appraised value retained by the zone:

Taxing Jurisdiction	Taxable Value 2019 *	Base Year 2005/2013 Value	Est. Captured Value 2019**
City of Dallas - All Sub District	\$919,731,692	\$281,873,753	\$637,857,939
Dallas County-Zone A & B	\$730,622,182	\$193,905,663	\$536,716,519
Dallas County-Mkt. Center/Stemmons SD	\$189,202,510	\$87,958,090	\$101,244,420

* 2018 taxable value shown for participating taxing jurisdictions. County values are approximate and will vary slightly from the City value due to different exemption levels.

** Based on Certified Taxable Values. Final values will be determined on February 01, 2020.

6. 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***	Amount of Estimated 2019 Increment****
City of Dallas	0.69894	\$4,458,244
Dallas County-Zone A & B	0.13371	\$717,617
Dallas County-Mkt. Center/Stemmons SD	0.09724	\$98,450
Total for all Jurisdictions	\$0.92989	\$5,274,311

***City of Dallas participates at 90% for zone A & B for tax years 2008-2027 and 90% for Market Center/Stemmons for tax years 2014-2027. Dallas County participates at 55% for zone A & B for tax years 2008-2027 and 40% for Market Center/Stemmons sub-district for tax years 2014-2027.

****The District began collecting increment in 2009.

B. The total amount of estimated tax increment to be billed for the 2019 tax year is \$5,274,311. For the 2018 tax year, increment in the amount of \$4,536,277 was received.

City of Dallas, Texas
Design District 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)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:					
Pooled cash and cash equivalents	\$11,480,621	\$14,356,774	\$10,380,299	\$7,253,264	\$4,613,287
Interest receivable	\$12,446	\$32,846	\$25,080	\$9,778	\$5,510
Total assets	<u>\$11,493,067</u>	<u>\$14,389,620</u>	<u>\$10,405,379</u>	<u>\$7,263,042</u>	<u>\$4,618,797</u>
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$7,650,000	\$0	\$0	\$0
Due to general fund	\$40,464	\$0	\$11,135	\$11,135	\$11,135
Total liabilities	<u>\$40,464</u>	<u>\$7,650,000</u>	<u>\$11,135</u>	<u>\$11,135</u>	<u>\$11,135</u>
Fund Balance (Deficit):					
Fund Balance (Deficit)	<u>\$11,452,603</u>	<u>\$6,739,620</u>	<u>\$10,394,243</u>	<u>\$7,251,906</u>	<u>\$4,607,662</u>
Total Liabilities and Fund Equity	<u>\$11,493,067</u>	<u>\$14,389,620</u>	<u>\$10,405,379</u>	<u>\$7,263,042</u>	<u>\$4,618,797</u>

Design District 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)

	<u>ITD</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Tax increment-Governmental	\$19,932,451	\$3,807,378	\$3,286,207	\$2,639,115	\$2,213,363	\$1,844,597
Tax increment-Intergovernmental	\$3,639,367	\$728,899	\$593,115	\$469,592	\$401,192	\$320,286
Interest income	\$517,834	\$157,736	\$158,090	\$90,501	\$47,841	\$21,469
Affordable Housing Buyout	\$524,600	\$0	\$0	\$0	\$0	\$0
Net increase (decrease) in fair value of investments	\$3,078	\$60,182	(\$40,075)	(\$27,297)	\$739	\$9,755
Total revenues	<u>\$24,617,330</u>	<u>\$4,754,194</u>	<u>\$3,997,338</u>	<u>\$3,171,910</u>	<u>\$2,663,134</u>	<u>\$2,196,107</u>
Expenditures:						
Administrative expenses	\$394,639	\$41,211	\$0	\$29,573	\$18,890	\$34,240
Non-Capital Outlay	\$6,753,446	\$0	\$6,302,126	\$0	\$0	\$13,453
Capital outlay	\$5,793,746	\$0	\$1,349,835	\$0	\$0	\$0
Interest and fiscal charges	\$222,896	\$0	\$0	\$0	\$0	\$0
Total expenditures	<u>\$13,164,727</u>	<u>\$41,211</u>	<u>\$7,651,961</u>	<u>\$29,573</u>	<u>\$18,890</u>	<u>\$47,693</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$11,452,603</u>	<u>\$4,712,983</u>	<u>(\$3,654,623)</u>	<u>\$3,142,337</u>	<u>\$2,644,244</u>	<u>\$2,148,414</u>
Fund balance (Deficit) at beginning of year as previously reported	\$0	\$6,739,620	\$10,394,243	\$7,251,906	\$4,607,662	\$2,459,248
Fund balance (deficit) at end of year	<u>\$11,452,603</u>	<u>\$11,452,603</u>	<u>\$6,739,620</u>	<u>\$10,394,243</u>	<u>\$7,251,906</u>	<u>\$4,607,662</u>

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.

City of Dallas, Texas
Design District Tax Increment Financing District
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'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. The Zone's Financial Plan permits expenditures not to exceed 4,526,827 (in current \$) over the life of the TIF to reimburse the City for administrative costs. The Zone began reimbursing the general fund in fiscal year 2009-10. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.
5. "Due to general fund" amount of \$40,464 at September 30, 2019 represents the TIF administration costs for the fiscal year 2017-2018 that have been earned but will be reimbursed to the General Fund in future years based on the availability of TIF funds.
6. Actual FY 2018-2019 (in Process) administration costs will be reflected in the FY 2019-2020 Financial Statements.
7. All project costs resulting in capital improvements that are owned by the City are capitalized by the City.

Appendix B – Financial Obligations Estimated Payoff

The Alexan Riveredge project had an obligation for up to \$7,800,000. A portion of the subsidy, \$150,000 is pending a plan for a trail connection that is part of district-wide set aside funds. The \$7,650,000 net obligation was fully paid in FY 2018-2019.

The Virgin Hotel Infrastructure Project has a total obligation for up to \$3,622,885. Upon completion of all agreement requirements, it is anticipated the obligation will be paid with available cash in FY 2019-2020 and FY 2022-2023 based on the proposed project phasing.

Pending City Council approval in November 2019, a TIF funding of up to \$15,500,000 has been recommended for the Cabana Hotel Redevelopment Project. The anticipated project completion is 2023 and current projections estimate approximately five years to fully pay the obligation.

Appendix C – District-wide Set Aside Funds

The TIF Increment Allocation Policy adopted by the TIF Board for the Design District TIF District currently provides for 20% of any district increment, after administrative expenses, to be set aside for District-Wide Improvements. However, if the annual balance in the District-Wide Improvement Set-Aside exceeds \$500,000, the TIF Board may evaluate whether to reduce this percentage set-aside in any given year. Specific improvement projects are to be determined and the amount of this set aside will be reviewed annually based on updated financial projections and District needs. The TIF Board shall also have the discretion to release all or part of district wide set aside funds towards reimbursement of one or more TIF eligible projects.

The balance for the District-wide set aside, as of the end of FY 2018-2019, totals \$3,859,980.49. An existing commitment includes \$150,000 set aside for a trail connection as part of the Alexan Riveredge project. The Virgin Hotel Infrastructure Project is anticipated to be reimbursed from existing cash; however, if not sufficient will utilize TIF district-wide set aside funding up \$2,542,800 to be made available upon completion of all development agreement obligations.

The pending commitment for the Cabana Hotel Redevelopment Project includes up to \$500,000 in off-site district-wide public improvements such as wayfinding signage, gateway and portal improvements, and/or open space with locations to be determined in a collaborative process.

Potential uses of district-wide set funds based on stakeholder and TIF Board discussions include a pedestrian bridge from the Hi Line Drive trail head across the Trinity meanders and a mini connector trail along the western banks to Irving Boulevard. The Park Department is working on a scope and cost estimates.

The intent is to leverage TIF funds as a match for other funding.