

## Deep Ellum TIF District FY 2018-2019 Annual Report



Continental Gin Redevelopment Project

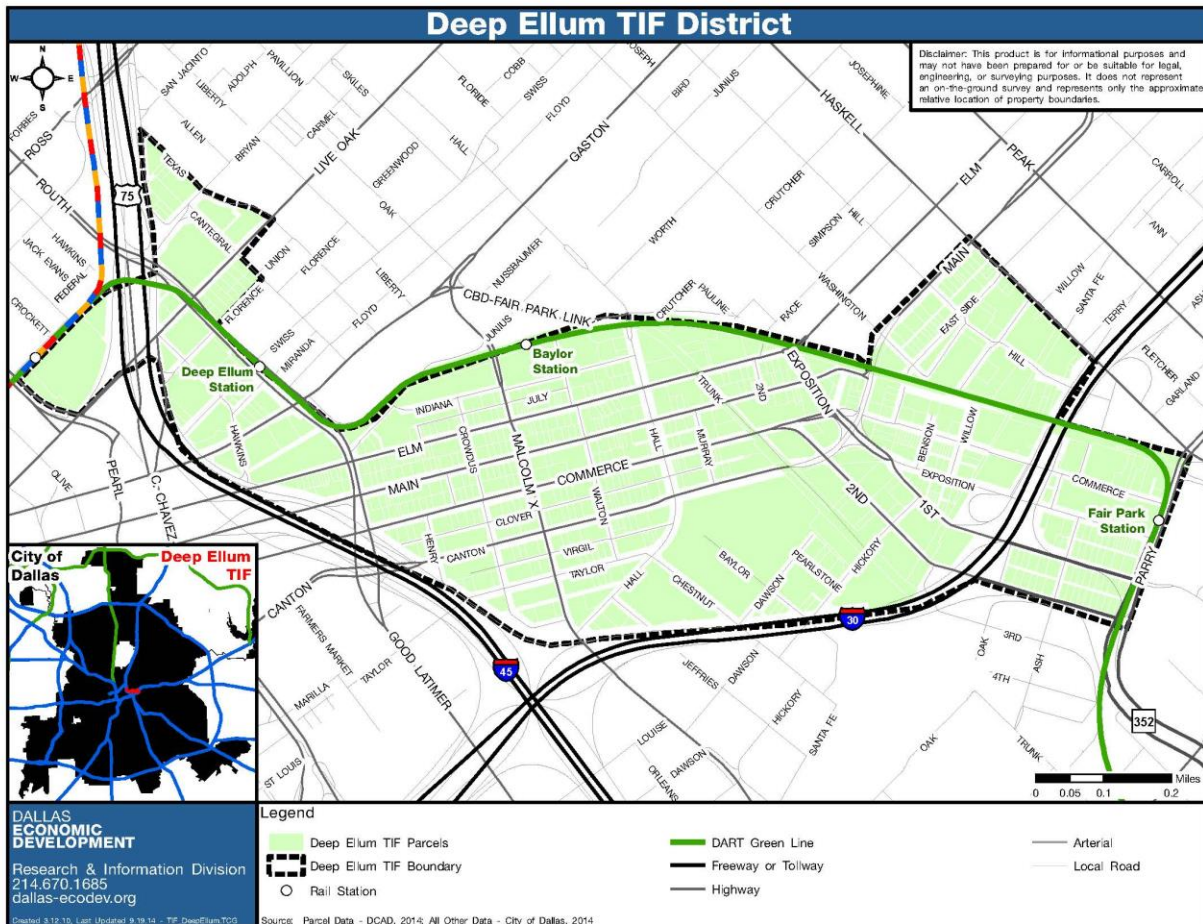


**City of Dallas**

Office of Economic Development  
1500 Marilla Street, 5CS  
Dallas, Texas 75201  
(214) 670-1685  
[www.dallasecodel.org](http://www.dallasecodel.org)

**October 1, 2018 to September 30, 2019**

## Reinvestment Zone Number Twelve Deep Ellum Tax Increment Financing District



Source: Parcels - DCAD, 2009; Rail - DART, 2009; All Other Data - City of Dallas, 2017

## Table of Contents

Mission Statement.....	4
Deep Ellum TIF District Accomplishments .....	4
Current Development Status .....	7
Value and Increment Revenue Summary.....	9
Objectives, Programs, and Success Indicators .....	9
Year-End Summary of Meetings .....	11
Pending TIF Items.....	11
Budget and Spending Status.....	12
FY 2019-2020 Work Program .....	13
Appendix A: Financials.....	14
Appendix B: Financial Obligations Estimated Payoff.....	18
Appendix C: District-Wide Set Aside Funds .....	19

## **Mission Statement**

The mission of the Deep Ellum Tax Increment Financing District is to provide a source of funding for public infrastructure improvements anticipated to enhance the real estate market for the Deep Ellum TIF District area. The Deep Ellum Tax Increment Financing (TIF) District represents the outgrowth of the City of Dallas' effort to provide a model for redeveloping districts to take full advantage of the expanding DART light rail system, promote transit oriented development, improve the historic core area of Deep Ellum, implement appropriate urban design standards to differentiate and brand the area, and improve the quality of development east of Downtown.

The Deep Ellum TIF District (the "District") was established in June 2005 to assist in the transformation of the Deep Ellum area into a more diversified, pedestrian friendly, mixed-use neighborhood in the area and improve the urban fabric and connections between Central Expressway and Fair Park. Strengths of the District include a mix of unique and historic buildings that create an identifiable district, adjacency to three DART light rail stations and proximity to Downtown Dallas, the Arts District, Dallas Farmers Market, Baylor Medical Center, and Fair Park.

The Dallas City Council established the Deep Ellum TIF District by Ordinance Number 26043 on June 22, 2005. The Deep Ellum TIF District took effect on January 1, 2006 and is scheduled to terminate on December 31, 2027 (including collection of the 2027 increment in calendar year 2028 and any related matters to be concluded in 2028) or when the budget of \$30 million (2006 dollars) has been collected. The TIF boundary and final plan were amended in 2008, 2011, and 2014 (current amended plan). The City of Dallas and Dallas County are the two participating jurisdictions. The City's participation rate is 85% of incremental property taxes collected, and the County's participation rate is 55%.

## **Deep Ellum TIF District Accomplishments**

To date, property value increased by \$557 million within the District, an increase of 295% from the base value.

During FY 2011, DART completed construction of the SE-1 Corridor light rail line, which included the Deep Ellum, Baylor, and Fair Park stations within the Deep Ellum TIF District.

Redevelopment and reinvestment of consolidated property in the commercial core of Deep Ellum continue to expand dining and retail choices in the area. Projects by Asana Partners and Westdale Real Estate Investment and Management have provided additional commercial and retail opportunities in the Deep Ellum TIF District.

The Old Dallas High School, added to the Deep Ellum TIF District in 2014, was approved for TIF funding in 2016 and was completed in 2018. The Case Building at Main Street and Trunk Avenue and the Epic Project have brought additional residential units, office



and retail space to the District. The completed portion of the Epic, located at Elm and Good Latimer, includes 251,600 square feet of office space and 49,382 square feet of retail space. The Epic will also include a 310 residential unit tower and a 164-key hotel in the historic Knights of Pythius Temple building. Uber has announced bringing 3,000+ jobs to the recently completed Epic office building as well as to Epic Phase II (to be included in 2019-2020 Annual Report).

The Continental Gin Redevelopment Project, approved by the Deep Ellum TIF District Board of Directors and City Council during the fiscal year, will improve 45,000 square feet of office space and 5,000 square feet of retail space in the historic building.

The chart that begins on page 7 is a comprehensive list of all TIF funded and significant non-TIF funded projects within the Deep Ellum TIF District boundary.



*Baylor Light Rail Station*



*Deep Ellum Light Rail Station*



*The Ambrose on Indiana Street*



*Elan City Lights*



*Reel FX*



*Eastside Lofts*





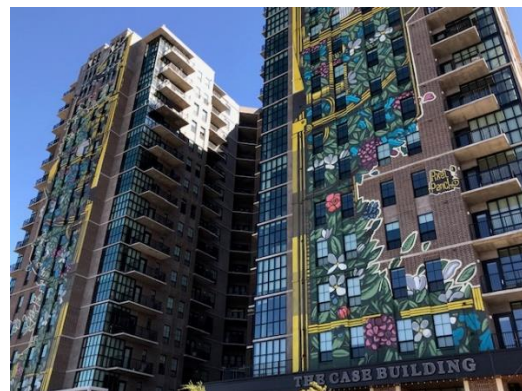
*Novel Deep Ellum (Crescent)*



*The Olympia Arts Building*



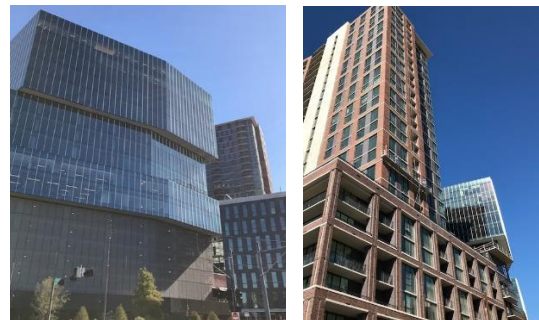
*Old Dallas High School*



*Case Building*



*City Lights Phase II Site*



*The Epic*



*Latino Cultural Center*



*Westdale 2800 DE*

## Current Development Status in the District

### Deep Ellum TIF District Projects

Deep Ellum TIF District Projects <sup>1</sup>						
Projects and Potential Projects Within TIF District Utilizing TIF Funding <sup>2</sup>						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value <sup>3</sup>	TIF Investment
Olympia Arts	4000 East Side Ave / 3995 Benson St	2010	Complete	25,116 SF office, 4,040 SF commercial	\$1,761,390	\$595,000
Reel FX/ Crowdus & Indiana Streetscape Improvements <sup>4</sup>	301 N Crowdus	2014	Complete	67,166 SF office, streetscape improvements	\$4,563,260	\$552,000
Westdale 2800 DE	Main and Elm Streets	2016	Complete	30,595 SF retail, open space	\$5,114,080	\$1,600,000
Old Dallas High School	Live Oak and Pacific	2017	Complete	114,272 SF office space	\$8,124,800	\$6,240,934
Continental Gin	3309 Elm Street	2021	Under Construction	45,000 SF office space, 5,000 SF retail	\$15,000,000 (planned)	\$3,000,000
SUBTOTAL		Complete: 206,554 SF Office and 34,635 SF Commercial/Retail Planned/Under Construction: 45,000 SF Office and 5,000 SF Commercial/Retail 0 Residential Units			\$19,563,530 Invested; \$15,000,000 Planned	\$11,987,934
Projects Within TIF District Not Utilizing TIF Funding <sup>1</sup>						
City Lights Phase I <sup>5</sup>	2627 Live Oak St	2015	Complete	424 resid. units	\$71,500,000	\$0
Broadstone Ambrose	2901 Indiana St.	2007	Complete	338 resid. units	\$58,800,000	\$0
Commerce Street Lofts	3701, 3703, 3705,3707, 3509, 3711, 3713, & 3715 Commerce St.	2007	Complete	8 live/ work units (approx. 18,000 SF)	\$3,531,640	\$0
Eastside Lofts	500, 502, 504, 506 1 <sup>st</sup> St.	2006	Complete	4 residential units (approx. 9,300 SF)	\$1,837,600	\$0
The Case Building	3131 Main	2018	Complete	337 residential units, 10,738 Retail	\$69,133,000	\$0

Deep Ellum Crossroads	Main and Commerce Streets	2017	Complete	32,868 SF Retail	\$7,426,080	\$0
Epic (Phase I)	Elm & Good Latimer	2019	Complete	251,600 SF office, 49,382 SF retail	\$90,630,420	\$0
Epic (Phase I)	Elm & Good Latimer	2020	Under Construction	310 residential units, 164 hotel rooms	\$115,000,000 (Estimated, upon completion)	\$0
Novel Deep Ellum (Crescent)	2900-2930 Canton	2020	Under Construction	231 residential units, 10,500 SF retail	\$60,000,000 (Estimated, upon completion)	\$0
City Lights Phase II	Live Oak and Cantegral Streets	2018	Under Construction	368 residential units, 56,625 SF grocery	\$100,000,000 (Planned)	\$0
2400 Bryan	2400 Bryan	2021	Approved/Planned	217 residential units, 10,000 SF retail	\$50,409,542 (Planned)	\$0 TIF (PPP, Bond, HOME and CBDG funds)
SUBTOTAL		Complete: 1,111 Residential Units, 251,600 SF Office and 92,988 SF Commercial/Retail Planned/Under Construction: 1,126 Residential Units, 164 hotel rooms, 0 SF Office and 77,125 SF Commercial/Retail			\$302,858,740 Invested; \$325,409,542 Underway/Planned	\$0
TOTAL PROJECTS WITHIN TIF DISTRICT UTILIZING AND NOT UTILIZING TIF FUNDS		Complete: 1,111 Residential Units, 458,154 SF Office and 127,623 SF Commercial/Retail Planned/Under Construction: 1,126 Residential Units, 164 hotel rooms, 45,000 SF Office and 82,125 SF Commercial/Retail			\$322,422,270 Invested; \$340,409,542 Underway/Planned	\$11,987,934

<sup>1</sup> All information updated as of September 30, 2019

<sup>2</sup> All TIF funded projects.

<sup>3</sup> Based upon estimated market value at completion or of comparable projects for anticipated projects, or 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.

<sup>4</sup>Reel FX was funded as part of a Streetscape project on Elm Street from Crowdsus Street to Indiana Street. Deep Ellum TIF Funds assisted with the costs, along with a Chapter 380 Economic Development Grant, Water Utilities Capital Improvement Funds, and 2006 Prop 8 Bonds.

<sup>5</sup> On June 9, 2019, a construction crane collapsed on Elan City Lights Phase I; future value may be impacted based on non-habitable status and potential future demolition of structure

## 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, there are no residential units funded with TIF financial commitments.

The approved 2400 Bryan Street mixed-income, mixed-use project will include 217 residential units, of which 111 will be affordable. This project will not receive TIF funds but has a capital stack utilizing Housing Tax Credits and other City controlled funds (HOME, CDBG, Public/Private Partnership Funds, GO Bond Funds), requiring 51% of the units to be set aside as affordable (60% or below area median income).

## Value and Increment Revenue Summary

The Deep Ellum TIF District's assessed 2019 taxable value was \$746,341,773. This represents an increase of \$182,218,961 (32%) from the 2018 value and an increase of \$557,179,160 (295%) from the base year value. The resulting total increment revenue anticipated to be collected in 2020 (from 2019 values) is approximately \$4,424,898 (\$3,677,995 City increment and \$746,903 County increment).

## Objectives, Programs, and Success Indicators

The final Deep Ellum Project Plan and Reinvestment Zone Financing Plan was adopted on April 12, 2006 and was amended in 2008, 2011 and 2014. Among the goals of the Plan are:

- To create additional taxable value attributed to new private investment in projects in the Deep Ellum TIF District totaling approximately \$795 million.

*Completed projects within the District have contributed approximately \$322.4 million in additional taxable value (40.56% of goal).*

- To attract new private development in the Deep Ellum TIF District totaling approximately 650,000 square feet of retail space, 850,000 square feet of office space, 500 hotel rooms, and at least 3,500 new residential units including lofts, town homes and apartments.

*Completed projects within the District contributed approximately 127,623 square feet of retail (19.6% of goal), 458,154 square feet of office (53.9% of goal), 0 hotel rooms (0% of goal), and 1,111 additional residential units (31.7% of goal). Several large-scale projects are under construction and planned, which will assist the District in meeting these goals over the next several years.*

- To support the conversion of the Deep Ellum area to a mixed-use, transit-oriented neighborhood that complements Baylor Medical Center, Downtown Dallas, Latino Cultural Center and Fair Park.

*A Complete Street project for Commerce Street from Good Latimer to Exposition was approved in the 2017 Bond Program. A Complete Street Project is also underway for Main and Columbia that passes through East Deep Ellum from S. Beacon Street to Deep Ellum. Funding for this project is from the 2017 Bond Program, which will also complete the CBD Fair Park Link from Main in IH30 for Design and ROW work.*

- To generate approximately \$30 million (net present value) in increment over 20 years of collections.

*The District has generated \$9.48 million NPV, with eight years remaining until the expiration of the District. Based upon current estimates and certified 2019 values, the TIF District could meet the \$30 million NPV goal by FY 2027, before the TIF District expires in 2028. The assessed property value from the base year to 2019 increased by approximately 295%, including an increase of 32% since 2018.*

- To diversify retail and commercial uses in the District.

*In 2015, City Council approved the redevelopment of multiple buildings and parking lots along Main and Elm for the Westdale 2800 DE project which added 30,595 square feet of retail and restaurant space along with the creation of 13,740 square feet of open space. The Westdale 2800 DE Project was completed in the fiscal year 2017 and paid in full in fiscal year 2018.*

*The Continental Gin Redevelopment Project was approved for TIF funding during the fiscal year. This adaptive reuse of an historic building will primarily house office space but there will also be 5,000 square feet of retail space. Several non-TIF funded large-scale projects are adding to the diversification of retail and commercial uses in the District.*

- Encourage the redevelopment of the property located on Live Oak Street north of the Latino Cultural Center including the sale of some City-owned property in the area and some street abandonment to create a more usable site.

*In 2008, the boundaries of the Deep Ellum TIF District were amended to include the City of Dallas Latino Cultural Center and the site of the City Lights Project. These two sites comprise 10.2 acres. This boundary amendment was initiated to promote new development and increased urban density near the Latino Cultural Center and nearby the Deep Ellum DART Light Rail station.*

## **Year-End Summary of Meetings**

The Deep Ellum TIF District Board of Directors met three times during the fiscal year, on December 4, 2018, on December 20, 2018 and on March 26, 2019.

The Board can consist of up to seven members, including six City of Dallas appointees and one Dallas County appointee. Board members are (FY 2018-19 Board meetings attended):

- Jon Hetzel, Chair – City Representative (attended 3 of 3 meetings)
- Jeff Brightwell – City Representative (attended 2 of 3 meetings)
- Cash Harbaugh – City Representative (attended 2 of 3 meetings)
- Jim Rogers – City Representative (attended 3 of 3 meetings)
- Charles Shelburne – City Representative (attended 1 of 3 meetings)
- Rick Loessberg – Dallas County Representative (attended 3 of 3 meetings)

Two City Council items were considered directly related to the Deep Ellum TIF District:

On February 27, 2019, City Council approved Resolution Number 19-0370, accepting the FY 2017-2018 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Twelve (Deep Ellum TIF District or 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, as required by state law.

On April 10, 2019, City Council approved Resolution Number 19-0536, authorized a development agreement with 3309 Elm TIF, Inc. (“Developer”) and/or its affiliates in an amount not to exceed \$3,000,000.00, payable from future Deep Ellum TIF District Funds, in consideration of the Continental Gin Redevelopment Project (“Project”) on property currently addressed at 3309 Elm Street in Tax Increment Financing Reinvestment Zone Number Twelve (Deep Ellum TIF District).

## **Pending TIF Items**

Consideration of the FY 2018-2019 TIF District Annual Report and a recommendation to the City Council for approval.

## 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. The Deep Ellum TIF District was established in June 2005 and was amended in FY 2008 and 2014. The current budget for the TIF district is below.

<b>Deep Ellum TIF District Project Plan Budget Projected Increment Revenues to Retire TIF Fund Obligations</b>			
<b>Category</b>	<b>TIF Budget<sup>1</sup></b>	<b>Allocated<sup>2</sup></b>	<b>Balance</b>
Water, Wastewater, Storm & Off-site Utility Replacement	\$2,331,094	\$1,388,183	<b>\$942,911</b>
Paving Streetscape & Lighting	\$27,104,398	\$1,804,134	<b>\$25,300,264</b>
Open Space & Trails	\$2,635,150	\$122,998	<b>\$2,512,152</b>
Façade Restoration /Environmental/Remediation/Demolition <sup>3</sup>	\$10,325,230	\$8,522,324	<b>\$1,802,906</b>
Latino Cultural Center Area Improvements	\$9,341,205	\$0	<b>\$9,341,205</b>
Administration & Implementation <sup>4</sup>	\$4,296,954	\$458,483	<b>\$3,838,471</b>
<b>Total Project Costs (excluding interest)</b>	<b>\$56,034,031</b>	<b>\$12,296,122</b>	<b>\$43,737,909</b>
<sup>1</sup> Budget shown above in current dollar; TIF Project Plan shows the budget in net present value.			
<sup>2</sup> Project and Administrative costs are allocated as increment collection began in FY 2008			
<sup>3</sup> Includes \$775,000 Grant under Façade Restoration/Environmental/Remediation/Demolition			
<sup>4</sup> TIF administration costs shown are expended or committed through FY 2018; Actual FY 2018-2019 (in process) administration costs will be reflected in the FY 2019-2020 financial statements.			

<b>Deep Ellum TIF District Project Plan Budget</b>	
<b>Category</b>	<b>TIF Budget*</b>
Water, Wastewater, Storm & Off-site Utility Replacement	\$1,247,748
Paving Streetscape & Lighting	\$14,507,977
Open Space & Trails	\$1,410,498
Façade Restoration/Environmental Remediation & Demolition	\$5,526,712
Latino Cultural Center Area Improvements	\$5,000,000
Administration and Implementation	\$2,300,000
<b>Total Project Costs (excluding interest)</b>	<b>\$29,992,935</b>
* As approved in the Project Plan and Reinvestment Zone Financing Plan as amended September 10, 2014. Note: TIF Board may amend Project Plan budget with City Council approval.	



<b>Deep Ellum TIF M/WBE Participation</b>				
<b>Project</b>	<b>Contractor</b>	<b>Total Contract Award Amount</b>	<b>Total MWBE Amount</b>	<b>Percentage Minority Participation</b>
Olympia Arts	Elstonaire	\$1,200,000	\$360,000	30%
Reel FX*	N/A	N/A	N/A	N/A
Westdale 2800 DE	CS1 Group, Inc	\$1,988,975	\$557,510	28.03%
Old Dallas High School	Balfour Beatty	\$17,054,775	\$4,104,694	23.54%
* TIF funds for streetscape work				

## **FY 2019-2020 Work Program**

The FY 2019-20 work program for the Deep Ellum TIF District includes:

- Improve the pedestrian environment through sidewalk improvements, landscaping, lighting and design standards.
- Provide funding for environmental remediation and interior/exterior demolition assistance to encourage redevelopment of property within the Deep Ellum TIF District.
- Upgrade basic infrastructure including storm drainage, water/wastewater lines, and burial of overhead utilities to support redevelopment in the District.
- Coordinate linkages with the three DART light rail stations located in the District by extending streetscape improvements between stations to create an extended pedestrian area to destinations such as the Latino Cultural Center, the Baylor Hospital Campus, the Old Dallas High School site, and Fair Park.
- Direct overall development of the Deep Ellum TIF District through the application of design guidelines for public improvements and private development.
- Encourage development of new residential and retail uses to complement the District.
- Encourage redevelopment of the commercial core area of Deep Ellum to complement the existing building stock, diversify the retail mix and encourage infill development and structured parking.
- Examine the redevelopment possibilities of the current City Central Service Center located at 3202 Canton Street.

## Appendix A: Financials

### City of Dallas, Texas

#### Deep Ellum 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	\$4,540,543	\$4,200,375	\$3,650,229	\$2,237,637	\$1,267,424
Interest receivable	\$4,917	\$9,624	\$8,916	\$3,088	\$1,971
Total assets	<u>\$4,545,461</u>	<u>\$4,209,999</u>	<u>\$3,659,146</u>	<u>\$2,240,725</u>	<u>\$1,269,395</u>
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$0	\$1,600,000	\$0	\$159
Advances from developers	\$0	\$0	\$0	\$0	\$0
Accrued interest	\$0	\$0	\$0	\$0	\$0
Accrued liability	\$0	\$0	\$4,448	\$4,448	\$8,897
Due to general fund	\$46,690	\$0	\$6,963	\$6,963	\$6,963
Total liabilities	<u>\$46,690</u>	<u>\$0</u>	<u>\$1,611,411</u>	<u>\$11,412</u>	<u>\$16,019</u>
Fund Balance (Deficit):					
Fund Balance (Deficit)	<u>\$4,498,771</u>	<u>\$4,209,999</u>	<u>\$2,047,734</u>	<u>\$2,229,313</u>	<u>\$1,253,376</u>
Total Liabilities and Fund Equity	<u>\$4,545,461</u>	<u>\$4,209,999</u>	<u>\$3,659,145</u>	<u>\$2,240,725</u>	<u>\$1,269,395</u>

### Deep Ellum Tax Increment Financing District Fund

#### Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

#### Balance Sheet as of 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	\$8,481,377	\$2,468,870	\$1,787,815	\$1,213,086	\$847,394	\$421,447
Tax increment-Intergovernmental	\$1,751,596	\$495,462	\$348,920	\$234,396	\$173,843	\$95,143
Interest income	\$198,109	\$88,826	\$39,335	\$30,923	\$14,460	\$6,616
Developer contribution	\$53,491	\$0	\$0	\$0	\$0	\$0
Net increase (decrease) in fair value of investments	\$7,774	\$24,476	(\$10,743)	(\$9,221)	(\$148)	\$3,525
Total revenues	<u>\$10,492,348</u>	<u>\$3,077,633</u>	<u>\$2,165,327</u>	<u>\$1,469,183</u>	<u>\$1,035,548</u>	<u>\$526,731</u>
Expenditures:						
Administrative expenses	\$458,483	\$48,188	\$0	\$50,762	\$59,033	\$48,941
Non-Capital Outlay	\$3,212,160	\$2,290,674	\$3,062	\$875,000	\$0	\$0
Capital outlay	\$2,322,935	\$450,000	\$0	\$725,000	\$578	\$241,647
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0	\$0
Total expenditures	<u>\$5,993,578</u>	<u>\$2,788,862</u>	<u>\$3,062</u>	<u>\$1,650,762</u>	<u>\$59,611</u>	<u>\$290,588</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$4,498,771</u>	<u>\$288,771</u>	<u>\$2,162,265</u>	<u>(\$181,579)</u>	<u>\$975,937</u>	<u>\$236,143</u>
Fund balance (Deficit) at beginning of year as previously reported	\$0	\$4,209,999	\$2,047,734	\$2,229,313	\$1,253,376	\$1,017,232
Fund balance (Deficit) at beginning of year, as restated	<u>\$0</u>	<u>\$4,209,999</u>	<u>\$2,047,734</u>	<u>\$2,229,313</u>	<u>\$1,253,376</u>	<u>\$1,017,232</u>
Fund balance (deficit) at end of year	<u>\$4,498,771</u>	<u>\$4,498,771</u>	<u>\$4,209,999</u>	<u>\$2,047,734</u>	<u>\$2,229,313</u>	<u>\$1,253,376</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**  
**Deep Ellum Tax Increment Financing District Fund**  
**Reinvestment Zone Number Twelve**  
**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:**

\$113,302	Interest Income
\$2,964,332	Ad Valorem Taxes (Collected in FY'2018-19 based on 2018 Final Tax Roll)
\$0	Developer contribution
<u>\$3,077,633</u>	Total Revenue

**2. Amount and purpose of expenditures from the fund:**

\$48,188	Administrative Expense*
\$2,290,674	Non-Capital Outlay - Façade Restoration/Environmental Remediation and Demolition
\$450,000	Capital outlay - Paving, Streetscape, and Lighting
\$0	Additional Subsidy in Form of Grant (in lieu of interest expense)
<u>\$2,788,862</u>	Total Expenditures

\*TIF admin cost is \$46,690 and PNV cost is \$1,498 for a combined total admin cost of \$48,188

\*Actual FY 2018-2019 (in Process) administration costs will be reflected in the FY 2019-2020 Financial Statements. The above non-capital and capital outlay expenditures relates to payments made to Mathews Holdings Southwest, Inc. for the Old Dallas High School Project for the fiscal year 2019.

**3. TIF Administration Costs:**

The Zone continued to reimburse the General Fund for administrative costs incurred during the fiscal year.

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

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

**b.** The Zone also entered into a development agreement with Westdale Properties America I, Ltd. for the redevelopment of Westdale 2800 DE Project in an amount not to exceed \$1,600,000. The Zone fully reimbursed the developer in fiscal year 2018.

<u>Project</u>	<u>Principal</u>	<u>Accrued Add'l Subsidy (1)</u>	<u>Less Payments (2)</u>	<u>Total (P &amp; I) Outstanding</u>
Westdale 2800 DE Project	\$1,600,000	\$0	\$1,600,000	\$0
Total	\$1,600,000	\$0	\$1,600,000	\$0

(1) Additional Subsidy in Form of Grant (in lieu of interest expense).

(2) Westdale 2800 DE Project expenditures were accrued in the fiscal year 2017 and paid in the fiscal year 2018.

**c.** The Zone entered into a Development Agreement dated May 23, 2017 with MSW Crozier Tech, LP for the redevelopment of the Old Dallas High School Project in an amount not to exceed \$6,240,934 of which up to \$200,898 may be payable in the form of a Grant as defined in the Development Agreement.

The Zone reimbursed the Developer in the fiscal year 2019 as follows:

<u>Project</u>	<u>Principal</u>	<u>Accrued Add'l Subsidy (1)</u>	<u>Less Payments (2)</u>	<u>Total (P &amp; I) Outstanding</u>
Mathews Holdings Southwest, Inc.	\$6,240,934	\$0	\$2,740,674	\$3,500,260
Total	\$6,240,934	\$0	\$2,740,674	\$3,500,260

d. Development agreement with 42 Deep Ellum, LP for the development of Deep Ellum Crossroads Project was terminated as a result of the Developer unable to perform the Development Agreement's stated requirements.

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

Taxing Jurisdiction	Taxable Value 2019 *	Base Year 2008 Value	Est. Captured Value 2019**
City of Dallas	\$746,341,773	\$189,162,613	\$557,179,160
Dallas County	\$747,983,585	\$189,363,589	\$558,619,996

\* 2019 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	0.66011	\$3,677,995
Dallas County	0.13371	\$746,903
Total for all Jurisdictions	\$0.79382	\$4,424,898

\*\*\*Participation rates for City of Dallas and Dallas County are 85% and 55% respectively for tax years 2008 - 2021.

\*\*\*\*The District began collecting increment in fiscal year 2008-09.

B. The total amount of estimated tax increment to be billed for the 2019 tax year is \$4,424,898. For 2018 Tax year, increment in the amount of \$2,964,332 was received.



City of Dallas, Texas  
Deep Ellum 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 Zone'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 \$2,300,000 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 \$46,690 at September 30, 2019 represents the TIF administration costs for the fiscal year 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**

All of the requirements in the Development Agreement for the Old Dallas High School Project were verified during the fiscal year and the developer received \$2,740,674 of the approved \$6,240,934 in TIF funds. Full payment is expected from 2019 increment (to be disbursed 2020).

It is anticipated that sufficient TIF increment will be available to fully pay the Continental Gin Redevelopment Project upon completion and verification that all project conditions are made (2021 increment, 2022 disbursement).

## **Appendix C – District-Wide Set-Aside Funds**

The TIF Increment Allocation Policy adopted by the TIF Board for the Deep Ellum TIF District currently provides for 5% of any district increment, after administrative expenses, to be set aside for District-Wide Improvements. 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 intent of this set-aside is to leverage TIF funds as a match for other funding.

The district-wide set-aside balance as of the end of FY 2019 totals \$477,347. There are no commitments at this time.

Potential uses as defined by the Increment Allocation Policy include:

- Gateways, trails, open space, public facilities, or utility/streetscape improvements benefiting multiple properties or blocks.