

Exhibit A
Davis Garden TIF District
FY 2018-2019
Annual Report



City of Dallas
Office of Economic Development
1500 Marilla Street, 5CS
Dallas, Texas 75201
214-671-9825

October 1, 2018 to September 30, 2019

Reinvestment Zone Number Sixteen Davis Garden Tax Increment Financing District

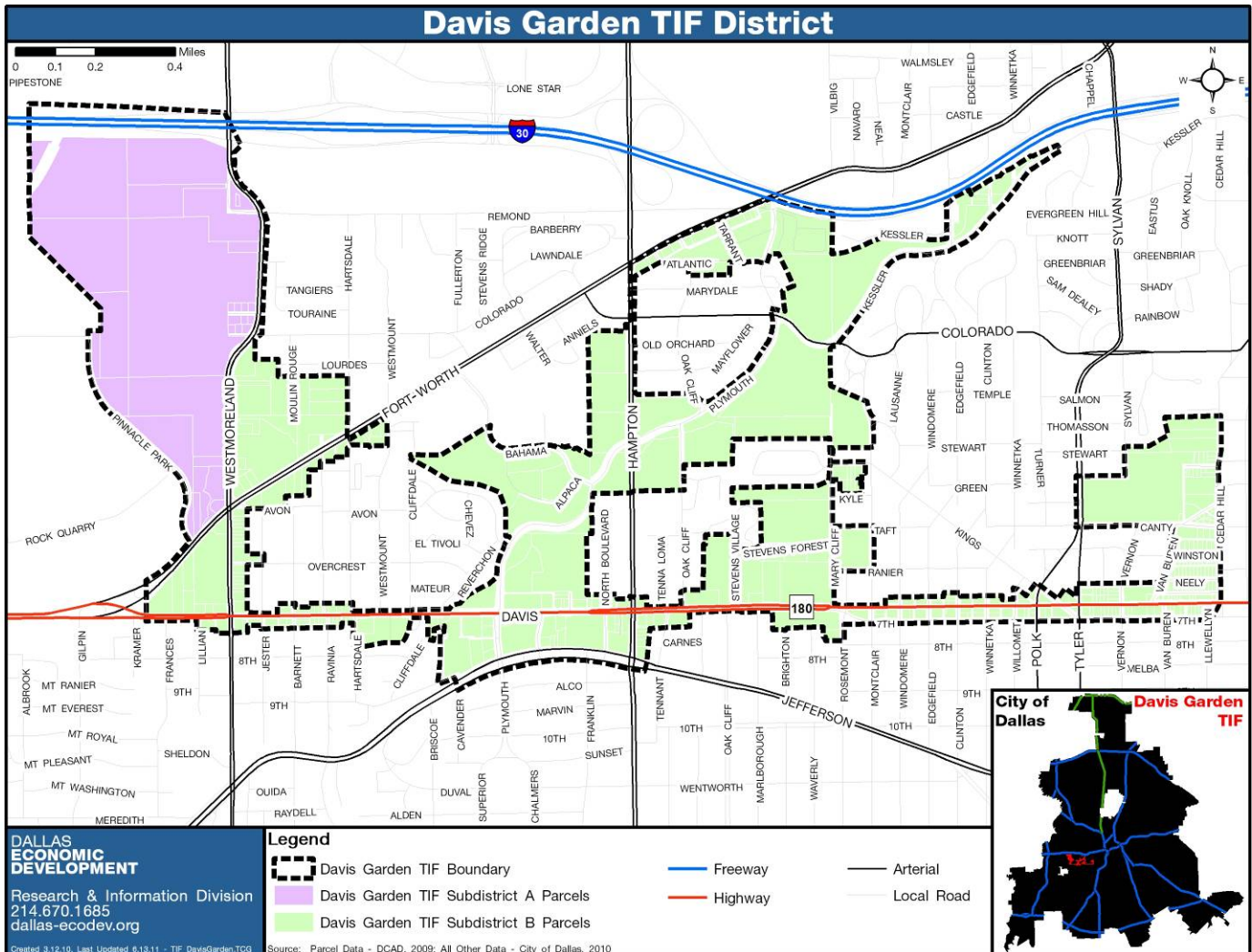


Table of Contents

Mission Statement.....	4
District Accomplishments	4
District Projects	6
Mixed-Income Housing Summary	8
Value and Increment Revenue Summary.....	8
Objectives, Programs and Success Indicators	8
Year-End Summary of Meetings	13
Budget and Spending Status.....	14
FY 2019-2020 Work Program	16
Appendix A – Financials.....	17
Appendix B – Financial Obligations/Estimated Payoff.....	21
Appendix C – District-wide Set Aside Funds	21

Mission Statement

The mission of the Davis Garden TIF District is to provide a funding source to facilitate public infrastructure improvements to enhance the area's real estate market. The District exemplifies the City of Dallas' efforts to provide a model for redeveloping urban corridors and transitioning deteriorated multi-family properties and large infill tracts of vacant land into a more sustainable mix of for-sale and rental housing. It is anticipated to provide linkages to stable neighborhoods in North Oak Cliff, redevelop aging retail centers, and enhance connectivity through improvements to area trails.

The Dallas City Council established the Davis Garden TIF District by Ordinance Number 26799 on June 13, 2007, as amended. The TIF District took effect on January 1, 2008 and is scheduled to terminate on December 31, 2039 (including collection of the 2039 increment in calendar year 2040 and any related matters to be concluded in 2040). The City of Dallas and Dallas County are the District's participating taxing jurisdictions. The City's annual participation rates are as follows:

- 0% in 2008
- 55% in 2009 and 2010
- 70% in 2011
- 90% in 2012 through 2039

Dallas County's participation rate was 55% in 2008 through 2011. The County's annual participation rate increased to 75% in 2012 through 2039, for a period of 28 years.

District Accomplishments

The Davis Garden TIF District is located southwest of downtown Dallas in the North Oak Cliff neighborhood. It includes portions of the Davis Street, Fort Worth Avenue, and Hampton Road corridors, as well as land adjacent to Pinnacle Park, commercial property and multi-family developments. The District features numerous opportunities for redevelopment in areas near amenities such as Coombs Creek Trail, Kidd Springs Park, Stevens Park Golf Course, and the Twelve Hills Nature Center.

Single-family neighborhoods were excluded from the District since they are not targeted for development or redevelopment activities. Kidd Springs Park, Stevens Park Golf Course, and the Twelve Hills Nature Center were included to enable improvements and enhance the connectivity between surrounding neighborhoods. The local elementary schools were included for similar reasons.

Originally the District's geographic area contained approximately 583 acres (excluding right-of-way). However, the District's boundary was expanded to include approximately 105 acres adjacent properties. With the boundary expansion, the District's geographic area increased to approximately 688 acres.

Since the District's creation, City Council has approved TIF funding for eleven projects in the District. This includes SLF III – Davis Garden TIF, L.P.'s (SLF) horizontal development project, which resulted in the demolition of 1,503 outdated apartment units in accordance with the District's goal to replace 2,100 functionally obsolete apartments and 85,000 square feet of commercial space with approximately 2,200 for-sale units, 4,400 rental units and 663,300 square feet of improved, reconfigured or new neighborhood retail space.

To date, 470 residential units have been constructed or are under construction on these sites. Development of the newly created development sites is anticipated to further improve north Oak Cliff's successful residential market as well as stimulate the expansion of residential and commercial activity throughout the District. Several conversions of automobile repair garages to restaurant and retail space have also occurred along West Davis Street in the District.

The Canyon in Oak Cliff project included 196 acres of undeveloped land located southwest of Interstate Highway 30 and North Westmoreland Road. On June 8, 2011, City Council awarded SLF \$128,875,756 in TIF funding for the construction of public infrastructure improvements in the Canyon. Prior to City Council's approval of the public subsidies, this vast area was not served by public utilities or streets. In contrast, the construction of the project's public infrastructure improvements is anticipated to help facilitate development of the following:

- 2,762 residential units
- 368,296 square feet of retail space
- 48,200 square feet of flex/retail space; and



The Canyon in Oak Cliff - Conceptual Site Plan

District Projects

Projects within the Davis Garden TIF District utilizing TIF Funding ¹						
Project	Location	Status	Date Completed	Units/SF ²	Approximate Value ³	TIF Investment ⁴
Twelve Hills Nature Center's Urban Prairie Trailhead project	817 Mary Cliff Rd	Complete	2010	N/A	\$39,640	\$118,820
SLF's Horizontal Development project	Various sites in District	Complete	2011	N/A	N/A	\$4,008,247
Taylor's Farm	1150 Pinnacle Park Blvd	Complete	2011	160 res units	\$6,884,910	\$2,071,197
Kessler Theater Renovation Project	1214 W. Davis St. 1215 W. 7 th St	Complete	2012 (Phase I) 2015 (Phase II)	6,300 sf retail 5,100 sf entertainment	\$991,200	\$136,343
I-30 Frontage Road Design project	South side of I-30 between Cockrell Hill Rd & Westmoreland Rd	Complete	2012	N/A	N/A	\$436,919
Bell Bishop Arts Apartments <i>(Resulted from SLF project)</i>	1836 W. Davis St	Complete	2012	207 res. units	\$28,700,000	\$0
Hillside West	3757 Falls Bluff Drive	Complete	2013	130 units	\$3,494,590	\$1,600,000
1600 Kings Highway <i>(Resulted from SLF project)</i>	Kings Hwy; Mary Cliff Rd; Vaughan Crt; Bassett Pl; Kyle Ave	Complete	2018	35 detached units	\$19,107,760	\$0
Kessler Reserve <i>(Resulted from SLF project)</i>	Cedar Hill Ave; Kessler Reserve Crt	Complete	2018	52	\$11,770,960	\$0
High Grove @ West Kessler <i>(Resulted from SLF project)</i>	Stevens Forest Dr; Stevens Bluff Ln; High Garden Pl; Wood Ledge Pl; Woodland Height Pl; Kessler Heights Ln	Under Construction	2020	54 detached units	\$27,599,950	\$0
Acorn Tree Site <i>(Resulted from SLF project)</i>	Stevens Village Dr; Promontory Ln; Aspen Valley Ln; Centennial Valley Ln	Under Construction	2021	57 detached units	\$11,770,960	\$0
Acorn Assemblage to be Developed <i>(Resulted from SLF project)</i>	2105 W. Davis St.	Undeveloped	TBD	TBD	\$342,240	\$0
Acorn Assemblage to be Developed <i>(Resulted from SLF project)</i>	2111 W. Davis St.	Undeveloped	TBD	TBD	\$1,053,900	\$0
North Hills Assemblage to be Developed <i>(Resulted from SLF project)</i>	640 N. Plymouth	Undeveloped	TBD	TBD	\$546,880	\$0
The Canyon in Oak Cliff	Southwest of Interstate Highway 30 and N. Westmoreland Rd	Ongoing	TBD	Ongoing	N/A	\$128,875,756
Subtotal				760 res. units 6,300 sf retail/rest. 5,100 sf entertainment	\$134,583,020	\$137,247,282
Projects within the Davis Garden TIF District Not Utilizing TIF Funding ¹						
Project	Location	Status	Date Completed	Units/SF ²	Approximate Value ³	TIF Investment ⁴
Bolsa Restaurant	614 W. Davis St	Complete	2007	3,879 sf retail	\$193,440	\$0
Formerly Bolsa Mercado	632 West Davis	Complete	Jun-08	4,000 sf retail	\$211,860	\$0
I-30 Frontage Rd Construction project	South side of I-30 between Cockrell Hill Rd and Westmoreland Rd	Complete	2013	N/A	N/A	\$0
Oak Cliff Coffee Roasters	817 W. Davis St	Complete	2013	3,920 sf retail	\$208,370	\$0

Common Desk	633 W. Davis St	Complete	2015	10,400 sf office	\$395,000	\$0
Oil and Cotton & Davis Street	819 W. Davis St	Complete	2015	2,600 sf office	\$395,000	\$0
bbbop Seoul Kitchen	828 West Davis St	Complete	2016	3,280 sf rest.	\$873,560	\$0
West Davis Village	1314 West Davis St	Complete	2016	14,580 sf retail	\$1,472,890	\$0
Retail Strip	600/610 N. Tyler St	Complete	2016	20,048 sf rest.	\$1,200,000	\$0
Residence Inn Hotel	3425 Canyon Bluff Blvd	Complete	2018	103 hotel rooms	\$7,176,900	\$0
Olive Garden	3333 Canyon Bluff Blvd	Complete	2018	4,669 sf rest.	\$2,010,260	\$0
Buffalo Wild Wings	3351 Canyon Bluff Blvd	Complete	2018	6,655 sf rest.	\$2,070,440	\$0
Subtotal				63,901 sf retail/rest. 10,400 sf office	\$16,143,320	\$0
Total				760 res. units 103 hotel rooms 70,201 sf retail/rest. 10,400 sf office 5,100 sf entertainment	\$150,726,340	\$137,247,282

¹All information updated as of September 30, 2019.
²Based upon information from developer, news articles and/or project announcements for projects under construction, announced or planned. For completed projects, information is actual unit mix and square footage.
³Based upon 1) DCAD market value for completed projects (unless project has not yet been assessed) and 2) estimated DCAD value for projects under construction, planned or announced.
⁴Principal amount not to be exceeded per the project's development agreement.

District Initiatives				
Activity	Scope	Status	Investment	Source
North Oak Cliff Street Car Extension	Service benefits the District. Extension of the startup line from Methodist Regional Medical Center to Davis St at Zang Blvd.	Completed Aug 2016	\$15,000,000 for added segment \$3,000,000 (operations/maintenance)	Texas Mobility Funds Davis Garden TIF
Tyler-Polk Two-Way Conversion	Convert Tyler St and Polk St to two-way operations from Canty St to Pembroke St	Completion Mar 2020	\$3,100,000	2006/2012 City bond program Davis Garden TIF
Rosemont Plaza	Pocket Park at Rosemont St and W. Davis St	Completed Sept 2015	\$395,659	Davis Garden TIF
Rosemont Safe Routes	Streetscape/roadway improvements adjacent to Rosemont campus	Completed September 2015	\$115,569	Davis Garden TIF
Rosemont Safe Routes to School – design/engineering	Engineering study for additional pedestrian, traffic calming and bicycle improvements	Design underway	\$69,566 \$17,392	TXDOT Transportation Alternatives Program Davis Garden TIF
Total Investment			\$21,698,186	

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 Davis Garden TIF District a total of 290 units were constructed with the direct support of TIF funding, of these units, 274 (94.5%) are currently set-aside as affordable.

An additional 470 units were constructed or are under construction without TIF financial assistance. The ratio of affordable housing to all housing added to the TIF District is forty percent (36%).

Value and Increment Revenue Summary

The Davis Garden TIF District's 2007 adjusted base year taxable value was \$137,834,597. The District's 2019 taxable value, as determined by the Dallas Central Appraisal District, is \$326,801,189. This represents an increase of approximately \$188,966,592 (137%) over the adjusted base year value.

The District's value increased by \$36,391,717 (12.5%) from the previous year's value (\$290,409,472). This increase in value will result in the collection of \$1,669,645 (City - \$1,320,763 and County - \$348,882) in incremental revenue for the District in June 2020.

Objectives, Programs and Success Indicators

The Davis Garden Final Project Plan and Reinvestment Zone Financing Plan was approved on February 27, 2008, as amended. The plan's defined development goals are summarized below:

- Utilize TIF funding to encourage needed horizontal improvements and site preparation in the District. This includes environmental remediation and demolition of structurally and functionally obsolete structures to set the stage for future redevelopment activities as described in this plan.

The environmental remediation and demolition of six obsolete apartment complexes (1,503 units) have been completed since the District's creation. The complexes' former sites were prepared for future redevelopment activities that are now nearly complete.

- Utilize TIF funding to encourage the needed redevelopment of the large area (The Canyon) located southwest of the intersection of Interstate Highway 30 and North Westmoreland Road.

The following progress has been made since the District's creation:

- *The Canyon in Oak Cliff project was approved by City Council on June 8, 2011. The project, which consists of the construction of public infrastructure improvements on approximately 196 acres of undeveloped land within the area, is currently in progress.*
- *Taylor's Farm, a 160-unit multi-family project, was approved by City Council on November 9, 2009, was completed during FY 2012.*
- *Hillside West, a 130-unit senior housing project, was approved by City Council on April 28, 2010, was completed during FY 2013.*
- *Residence Inn by Marriott hotel containing 103-rooms was completed in 2018.*
- *Two restaurant spaces (Olive Garden and Buffalo Wild Wings) were completed in 2018.*
- *Create additional taxable value attributed to new private development and appreciation totaling approximately \$1.7 billion over the District's 32-year life.*

Added value for the District as of the 2019 tax year totals \$188,966,592 (13% of the goal). The development timeline in the Canyon has been much slower than projected, limiting property value increases and incremental revenue collections for the Davis Garden TIF District. There is still a lengthy period for additional revenue to be collected as the Davis Garden TIF District does not expire until 2039.

- *Attract new private development in the District by replacing approximately 2,100 residential units with new residential units that will establish a more sustainable mix of for-sale and rental units; add approximately 6,600 residential units to increase population density in the area; and develop approximately 663,300 square feet of retail space and 1,245,000 square feet of other commercial space.*

Preparation of six sites for future redevelopment activities which included the demolition of 1,503 outdated apartment units (71.6 % of the goal) has occurred since the District's creation. 740 new residential units have been constructed or are under construction in the District (11% of the goal). Of the new residential units, 274 (36%) are designated for affordable housing as part of the Taylor's Farm and Hillside West projects.

Retail and restaurant conversions throughout the District have resulted in 58,877 square feet of renovated space. These projects greatly increased commercial activity in the West Davis Corridor. Limited retail development has occurred in the Canyon with construction of 11,324 square feet of restaurant space. In total

the District has produced 70,201 square feet of retail/restaurant space (11% of the goal).

- Encourage the redevelopment of properties along the West Davis Street, Fort Worth Avenue, North Westmoreland Road and Hampton Road corridors for new residential and commercial uses that feature enhanced urban design standards which are complementary to the historic and conservation districts in the immediate area.

The following progress has been made since the District's creation:

- *Site preparation has been completed for the redevelopment of six sites throughout the District. This includes three sites located along West Davis Street. The redevelopment of one site (the Cliffwood Assembly) is complete while two others (the Acorn Tree and North Hills Assembly) are ready for future development.*
- *The City of Dallas Design Studio has completed a study of the West Davis Street Corridor. The findings are being used to develop a plan for public improvements along West Davis Street.*
- Sustain the stability of local schools while redevelopment activities occur within the area's neighborhoods by encouraging strong communication between the Dallas Independent School District and area developers.

Staff is working closely with neighborhood schools to coordinate redevelopment activities with the schools' needs. This includes meeting with the principal of the Rosemont Elementary and Primary Schools as part of the planning process for the Rosemont Safe Routes to School Project.

- Diversify commercial and retail uses in the District by restoring historic commercial buildings and finding redevelopment options for commercial structures that are architecturally less significant.

The Kessler Theater and the buildings occupied by Bolsa, the Common Desk, Oak Cliff Coffee Roasters, and Oil and Cotton/Davis Street Espresso are properties with historic significance that have been renovated or converted for commercial use since the District's creation:

- *The Settles Garage has been converted into the Bolsa Restaurant and approximately 1,850 square feet of office space.*
- *The Kemp Garage has been converted into approximately 4,000 square feet of commercial space that was occupied by Bolsa Mercado.*

- *The retail building at 633 West Davis Street has converted into approximately 10,400 square feet of shared workspace that is occupied by the Common Desk.*
- *The renovated Kessler Theater contains office and retail space for independent businesses, an instructional arts center for children and a performance venue.*
- *The automotive garages that comprised Miguel's Auto Body Shop has been converted into two properties. The first of which is occupied by the Oak Cliff Coffee Roasters. It contains a coffee roaster and 1,300 square foot café. The second building is occupied by Oil and Cotton and Davis Street Espresso.*
- Improve recreational opportunities and connections to City trails and open space within the District while providing better connections to County trails and other recreational amenities in the area.

The following progress has been made since the District's creation:

- *The Twelve Hills Nature Center, Inc.'s Urban Prairie Trailhead project, which was approved by City Council on October 14, 2009, was completed during FY 2010.*
- *Work has been completed on the Coombs Creek Trail along Kessler Parkway from Sylvan Avenue to Colorado Boulevard, Colorado Boulevard from Kessler Parkway to Plymouth Road and Plymouth Road from Colorado Boulevard to Hampton Road. The project was funded by the General Obligation Bond Funds.*
- *Approximately \$8 million in upgrades for Stevens Park Golf Course were completed during FY 2012. The upgrades were funded by several funding sources including the 2003 and 2006 Bond Fund programs.*
- *A new pavilion at Kidd Springs Park was completed in 2015 funded by the 2006 Bond Fund program. Construction of a new aquatic center at Kidd Springs Park was completed during the fiscal year and opened to the public in the summer of 2019. Proceeds from the Elgin B. Robertson land sale provided funding for several regional family aquatic centers throughout the City.*
- *Shared bicycle lanes are included in the new section of Colorado Boulevard, located in the Canyon sub-district between IH-30 and Westmoreland Road.*
- Improve transportation including but not limited to hike and bike trails, bus, trolley, streetcar, and freeway access, street improvements and construction of new public streets and thoroughfares.

The following progress has been made since the District's creation:

- *City Council approved a project pertaining to the design for Phase 1 of a new eastbound frontage road for I-30 located between Cockrell Hill Road and Westmoreland Road during FY 2011. The design and construction of the frontage road were completed during fiscal years 2012 and 2013, respectively.*
- *SLF III – The Canyon TIF, L.P.'s North Oak Cliff Streetcar Extension project was approved by City Council during FY 2011. The project's approval will provide funding to extend the North Oak Cliff Streetcar system to Davis Garden TIF District.*
- *Tyler-Polk Two-Way street conversion – Returns traffic operations on Tyler and Polk Streets between Canty and Pembroke Streets to two-way operations. This project is scheduled for completion in 2020.*
- *During FY 2012, the Davis Garden TIF Board made the following recommendations concerning the best utilization for SLF's \$1 million deposit into the Davis Garden TIF Increment Fund for future TIF infrastructure improvements that benefit the District in lieu of the developer constructing median improvements, streetscape or other public improvements (note: funding includes interest earnings):*
 - *Matching Funds for the Kessler Theater project's infrastructure improvements component – approximately \$60,000 in TIF funding leveraged an additional \$179,200 in matching funds from TxDOT (NCTCOG Grant). The funds are being used to construct streetscape improvements outside the theater along West Davis and Clinton Streets. The project was completed FY 2015.*
 - *Rosemont Plaza Project – comprised the closure of the diagonal portion of 7th Street between Mary Cliff Road/West Davis Street and Montclair Avenue to create a pedestrian plaza that combined the abandoned right-of-way with two small triangular medians to create a larger pedestrian plaza. Estimated Project Budget – \$395,659. The project was completed FY 2015.*
 - *Rosemont Safe Routes to School Project – improved bicycle safety in the vicinity of schools through improved routing, signage and pedestrian amenities. The project consists of sidewalk improvements on the north side of Stevens Forest Drive, a 10' bike trail that connects the sidewalk on Mary Cliff Road to the internal drive for the Rosemont Chris Semos Campus (through DISD property) and sidewalk improvements along Mary Cliff Road. Estimated Project Budget – \$115,569. The project was completed FY 2015.*

- Davis Corridor Urban Design Study – the study was conducted by the City of Dallas Design Studio. The study's findings were used to develop a concept for reconfiguring West Davis Street between Montclair Avenue and Zang Boulevard. Estimated Project Budget – \$35,880. The project was completed FY 2014.
- Tyler/Polk Two-Way Conversion – TIF funds were contributed to this project to cover shortfalls in bond financing – \$408,470.
- The Rosemont Safe Routes to School design/engineering study funded by TXDOT and local match funds from the TIF District continued during the fiscal year. The City will seek construction funding for the pedestrian, traffic calming and bicycle improvements that will be proposed by the study.
- Generate an NPV of \$103.7 million in 2008 dollars or approximately \$302,045,132 total dollars in real property tax increment for the TIF Fund over 32 years of collections.

To date, the District has generated \$4,271,431 in increment (1.4% of the goal).

Year-End Summary of Meetings

The Davis Garden TIF District Board of Directors did not meet during the fiscal year.

Based on amended composition the Davis Garden TIF Board can consist of up to seven (7) members, including six (6) City of Dallas appointees and one (1) Dallas County appointee.

The City Council approved one (1) item related to the District during the fiscal year. The item is summarized below:

- On February 27, 2019, City Council approved Resolution 19-0373 accepting the FY 2017-2018 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Sixteen (Davis Garden 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, as required by state law - Financing: No cost consideration to the City.

Budget and Spending Status

The Davis Garden TIF District's Project Plan and Reinvestment Zone Financing Plan established a budget for public improvement expenditures that are necessary to support private investment. The District's budget and spending to date are provided on the following charts:

Davis Garden TIF District Projected Increment Revenues to Retire TIF Fund Obligations*			
Category	TIF Budget*	Allocated**	Balance
Infrastructure Improvements	\$96,796,738	\$8,082,206	\$88,714,532
Environmental Remediation/Demolition	\$12,529,542	\$3,313,246	\$9,216,296
Affordable Housing	\$34,734,324	\$4,671,197	\$30,063,127
Historic Façade Restoration	\$5,672,846	\$86,535	\$5,586,311
District Wide Improvements - Parks, Open space, Trails, Trolley/Streetcar	\$12,701,322	\$3,088,145	\$9,613,177
The Canyon in Oak Cliff Improvements ¹	\$134,139,330	\$128,875,756	\$5,263,574
Administration and Implementation ²	\$5,471,025	\$738,764	\$4,732,261
Total Project Costs	\$302,045,126	\$148,855,849	\$153,189,277
<p>*Budget shown above is in current dollars anticipated to be collected over the life of TIF District. TIF Project Plan shows the budget in net present value.</p> <p>**Includes funds expended and committed for existing and future projects as of the end of FY 2018-2019.</p> <p>¹TIF funds allocated for the project may be reduced if other sources of funds are identified and allocated to the Canyon.</p> <p>²Administration and Implementation costs for FY 2018-2019 are not included in the above allocation.</p>			

Davis Garden TIF District Project Plan Budget (NPV Values)	
Category	TIF Budget (NPV)
Infrastructure Improvements	\$33,219,568
Environmental Remediation/Demolition	\$4,300,000
Affordable Housing	\$11,920,435
Historic Façade Restoration	\$1,946,858
District Wide Improvements - Parks, Open space, Trails, Trolley/Streetcar	\$4,358,953
The Canyon in Oak Cliff Improvements *	\$46,035,132
Administration and Implementation	\$1,877,595
Total Project Costs	\$103,658,541
<i>All values discounted to 2008 dollars at 5% annually. Actual expenditure values will depend on the timing of project costs.</i>	
<i>* Amount will be reduced if other sources of improvement funds are identified and allocated to The Canyon in Oak Cliff.</i>	

M/WBE Participation

Public bidding is not required for TIF projects. All TIF-funded projects must follow the City's adopted Business Inclusion and Development Plan and make a good faith effort to include certified Minority and Women-Owned Business (M/WBE) participation in TIF reimbursed projects. The BID Plan goal for TIF projects is 25 percent M/WBE participation in construction costs of completed public improvements.

Davis Garden TIF District M/WBE Participation			
Project	Contractor	Total Contract Award Amount	Percentage Minority Participation
SLF Horizontal Public Improvements (Goal – 25%)	Varies	\$2,080,979	48.43%
Kessler Theater Public Improvements (Goal – 25%)	Varies	\$88,141	44.77%
Kessler Theater Private (Goal – 10%)	Varies	\$1,002,073	12.57%
Total - Public		\$2,169,120	48.28%
Total - Private		\$1,002,073	12.57%
Total – All		\$3,171,193	37.0%

FY 2019-2020 Work Program

The FY 2019-2020 work program for the Davis Garden TIF District includes:

- Encourage development projects within the District in accordance with its final Project Plan and Reinvestment Zone Financing Plan

Appendix A – Financials

City of Dallas, Texas
Davis Garden 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	\$2,927,312	\$1,650,591	\$1,586,737	\$1,132,645	\$964,430
Interest receivable	\$0	\$0	\$0	\$0	\$0
Total assets	<u>\$2,927,312</u>	<u>\$1,650,591</u>	<u>\$1,586,737</u>	<u>\$1,132,645</u>	<u>\$964,430</u>
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$2,121,497	\$1,924	\$795,240	\$166,336	\$34,458
Advances from developers	\$0	\$0	\$0	\$0	\$0
Due to general fund	\$20,967	\$0	\$79,505	\$79,505	\$261,505
Accrued liability	\$0	\$0	\$0	\$0	\$19,771
Total liabilities	<u>\$2,142,464</u>	<u>\$1,924</u>	<u>\$874,745</u>	<u>\$245,840</u>	<u>\$315,733</u>
Fund Balance (Deficit):					
Fund Balance (Deficit)	<u>\$784,848</u>	<u>\$1,648,667</u>	<u>\$711,993</u>	<u>\$886,805</u>	<u>\$648,697</u>
Total Liabilities and Fund Equity	<u>\$2,927,312</u>	<u>\$1,650,591</u>	<u>\$1,586,737</u>	<u>\$1,132,645</u>	<u>\$964,430</u>

City of Dallas, Texas
Davis Garden 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	\$3,465,701	\$1,071,367	\$785,108	\$561,836	\$404,087	\$318,328
Tax increment-Intergovernmental	\$727,709	\$212,447	\$155,992	\$113,202	\$72,941	\$66,217
Developer participation/Other income	\$1,000,162	\$0	\$0	\$0	\$0	\$0
Interest income	\$0	\$0	\$0	\$0	\$0	\$0
Net increase (decrease) in fair value of investments	(\$0)	\$0	\$0	\$0	\$0	\$0
Total revenues	<u>\$5,193,571</u>	<u>\$1,283,814</u>	<u>\$941,100</u>	<u>\$675,037</u>	<u>\$477,028</u>	<u>\$384,545</u>
Expenditures:						
Administrative expenses	\$738,764	\$21,145	\$0	\$54,610	\$38,642	\$53,511
Non-Capital Outlay	\$2,984,069	\$1,986,404	\$1,350	\$795,240	\$168,944	\$1,855
Capital outlay	\$685,890	\$140,085	\$3,076	\$0	\$31,334	\$431,155
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0	\$0
Total expenditures	<u>\$4,408,723</u>	<u>\$2,147,633</u>	<u>\$4,426</u>	<u>\$849,850</u>	<u>\$238,920</u>	<u>\$486,522</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$784,848</u>	<u>(\$863,819)</u>	<u>\$936,674</u>	<u>(\$174,812)</u>	<u>\$238,108</u>	<u>(\$101,977)</u>
Fund balance (Deficit) at beginning of year as previously reported	\$0	\$1,648,667	\$711,993	\$886,805	\$648,697	\$750,674
Fund balance (Deficit) at beginning of year, as restated	<u>\$0</u>	<u>\$1,648,667</u>	<u>\$711,993</u>	<u>\$886,805</u>	<u>\$648,697</u>	<u>\$750,674</u>
Fund balance (deficit) at end of year	<u>\$784,848</u>	<u>\$784,848</u>	<u>\$1,648,667</u>	<u>\$711,993</u>	<u>\$886,805</u>	<u>\$648,697</u>

Note: Fiscal year 2018-19 unaudited financial statements are based on preliminary close numbers and are subject to review by City Controller's Office prior to City Council approval. In case of any material changes, TIF board will be provided updated financial statements.

City of Dallas, Texas
 Davis Garden Tax Increment Financing District Fund
 Reinvestment Zone Number Sixteen
 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:

	\$0 Interest Income
	\$1,283,814 Ad Valorem Taxes (Collected in FY'2018-19 based on 2018 Final Tax Roll)
\$1,283,814	Total Revenue

2. Amount and purpose of expenditures from the fund:

	\$21,145 Administrative Expense ¹
	\$1,986,404 Non-Capital Outlay ²
	\$140,085 Capital Outlay ³
	\$0 Additional Subsidy in Form of Grant (in lieu of interest expense)
\$2,147,633	Total Expenditures

¹Admin Expenses includes expenses incurred in fiscal year 2018 -\$20,967 and PNV of \$177.99

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

²Non-Capital Outlay expenditures include:

SLF III 2019 TIF reimbursement payment for environmental remediation and abatement - \$1,703,571

Taylor's Farm 2019 TIF reimbursement payment for environmental remediation - \$282,833

³Capital Outlay expenditure include:

Rosemont Safe Routes Project design services - \$17,391.40

Taylor's Farm 2019 TIF reimbursement payment for infrastructure and public right of way improvements - \$135,093

3. The zone began reimbursing the General Fund for TIF administration costs in fiscal year 2009-10.

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

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

b. The Zone entered into an agreement with SLF III – The Davis Garden TIF, L.P. to dedicate an amount not to exceed \$4,008,247 for horizontal development work throughout the TIF District. The project was completed in fiscal year 2012. Reimbursement of its TIF-eligible project costs are as follows as of September 30, 2019

Developer	Project Name	Principal TIF Award	Payment To Date	Net Balance Due
SLF III-Davis Garden TIF, L.P.	Horizontal Development	\$4,008,247	\$2,665,147	\$1,343,100
	Total	\$4,008,247	\$2,665,147	\$1,343,100

c. The Zone entered into an agreement with Twelve Hills Nature Center, Inc. to dedicate an amount not to exceed \$118,820 for the Twelve Hills Nature Center's Urban Prairie Trailhead project. The project was completed in fiscal year 2010. Reimbursement its TIF-eligible project costs will begin upon the availability of TIF funds from future increment collections.

d. The Zone entered into an agreement with GFD Opportunity I, LLC to dedicate an amount not to exceed \$1,218,789 for the Taylors Farm project. The project was completed in fiscal year 2012. Reimbursement of its TIF-eligible project costs are as follows, as of September 30, 2019

Developer	Project Name	Principal TIF Award	Payment To Date	Net Balance Due
TF TIF Holdings, LLC	Taylor's Farm Project	\$1,218,789	\$417,926	\$800,863
	Total	\$1,218,789	\$417,926	\$800,863

e. The Zone entered into an agreement with SLF III – The Canyon TIF, L.P. to dedicate an amount not to exceed \$436,919 for the I-30 Frontage Road Design project. The project was completed in fiscal year 2012. Reimbursement of its TIF-eligible project costs will begin upon the availability of TIF funds from future increment collections.

f. The Zone entered into an agreement with Kessler Theater, LLC to dedicate an amount not to exceed \$136,343 for the Kessler Theater project. The project has been completed and reimbursement of its TIF-eligible project costs will begin upon the availability of TIF funds.

g. The Zone entered into a development agreement with GFD Opportunity II, LLC to dedicate an amount not to exceed \$1,600,000 for the Hillside West project. The project was completed in fiscal year 2013. Reimbursement of its TIF-eligible project costs are as follows, as of September 30, 2019

Developer	Project Name	Principal TIF Award	Payment To Date	Net Balance Due
HSW TIF Holdings, LLC	Hillside West	\$234,871	\$234,871	\$0
	Total	\$234,871	\$234,871	\$0

h. The Zone entered into an agreement with SLF III – The Canyon TIF, L.P. to dedicate an amount not to exceed \$128,875,756 for The Canyon In Oak Cliff project. The project is underway. Reimbursement of its TIF-eligible project costs will begin after applicable conditions for payment have been met, subject to the availability of TIF funds.

i. The Zone entered into an agreement with SLF III – The Canyon TIF, L.P. to dedicate an amount not to exceed \$3,000,000 for the North Oak Cliff Streetcar Extension project. The project is complete and reimbursement of the project's TIF-eligible project costs will begin subject to the availability of TIF funds.

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

Taxing Jurisdiction¹	Taxable Value 2019²	Base Year 1996 Value	Est. Captured Value 2019
City of Dallas	\$326,801,189	\$137,834,597	\$188,966,592
Dallas County	\$329,147,529	\$137,795,687	\$191,351,842

¹2019 taxable value shown for participating taxing jurisdictions. County values are approximate and will vary slightly from the City value due to different exemption levels.

²Based on certified DCAD taxable values. Final values will be determined on February 1, 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*	Estimated 2019 Increment
City of Dallas	0.69894	\$1,320,763
Dallas County	0.18233	\$348,882
Total for all Jurisdictions	\$0.88127	\$1,669,645

*Participation rate for Dallas County is 0% for tax year 2008, 55% for tax years 2009 to 2011 and 75% thereafter. City of Dallas participates at variable rates as follows:

Tax Year	Rate
2008	0%
2009 - 2010	55%
2011	70%
2012 - 2029	90%

b. The total amount of estimated tax increment to be billed for the 2019 tax year is \$1,669,645. For the 2018 tax year, increment in the amount of \$1,283,814 was received.

Notes to Financials

City of Dallas, Texas
Davis Garden 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 \$5,566,956 (in current dollars) 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 \$20,967 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

Developer	Project Name	Max. TIF Award	Pay-Off Date
SLF III - The Davis Garden TIF, L.P.	SLF Horizontal Development Project	\$4,008,247	2020
Twelve Hills Nature Center, Inc.	Twelve Hills Nature Center Trailhead Project	\$118,820	2020
GFD Opportunity I, LLC	Taylors Farm	\$2,071,197	2021
SLF III - The Canyon TIF, L.P.	I-30 Frontage Road Design Project	\$436,919	2022
Kessler Theater, LLC	Kessler Theater Project	\$136,343	2021
GFD Opportunity II, LLC	Hillside West	\$1,600,000	2019
SLF III - The Canyon TIF, L.P.	The Canyon	\$128,875,756	2034
SLF III - The Canyon TIF, L.P.	North Oak Cliff Street Car Extension	\$3,000,000	2026

Estimated pay-off dates may change and are subject to the following

- (1) Changes in increment collected annually;
- (2) Changes in the real property tax rates of participating taxing jurisdictions (City of Dallas and Dallas County);
- (3) Changes in the participation rate of participating taxing jurisdictions; and/or
- (4) Completion dates of projects listed in the District's reimbursement queue

Appendix C – District-wide Set Aside Funds

The City will administer payments in accordance with the TIF Board's Increment Allocation Policy as amended on May 11, 2011. If the appraised value of the Property remains constant or decreases in value, the TIF Subsidy may go unpaid due to lack of available tax increment. If the appraised value for the Property increases in value, then tax increment received and deposited into the Tax Increment Fund will be available for payment of the TIF Subsidy after the performance and observance of all of the prerequisites and conditions for payment outlined for each TIF Project.

TIF funding for District-Wide Obligations is prioritized. Projects that qualify include the INCAP Master Development (assigned to SLF III – Davis Garden TIF, L.P.), I-30 Frontage Road Design, and the Kessler Theater. These projects are intended to be reimbursed from tax increment accruing to the entire TIF District prior to the payment of any other TIF Project Subsidies.

Subject to fulfillment of all its terms, the Twelve Hills Nature Center agreement and an agreement in support of the North Oak Cliff Streetcar approved pursuant to Resolution Nos. 11-1751 and 11-1752 are intended to be reimbursed from tax increment accruing to the entire TIF District and reserved to the District Wide Set-Aside under the Increment Allocation Policy. Shared increment from Sub-districts A and B of the Davis Garden TIF District may also be used to make payments pursuant to the agreement in support of the North Oak Cliff Streetcar.

The Taylors Farm and Hillside West Projects are intended to be paid from funds reserved for the Affordable Housing Set-Aside and after repayment of the TIF District-Wide Obligations, such projects shall be paid annually from increment generated from their projects and from shared increment from Sub-district A and Sub-district B.