

MALL AREA REDEVELOPMENT TIF DISTRICT (REINVESTMENT ZONE NUMBER TWENTY)

ANNUAL REPORT
FY 2019-2020



City of Dallas

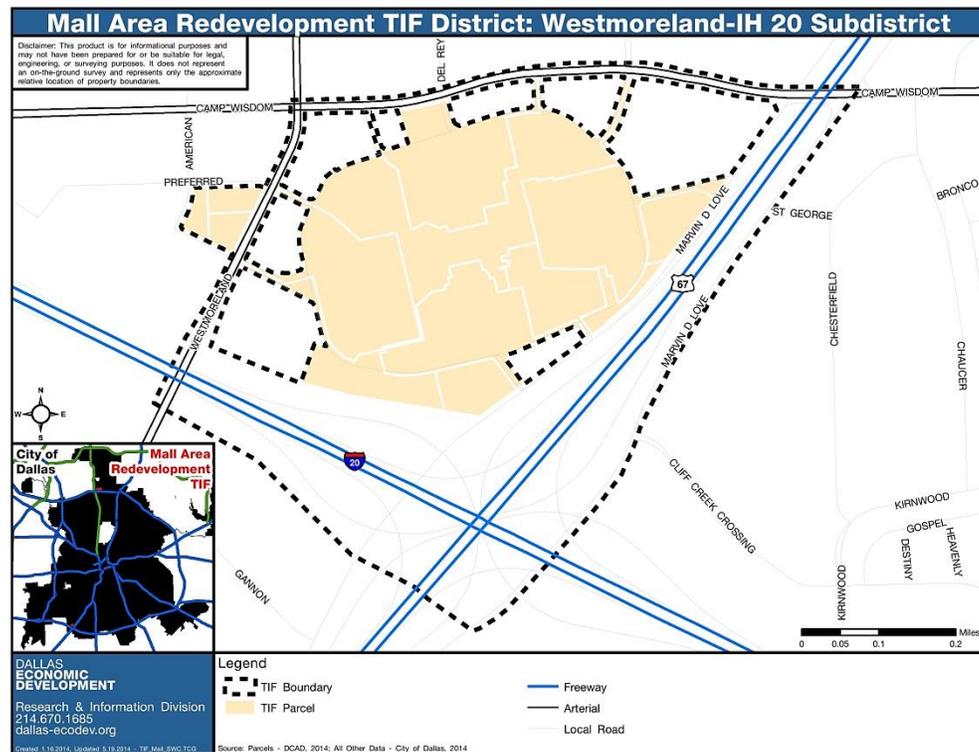
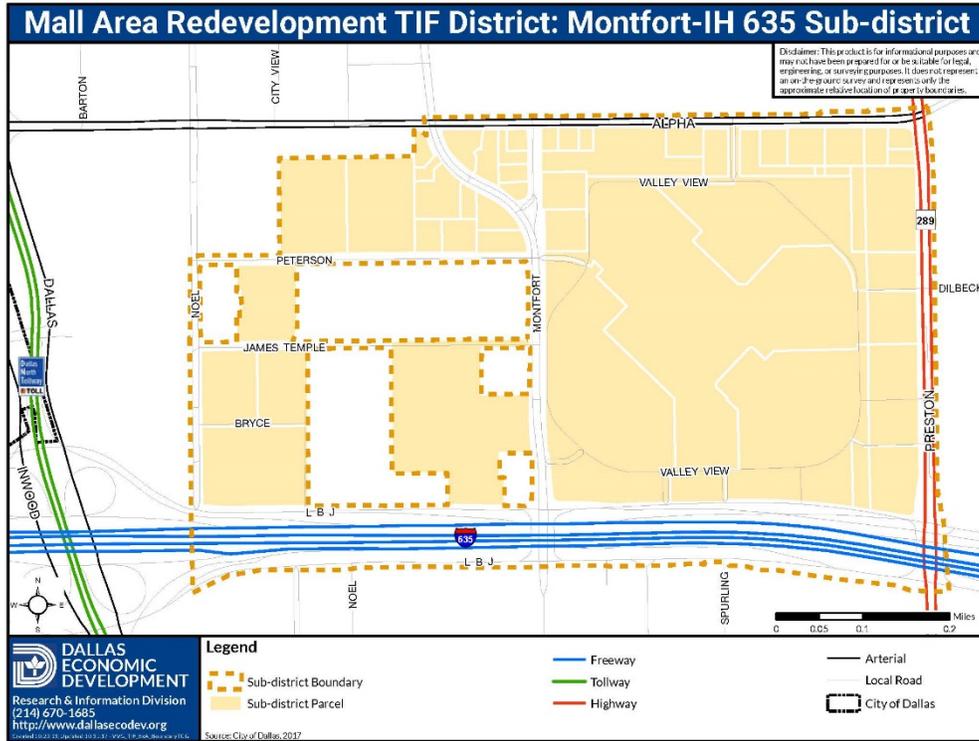
Office of Economic Development
1500 Marilla Street, 6DN
Dallas, Texas 75201
(214) 670-1691
<https://www.dallasecodev.org/>

October 1, 2019 to September 30, 2020

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District Map



Mission Statement

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

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

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

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

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

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

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

TIF District Accomplishments in FY 2019-2020

- In July 2018, Mill Creek Residential Trust LLC began construction on a new 344-unit apartment community on 3.4 acres located at 5327 LBJ Freeway in the Montfort-IH 635 Sub-District. Known as Modera Dallas Midtown, the project is 5 stories wrapping a structured parking garage. Construction of the project was completed in 2020.
- Following on the footsteps of City Council's approval in February 2018 of an amendment to the City of Dallas Thoroughfare Plan to change the dimensional classification of Montfort Drive from Alpha Road to Interstate Highway (IH)-635 from a special six-lane divided (SPCL 60) roadway within 117 feet of right-of-way with 92 feet of pavement with bike lanes to a special four-lane divided (SPCL 40) roadway within 80 feet of right-of-way with bicycle facilities, City Council approved Resolution No. 19-0170 in January 2019 to authorize a professional services contract (not to exceed \$468,246) with Lockwood Andrews & Newnam, Inc. (LAN) for the engineering design of a complete street project on Montfort Drive from Interstate Highway 635 frontage road to Alpha Road. The contract was executed in February 2019, and LAN was issued a notice to proceed. The project limits include full reconstruction of Montfort Drive from Interstate Highway 635 frontage road to Peterson Lane and pavement re-striping of Montfort Drive from Peterson Lane to Alpha Road. Additionally, the project limits include intersection improvements at Montfort Place. The project consists of reinforced concrete pavement, storm drainage improvements, water and wastewater improvements, sidewalks, driveways, ADA ramps, shared-use path, bike lanes, and signal and illumination improvements. During FY 2019-2020, progress was ongoing, including design advancement of paving and drainage, water and wastewater, traffic control, geotechnical investigations, subsurface utility investigations as well as coordination with franchise utility companies and property owners/stakeholders. Due to the onset of the COVID-19 pandemic, the City's Department of Public Works canceled a public meeting that had been scheduled for March 18, 2020; however, in place of a public meeting, the City's project team made the meeting presentation and preliminary design documents available for online viewing. Public comment cards were available for download, and written feedback was accepted until March 28, 2020. Several public comments were received and are being addressed by the City's project team. As of the end of FY 2019-2020, the project construction plans are 85% complete. The project is expected to be advertised for construction in early 2021.
- In March 2019, pursuant to Cause No. DC-18-13452 in the 298th District Court, the City (Plaintiff) executed a Settlement Agreement with TX Dallas Midtown, L.P. (Defendant and owner of the in-line portion of Valley View Mall, the former Dillard's anchor building, the former JC Penney's anchor building, and the appurtenant parking structure) in order to settle all existing claims connected to Defendant's alleged violations of the Dallas City Code. With the settlement, the Defendant agreed to a \$1 million penalty, but the penalty was eligible for reduction pending the Defendant's successful performance of eleven requirements, specifically

including the completion of environmental remediation and demolition by December 31, 2019 of the in-line portion of Valley View Mall, the former Dillard's anchor building, the former JC Penney's anchor building, and the appurtenant parking structure (note: required demolition did not include the existing AMC movie theater). The Defendant performed all eleven requirements by the December 31, 2019 deadline.

- In early 2020, Seritage Growth Properties, owner of the former Sears portion (approximately 23 acres) of the Valley View Mall site, submitted engineering plans to the City for horizontal infrastructure and site work necessary to prepare the site for Park Heritage, a new mixed-use development project with phased plans for almost 2 million square feet of offices, apartments, and retail/restaurant space to be built in partnership with KDC and Toll Brothers. However, with the onset of the COVID-19 pandemic starting in March 2020, Seritage Growth Properties, KDC, and Toll Brothers put the project on hold for the remainder of FY 2019-2020.
- During FY 2019-2020, significant progress was made on the Reimagine RedBird redevelopment project at Red Bird Mall. In April 2020, construction was completed on the new 20,493 square foot freestanding building for Foot Locker as well as on Phase 1 of the adjacent 1.1 acre open space known as The Lawn. Construction of new site infrastructure also continued throughout the fiscal year. Construction continued on the new 43,000 square foot Parkland Hospital Clinic in the former Dillard's building. Construction completion of the Parkland Hospital Clinic is anticipated in spring 2021. Construction began on the new 150,000 square foot UT Southwestern Medical Center in the former Sears building. Construction completion of the UT Southwestern Medical Center is anticipated in late winter/early spring 2022. Chime Solutions, Inc continued to operate as an anchor office tenant in a 52,856 square foot space (converted in mid-2019 from former in-line retail space). However, with the onset of the COVID-19 pandemic in March 2020, nearly all RedBird-based employees of Chime Solutions were working from home for the remainder of fiscal year. During FY 2019-2020, City Council also approved three items related to the Reimagine RedBird redevelopment project (details provided in the Year-End Summary of Meetings and Council Items section of this report).
- During FY 2019-2020, construction continued on Palladium at RedBird, a new 300-unit apartment project on 6.1 acres located at 7202 S. Westmoreland Road within the Reimagine RedBird redevelopment. The project will have two 4-story buildings with elevators and a structured parking garage. Planned amenities include a clubhouse with a fitness center, business center and club room, a resort style swimming pool, a playground, pedestrian access to the Redbird Mall area, and a dog park. Construction completion is anticipated in late summer/early fall 2021.

| Projects Within the Mall Area Redevelopment TIF District Utilizing TIF Funding ¹ | | | | | | | |
|---|---------------------|--------------------|---------------------------------|--------------------|---|---------------------------|-----------------------------|
| Project | Location | Sub-District | Completion Date (Calendar Year) | Status | Development Amount/Type ² | Approx Value ³ | TIF Investment ⁴ |
| Reimagine RedBird ⁶ | 3662 W. Camp Wisdom | Westmoreland-IH 20 | 2024 | Under Construction | demolition of 100,000 square feet retail renovation of 600,000 square feet retail new construction of 100,000 square feet retail | \$130,000,000 | \$15,600,000 |
| TOTAL | | | | | | \$130,000,000 | \$15,600,000 |
| Projects Within the Mall Area Redevelopment TIF District Not Utilizing TIF Funding ^{1,5} | | | | | | | |
| Project | Location | Sub-District | Completion Date (Calendar Year) | Status | Development Amount/Type ² | Approx Value ³ | TIF Investment ⁴ |
| Windsor by the Galleria | 13290 Noel Road | Montfort-IH 635 | 2017 | Complete | new construction of multi-family residential (321 units) | \$55,900,000 | \$0 |
| AC Hotel and Residence Inn (by Marriott) by the Galleria | 5460 James Temple | Montfort-IH 635 | 2018 | Complete | new construction of hotel (256 rooms) | \$21,000,000 | \$0 |
| Modera Dallas Midtown | 5327 LBJ Fwy | Montfort-IH 635 | 2020 | Complete | new construction of multi-family residential (344 units) | \$35,038,630 | \$0 |
| Palladium at RedBird ⁷ | 7202 Westmoreland | Westmoreland-IH 20 | 2021 | Under Construction | new construction of multi-family residential (300 units) | \$30,000,000 | \$0 |
| TOTAL | | | | | new construction of multi-family residential (965 units) new construction of hotel (256 rooms) | \$141,938,630 | \$0 |
| Grand Total - All Projects Utilizing and Not Utilizing TIF Funding | | | | | | Approx Value ³ | TIF Investment ⁴ |
| GRAND TOTAL | | | | | new construction of multi-family residential (965 units) new construction of hotel (256 rooms) demolition of 100,000 square feet retail renovation of 600,000 square feet retail new construction of 100,000 square feet retail | \$271,938,630 | \$15,600,000 |

¹ All information updated as of September 30, 2020.

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

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

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

⁵ Selected significant projects included.

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

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

Mixed-Income Housing Summary

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

In the Montfort-IH 635 Sub-District, construction was completed in 2017 on the 321-unit Windsor by the Galleria apartment project located at 13290 Noel Road. The Windsor by the Galleria multi-family project did not utilize direct site-specific TIF funding and, as such, does not set aside any affordable units. Additionally, in the Montfort-IH 635 Sub-District, construction was completed in 2020 on the 344-unit Modera Dallas Midtown multi-family project located at 5327 LBJ Freeway. The Modera Dallas Midtown multi-family project did not utilize direct site-specific TIF funding and, as such, does not set aside any affordable units.

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

Value and Increment Revenue Summary

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

In the 2020 certified roll, the total appraised value of all taxable real property in the TIF District as determined by the Dallas Central Appraisal District was \$276,816,270, representing an increase of \$108,458,640 (64%) over the base year.

In the Montfort-IH 635 Sub-District, the total appraised value of all taxable real property in 2020 was \$254,987,150, representing an increase of \$106,395,410 (72%) over the base year. This 72% increase over the base year is primarily attributed to new taxable value created by the Windsor by the Galleria multi-family project, the Marriott hotel project, and the Modera Dallas Midtown multi-family project (valued by DCAD as 92% complete as of January 1, 2020).

In the Westmoreland-IH 20 Sub-District, the total appraised value of all taxable real property in 2020 was \$21,829,120, representing an increase of \$2,063,230 (10%) over the base year.

With the City's participation in the TIF District for tax year 2020 at 90%, the captured incremental tax revenue anticipated to be collected and deposited into the TIF fund in 2021 for tax year 2020 is approximately \$757,768.

Note about Dallas County's participation in the TIF District: In August 2015, the Dallas County Commissioners Court approved Court Order 2015-1122 authorizing the participation of Dallas County in the Mall Area Redevelopment TIF District, beginning on January 1, 2020, subject to Valley View Mall (excluding Sears and the existing theater) being demolished by the same date, by providing 55% of its increment for either twenty years, until the County's total net present value contribution reaches \$21.6 million (using a discount rate of 4%), or the City of Dallas terminates the district, whichever comes first. Between 2015 and 2019, Dallas County staff had decided to delay in executing the interlocal agreement until seeing evidence that Valley View Mall had been demolished in accordance with the County's qualifying condition of participation. In early 2020, following completion of the demolition work made to the in-line portion of the mall by TX Dallas Midtown, L.P., Dallas County staff concluded that the County's qualifying condition of participation had not been fully satisfied because Dallas Midtown, L.P. had kept a portion of the mall intact in order to specifically keep the movie theater operating. As a result, Dallas County's participation in the TIF District for tax year 2020 is 0%. Dallas County staff has indicated strong support for seeking a new Court Order to authorize the County's participation for the same duration (20 years) and at the same rate (55%) when development activities in the Montfort-IH 635 Sub-District begin to gain momentum again following the COVID-19 pandemic.

Objectives, Programs, and Success Indicators

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

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

Taxable value in the Montfort-IH 635 Sub-District has increased \$106,395,410 over the base value (representing 3% of goal).

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

Taxable value in the Westmoreland-IH 20 Sub-District has increased \$2,063,230 over the base value (representing 0.7 % of goal).

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

In the Montfort-IH 635 Sub-District, 665 multi-family residential units have been completed (9% of goal). Additionally, 256 hotel rooms have been completed (27% of goal).

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

In the Westmoreland-IH 20 Sub-District, 23,043 square feet of new retail space (Starbucks--2,550 square feet and Foot Locker--20,493 square feet) are complete (17% of goal). Additionally, new multi-family residential units are under construction with the Palladium at RedBird project. When complete, this project will add 300 multi-family residential units (19% of goal).

Approximately 96,004 square feet of former retail space has been converted for office users (Dallas Entrepreneur Center--7,130 square feet; Jarvis Christian College—6,018 square feet; Workforce Solutions Greater Dallas—30,000 square feet; Chime Solutions, Inc.—52,856 square feet).

Additionally, approximately 193,000 square feet of former retail space is under construction to be converted for medical office users (Parkland Hospital Clinic—43,000 square feet; UT Southwestern Medical Center—150,000 square feet). The Parkland Hospital Clinic is anticipated to be completed and open in 2021, and the UT Southwestern Medical Center is anticipated to be completed and open in 2022.

- Goal 5: To encourage the sustainable redevelopment of properties including and around two severely declining shopping malls in a manner in which negative fiscal impacts for the remainder of the City are limited and a walkable development pattern is achieved that is a net benefit to the City from a fiscal, land use, and quality of life standpoint.
- Goal 6: To increase public open space in the District.

During FY 2019-2020, staff supported ongoing efforts to acquire/assemble property for the Dallas Midtown Commons Park, including continued discussions with the owner of 4 acres on the east side of Montfort Drive currently addressed as 13138 Montfort Drive; continued discussions with the owner of 5580 Peterson Lane (known as the Prism at Midtown office building); coordination with the Dallas Midtown Park Foundation to promote the park visioning plan created by MIG; and continued coordination with Dallas Parks and Recreation Department staff, the North Dallas Chamber of Commerce, and the District 11 Park Board Member regarding how to

secure matching private funds to unlock the \$6 million for Dallas Midtown Commons Park authorized by the voters in the 2017 Bond Program.

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

Total collection of TIF fund revenues (including estimated collection for this year) = \$1,443,224 (0.33% of goal).

Year-End Summary of Meetings and Council Items

The Mall Area Redevelopment TIF District Board of Directors had two meetings (two special called meetings) during FY 2019-2020. The Board can consist of up to seven members, including six (6) City of Dallas appointees and one (1) Dallas County appointee. During FY 2019-2020, the Board members were (FY 2019-2020 Board meetings attended):

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

During FY 2019-2020, the City Council acted on four items associated with the Mall Area Redevelopment TIF District:

- On October 23, 2019, City Council approved Resolution 19-1660, authorizing a third amendment to Resolution No. 19-0385, previously approved on February 27, 2019, as amended, with Palladium Redbird, Ltd. for a mixed-income multifamily residential development to be located at 7202 South Westmoreland Road site of the former Red Bird Mall/Southwest Center Mall to (1) clarify that the loan shall be a nonrecourse loan; and (2) limit the City's remedies to foreclosure only - Financing: No cost consideration to the City
- On January 8, 2020, City Council approved Resolution 20-0118, authorizing the following: (1) a New Markets Tax Credit transaction ("NMTC Transaction") between the Dallas Development Fund and its subsidiaries, Capital One N.A. and

its subsidiaries (“Capital One”), and 3662 Investors, LP and/or its affiliates or subsidiaries for improvements within the Red Bird Mall Redevelopment Project (“Project”) located at 3662 West Camp Wisdom Road; and (2) a second amendment to the Chapter 380 Grant Agreement with WCWRD Inc and its affiliates or subsidiaries (“Developer”), a first amendment to the Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement with Developer, and to amend or execute any other documents necessary to (A) release the property owned by OMRB LLC (being the Foot Locker) and the property owned by OMRB II LLC (being the Lawn) from the lien Deed of Trust and the indebtedness evidenced by the City’s 15-year interest only loan; (B) specifically remove the condition of the disbursement of the second loan installment that all 2017 General Obligation Bond Funds be fully disbursed and expended by Developer and allow the second loan installment to be disbursed on or before January 31, 2020; (C) increase the Developer’s required total minimum investment for the Project by \$1,000,000.00 from \$115,000,000.00 to \$116,000,000.00 as consideration for (A) and (B); and (D) make such other modifications which may be necessary to effectuate the foregoing amendments - Financing: No cost consideration to the City

- On February 26, 2020, City Council approved Resolution 20-0349, accepting the FY 2018-2019 Annual Report on the status of the Mall Area Redevelopment TIF District and authorizing the City Manager to submit the annual report to the Chief Executive Officer of each taxing jurisdiction that levies taxes on real property in the District and to the State Comptroller
- On May 13, 2020, City Council approved Resolution 20-0763, authorizing (1) a third amendment to the Chapter 380 Grant Agreement (“2016 Chapter 380 Agreement”) with WCWRD Inc and its affiliates or subsidiaries (“Developer”) and a second amendment to the Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement (“2018 TIF/Chapter 380 Agreement”) with Developer, approved as to form by the City Attorney, related to the Red Bird Mall Redevelopment Project (“Project”) to: (a) increase the amount of the 2018 Chapter 380 conditional grant by \$3,000,000.00 in bond funds; (b) remove the requirement that the Developer make any Distributable Cash Payments to the City pari passu with distributions of cash flow to the Project’s equity investors; and (c) increase the minimum Investment Requirement for the Project by \$14,000,000.00; (2) placement of a deed of trust in favor of the City on the former Sears property and, at the request of the Developer, any other future properties acquired by the Developer within the Westmoreland-IH 20 Sub-District of Tax Increment Reinvestment Zone Number Twenty (“Mall Area Redevelopment TIF District”); and (3) the City Manager to negotiate and execute any other documents, including but not limited to Subordination, Non-Disturbance, and Attornment agreements necessary to accommodate the Project in accordance with City Council approved terms, approved as to form by the City Attorney - Total not to exceed \$3,000,000.00 - Financing: Economic Development Fund (2012 General Obligation Bond Funds) (\$1,380,786.00) and ECO (I) Fund (2017 General Obligation Bond Funds) (\$1,619,214.00)

Budget and Spending Status

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

| Mall Area Redevelopment TIF District Projected Increment Revenue to Retire TIF Fund Obligations | | | |
|--|----------------------|---------------------|----------------------|
| | B | C | B - C |
| Category | TIF Budget** | Allocated | TIF Balance |
| Montfort-IH 635 Sub-District | | | |
| Public Infrastructure Improvements; Environmental Remediation & Demolition; Grants for Economic Development | \$264,229,113 | \$0 | \$264,229,113 |
| Set Aside for Land Acquisition for Sub-District-Wide Central Open Space*** | \$72,659,277 | \$0 | \$72,659,277 |
| Set Aside for Sub-District-Wide Infrastructure Improvements | \$24,219,759 | \$0 | \$24,219,759 |
| Westmoreland-IH 20 Sub-District | | | |
| Public Infrastructure Improvements; Environmental Remediation & Demolition; Parks, Open Space, Trails, Gateways; Grants for Economic Development | \$72,665,022 | \$15,600,000 | \$57,065,022 |
| Administration and Implementation* | \$7,684,059 | \$568,873 | \$7,115,186 |
| Total Project Costs | \$441,457,229 | \$16,168,873 | \$425,288,357 |
| * TIF Administration costs shown are expended through FY 2019-2020 | | | |
| ** TIF Budget shown above is in current dollars (updated yearly); TIF Project Plan and Reinvestment Zone Financing Plan shows the budget in net present value. | | | |
| *** For land acquisition and associated costs; not for design, construction, maintenance, or operating/programming costs. | | | |

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

FY 2020-2021 Work Program

The FY 2020-2021 work program for the Mall Area Redevelopment TIF District includes:

- Continued coordination with interested property owners/investors/developers on potential TIF subsidy applications.
- Consideration of any potential TIF District boundary amendments and/or plan amendments that are necessary or convenient to further implement the Project Plan and Reinvestment Zone Financing Plan for the Mall Area Redevelopment TIF District.
- Continued coordination and staff support for City-initiated public infrastructure projects benefitting the TIF District.
- Continued coordination with Dallas County on execution of an interlocal agreement for participation in the TIF District.
- Continued coordination and staff support for the continued implementation of the Valley View-Galleria Area Plan and the ULI vision for Southwest Center Mall (now Red Bird Mall), including funding opportunities from other governmental entities or private philanthropic entities; City bond projects; park land acquisition; public improvement district.

- Continued coordination and staff support for next steps/implementation of the Dallas Midtown Autonomous Transportation System (ATS) and Shared Parking Feasibility Study completed by the North Central Texas Council of Governments (NCTCOG).
- Continued coordination with Dallas Independent School District (DISD) regarding the site evaluation and potential location of a new public “choice” school in the Valley View-Galleria area.

Appendix A: Financials

| | | | | |
|--|--|--|-----------------------|--|
| City of Dallas, Texas | | | | |
| Mall Area Redevelopment Tax Increment Financing District Fund | | | | |
| Reinvestment Zone Number Twenty | | | | |
| As of September 30, 2020 (Unaudited) | | | | |
| Chapter 311.016 of V.C.T.A. requires the following information as part of the annual report on the status of the TIF District. | | | | |
| Information is contained in detail on the attached financial statements. | | | | |
| 1. Amount and source of revenue in the tax increment fund established for the zone: | | | | |
| \$6,982 | Interest Income | | | |
| \$516,926 | Ad Valorem Taxes (Collected in FY 19-20 based on 2019 Final Tax Roll) | | | |
| \$523,908 | Total Revenue | | | |
| 2. Amount and purpose of expenditures from the fund: | | | | |
| \$86,649 | TIF Administrative Expense - FY 2018-19 (\$24,467) & FY 2019-20 (\$62,183) | | | |
| \$84,860 | Non-Capital Outlay - Transfer applied to accrued interest and outstanding principal on RedBird Loan Disbursement #1 to WCWRD | | | |
| \$0 | Capital outlay | | | |
| \$0 | Additional Subsidy in Form of Grant (in lieu of interest expense) | | | |
| \$171,509 | Total Expenditures | | | |
| 3. Amount of Principal and Interest due-on outstanding indebtedness: | | | | |
| The zone did not have any bonded indebtedness at fiscal year end September 30, 2020. | | | | |
| 4. Tax increment base and current captured appraised value retained by the zone: | | | | |
| | Taxable | Base Year | Est. Captured | |
| Taxing Jurisdiction | Value 2020* | 2014 Value | Value 2020 | |
| City of Dallas | \$276,816,270 | \$168,357,630 | \$108,458,640 | |
| Dallas County | \$276,816,270 | \$168,357,630 | \$108,458,640 | |
| Taxable value shown for participating taxing jurisdictions. | | | | |
| *Based on Certified Taxable Value. The final values will be determined on February 01, 2021. | | | | |
| 5. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality: | | | | |
| A. Estimated tax increment shared by the municipality and other participating taxing jurisdictions: | | | | |
| | | Assessment | Estimated 2020 | |
| Taxing Jurisdiction | | Per \$100 | Increment** | |
| City of Dallas | | 0.69867 | \$757,768 | |
| Dallas County | | 0.00000 | \$0 | |
| | Total for all Jurisdictions | \$0.69867 | \$757,768 | |
| **Dallas County does not participate in the zone in 2020. Participation rates for City of Dallas and Dallas County are as follows: | | | | |
| | City of Dallas | Dallas County | | |
| | 90% for tax years 2016-2042 | See Note on page 9 of this Annual Report | | |
| | 75% for tax year 2043 | | | |
| | 55% for tax year 2044 | | | |
| B. The total amount of estimated tax increment to be billed for the 2020 tax year is \$757,768. For the 2019 tax year, the Zone received increment of \$516,926. | | | | |

Appendix A: Financials

| City of Dallas, Texas | | | | | | |
|--|--------------------|------------------|------------------|-------------------|--------------------|--------------------|
| Mall Area Redevelopment Tax Increment Financing District Fund | | | | | | |
| Balance Sheet as of September 30, 2020 (Unaudited) | | | | | | |
| With Comparative Totals for September 30, 2019, 2018, 2017, and 2016 (Audited) | | | | | | |
| | | 2020 | 2019 | 2018 | 2017 | 2016 |
| Assets: | | | | | | |
| Pooled cash and cash equivalents | | \$890,437 | \$750,409 | \$209,586 | \$44,815 | \$0 |
| Interest receivable | | \$787 | \$815 | \$817 | \$196 | \$0 |
| Total assets | | \$891,224 | \$751,224 | \$210,403 | \$45,011 | \$0 |
| Liabilities and Fund Balance (Deficit): | | | | | | |
| Liabilities: | | | | | | |
| Accounts and contracts payable | | \$0 | \$0 | \$0 | \$0 | \$0 |
| Due to other funds | | \$85,355 | \$299,939 | \$256,037 | \$401,661 | \$401,661 |
| Total liabilities | | \$85,355 | \$299,939 | \$256,037 | \$401,661 | \$401,661 |
| Fund Balance (Deficit): | | | | | | |
| Fund Balance (Deficit) | | \$805,869 | \$451,285 | (\$45,634) | (\$356,650) | (\$401,661) |
| Total Liabilities and Fund Equity | | \$891,224 | \$751,224 | \$210,403 | \$45,011 | \$0 |
| Mall Area Redevelopment Tax Increment Financing District Fund | | | | | | |
| Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) | | | | | | |
| For the Period September 30, 2020 (Unaudited) | | | | | | |
| With Comparative Totals for September 30, 2019, 2018, 2017, and 2016 (Audited) | | | | | | |
| | ITD | 2020 | 2019 | 2018 | 2017 | 2016 |
| Revenues: | | | | | | |
| Tax increment-Governmental | \$1,443,224 | \$516,926 | \$533,180 | \$311,825 | \$81,294 | \$0 |
| Tax increment-Intergovernmental | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interest income | \$16,713 | \$6,982 | \$6,539 | \$2,684 | \$508 | \$0 |
| Net increase (decrease) in fair value of investments | \$2,930 | \$2,185 | \$2,159 | (\$1,284) | (\$130) | \$0 |
| Total revenues | \$1,462,867 | \$526,093 | \$541,877 | \$313,226 | \$81,671 | \$0 |
| Expenditures: | | | | | | |
| Administrative expenses | \$568,873 | \$86,649 | \$43,902 | \$0 | \$36,660 | \$0 |
| Non-Capital Outlay | \$88,126 | \$84,860 | \$1,057 | \$2,209 | \$0 | \$0 |
| Capital outlay | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interest and fiscal charges | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total expenditures | \$656,998 | \$171,509 | \$44,958 | \$2,209 | \$36,660 | \$0 |
| Excess (Deficiency) of Revenues over Expenditures | \$805,869 | \$354,584 | \$496,919 | \$311,016 | \$45,011 | \$0 |
| Fund balance (Deficit) at beginning of year | | | | | | |
| as previously reported | \$0 | \$451,285 | (\$45,634) | (\$356,650) | (\$401,661) | (\$401,661) |
| Fund balance (Deficit) at beginning of year, as restated | | | | | | |
| | \$0 | \$451,285 | (\$45,634) | (\$356,650) | (\$401,661) | (\$401,661) |
| Fund balance (deficit) at end of year | \$805,869 | \$805,869 | \$451,285 | (\$45,634) | (\$356,650) | (\$401,661) |
| Note: Fiscal Year 2019-20 unaudited financial statements are based on preliminary close numbers and are subject to review by the City Controller's Office prior to approval by the City Council. In case of any material changes, TIF board will be provided with the updated financial statements. | | | | | | |

Appendix A: Financials

City of Dallas, Texas
Mall Area Redevelopment Tax Increment Financing District
(Reinvestment Zone #20)
Notes to Financial Statements for the Year Ended September 30, 2020

1. The measurement focus used for the TIF Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred.
2. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
3. The TIF Zone fund's cash balances are invested in the City's investment pool and include amounts in demand deposits as well as short-term investments. Pooled investments and short-term non-pooled investments are treated as cash equivalents. Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.
4. All project costs resulting in capital improvements which are owned by the City are capitalized in the City's fixed assets.
5. The TIF Zone's Financing Plan permits expenditures not to exceed \$7,684,059 over the life of the TIF Zone to reimburse the City for administrative expenses.
6. On the Balance Sheet, the "due to other funds" amount of \$85,355 at September 30, 2020 represents the TIF Zone's administration expenses for FY 2018-2019 (\$24,467) and FY 2019-2020 (\$60,888) that have been earned but will be reimbursed to the City's General Fund in future years based on the availability of TIF funds. Note that these administrative costs do not include billing by other City departments.

Appendix B: Financial Obligations

As of the end of FY 2019-2020, there is one TIF funding obligation:

- Tax Increment Development, Chapter 380 Grant, and Chapter 380 Loan Agreement (Agreement) with WCWRD Inc (Developer) in an amount not to exceed \$15,600,000 (TIF Subsidy). Note: Per the Agreement, Developer has assigned all rights to receive payment of the TIF Subsidy to the City of Dallas as collateral for and in payment of a loan in an amount not to exceed \$12,000,000 from the City's Public/Private Partnership Fund. The City made the first disbursement of the Loan in an amount of \$6,000,000 to Developer on June 10, 2019 in accordance with the terms and conditions as set forth in the Agreement. As of September 30, 2019, notes receivable in the amount of \$6,000,000 had been set up in the City's Public/Private Partnership Fund, and accrued interest through September 30, 2019 was of \$36,821.92. As of September 30, 2020, additional accrued interest for FY 2019-2020 is \$120,000.00. Of the total accrued interest of \$156,821.92, \$84,859.89 was transferred from the Mall Area Redevelopment TIF District Fund to the Public/Private Partnership Fund to pay down a portion of the outstanding accrued interest in accordance with the terms and conditions of the Agreement. At September 30, 2020, the net accrued remaining interest balance is \$71,962.03.
- The City made the second disbursement of the Loan in an amount of \$6,000,000 to Developer on February 19, 2020 in accordance with the terms and conditions as set forth in the Agreement. As of September 30, 2020, notes receivable in the amount of \$6,000,000 had been set up in the City's Public/Private Partnership Fund, and interest accrued was \$73,644.

Appendix C: Sub-District-Wide Set-Aside Funds

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

Annual Process (Montfort-IH 635 Sub-District)

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

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

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

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

End of FY 2019-2020 Transfer Amount: \$41,493

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

End of FY 2019-2020 Allocation Amount: \$41,493

Available balance: \$84,930

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

End of FY 2019-2020 Allocation Amount: \$124,478

Available balance: \$254,791