

**Deep Ellum TIF District
FY 2019-2020 Annual Report**



Continental Gin Redevelopment Project

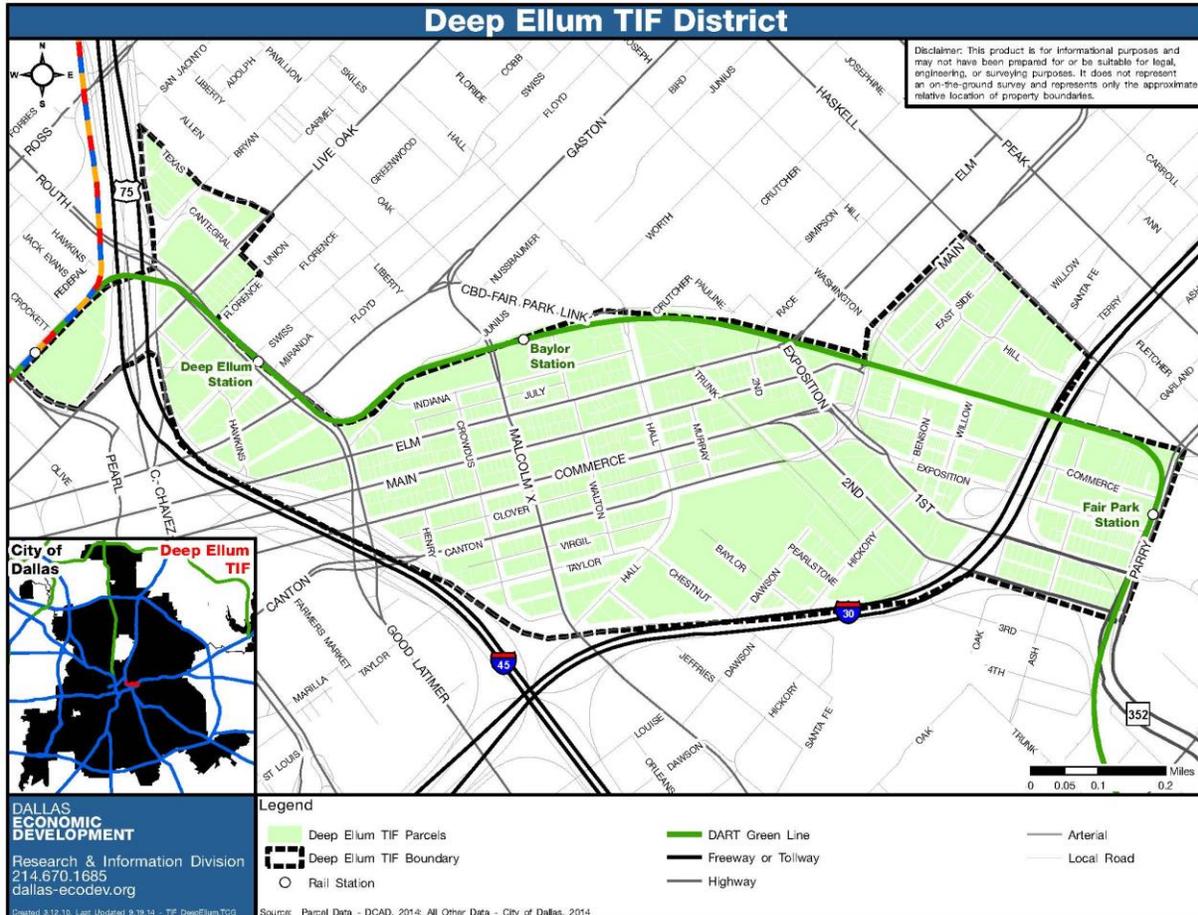


City of Dallas

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October 1, 2019 to September 30, 2020

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.....	12
Budget and Spending Status.....	12
FY 2020-2021 Work Program	13
Appendix A: Financials.....	15
Appendix B: Financial Obligations Estimated Payoff.....	19
Appendix C: District-Wide Set-Aside Funds.....	20

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 \$662 million within the District, an increase of 350% 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 TIF funds approved for Old Dallas High School were paid in full during this fiscal year. 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 also includes The Hamilton, a 310 residential unit tower, and The Pittman, a 164-key hotel in the historic Knights of Pythius Temple building.

The Continental Gin Redevelopment Project, approved for TIF funding during fiscal year 2018-2019, is under construction, improving 45,000 square feet of office space and 5,000 square feet of retail space in the historic building.

The Stack Deep Ellum, a 16-story retail and office building approved for TIF funding during this fiscal year, is under construction.

The American Cancer Society Gene and Jerry Jones Family Hope Lodge, in partnership with Baylor Scott & White Health, located on Elm Street between Hall and Trunk Avenue, is constructing free lodging for cancer patients receiving treatment in the DFW area and their caregivers in 50 guest suites (excluded from page 7 chart).

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.



The Stack Deep Ellum



The Continental Gin Building



Reel FX



Elan City Lights



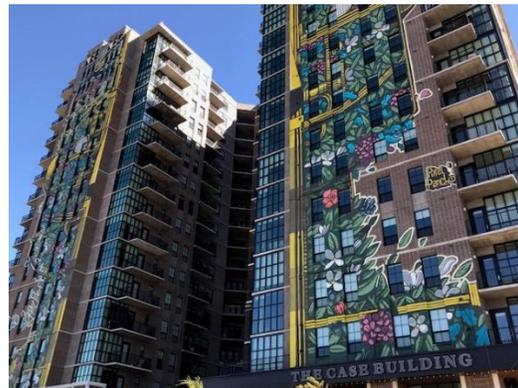
Novel Deep Ellum (Crescent)



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 Projects¹						
Projects and Potential Projects Within TIF District Utilizing TIF Funding²						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value ³	TIF Investment
Olympia Arts	4000 East Side Ave / 3995 Benson St	2010	Complete	25,116 SF office, 4,040 SF commercial	\$1,827,000	\$595,000
Reel FX/ Crowdus & Indiana Streetscape Improvements ⁴	301 N Crowdus	2014	Complete	67,166 SF office, streetscape improvements	\$4,551,500	\$552,000
Westdale 2800 DE	Main and Elm Streets	2016	Complete	30,595 SF retail, open space	\$5,531,420	\$1,600,000
Old Dallas High School	Live Oak and Pacific	2017	Complete	114,272 SF office space	\$8,200,000	\$6,240,934
Continental Gin	3309 Elm Street	2021	Under Construction	45,000 SF office space, 5,000 SF retail	\$29,034,158 (investment amount)	\$3,000,000
The Stack Deep Ellum	2700, 2712, 2718 Commerce Street	2021	Under Construction	200,000 SF office, 14,600 SF retail	\$106,175,579 (investment amount)	\$2,576,125
SUBTOTAL				Complete: 206,554 SF Office and 34,635 SF Commercial/Retail Under Construction: 245,000 SF Office and 19,600 SF Commercial/Retail 0 Residential Units	\$20,109,920 invested; \$135,209,737 investment underway	\$14,564,059
Projects Within TIF District Not Utilizing TIF Funding¹						
Broadstone Ambrose	2901 Indiana St.	2007	Complete	338 resid. units	\$57,300,000	\$0
Commerce Street Lofts	3701, 3703, 3705, 3707, 3509, 3711, 3713, & 3715 Commerce St.	2007	Complete	8 live/ work units (approx. 18,000 SF)	\$3,358,680	\$0
Eastside Lofts	500, 502, 504, 506 1 st St.	2006	Complete	4 residential units (approx. 9,300 SF)	\$1,935,360	\$0
City Lights Phase I ⁵	2627 Live Oak St	2015	Complete	424 resid. units	\$25,000,000	\$0
The Case Building	3131 Main	2018	Complete	337 residential units, 10,738 SF retail	\$73,852,620	\$0
Deep Ellum Crossroads	Main and Commerce Streets	2017	Complete	46,008 SF retail	\$4,632,930	\$0

Epic (Phase I)	2550 Pacific	2019	Complete	251,600 SF office, 49,382 SF retail	\$91,920,000	\$0
The Hamilton and The Pittman - Epic (Phase I)	2525 Elm and 2500 Pacific	2020	Nearing Completion	310 residential units, 164 hotel rooms	\$62,012,930	\$0
Novel Deep Ellum (Crescent)	2900-2930 Canton	2020	Complete	231 residential units, 10,500 SF retail	\$45,631,130	\$0
The Gabriella (City Lights Phase II)	2727 Live Oak	2020	Nearing Completion	368 residential units, 56,625 SF grocery	\$56,791,770	\$0
The Galbraith	2400 Bryan	2021	Under Construction	217 residential units, 10,000 SF retail	\$50,409,542 (planned investment)	\$0 TIF (PPP, Bond, HOME and CBDG funds)
Elm Street Lofts (Good E)	Main and Elm at Good Latimer	2022	Announced	13,000 SF freestanding retail plus 30,000 SF retail/office	\$20,000,000 (planned investment)	\$0
Epic (Phase II)	2500 Pacific	2022	Under Construction	470,000 SF office	\$135,500,000 (planned investment)	\$0
SUBTOTAL				Complete: 2,020 Residential Units, 251,600 SF Office, 173,253 SF Commercial/Retail, 164 hotel rooms Planned/Under Construction: 217 Residential Units, 485,000 SF Office and 38,000 SF Commercial/Retail	\$422,435,420 invested; \$205,909,542 underway/planned	\$0
TOTAL PROJECTS WITHIN TIF DISTRICT UTILIZING AND NOT UTILIZING TIF FUNDS				Complete: 2,020 Residential Units, 458,154 SF Office, 207,888 SF Commercial/Retail and 164 hotel rooms Planned/Under Construction: 217 Residential Units, 730,000 SF Office and 57,600 SF Commercial/Retail	\$442,545,340 Invested; \$341,119,279 underway/planned	\$14,564,059
<p>¹ All information updated as of September 30, 2020</p> <p>² All TIF funded projects.</p> <p>³ Based upon estimated market value at completion or of comparable projects for anticipated projects, investment amount, 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.</p> <p>⁴ Reel FX was funded as part of a Streetscape project on Elm Street from Crowds 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.</p> <p>⁵ On June 9, 2019, a construction crane collapsed on Elan City Lights Phase I; value significantly reduced (previous year value of \$71,500,000, a \$46,500,000 reduction).</p>						

Mixed-Income Housing Summary

Successful development efforts support a variety of housing options. Accordingly, twenty percent (20%) of all housing units in projects using direct site-specific TIF funding assistance are subject to the City's and County's established criteria for mixed-income housing. In this District, there are no residential units funded with TIF financial commitments.

The Galbraith (2400 Bryan Street) mixed-income, mixed-use project is under construction and will include 217 residential units, of which 111 will be affordable. This project does not include 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 family income).

Value and Increment Revenue Summary

The Deep Ellum TIF District's assessed 2020 taxable value was \$851,152,013. This represents an increase of \$107,304,011 (14%) from the 2019 value and an increase of \$661,989,400 (350%) from the base year value. The resulting total increment revenue anticipated to be collected in 2021 (from 2020 values) is approximately \$5,241,387 (\$4,368,170 City increment and \$873,217 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 \$442.5 million in additional taxable value (55.7% 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 207,888 square feet of retail (32% of goal), 458,154 square feet of office (53.9% of goal), 164 hotel rooms (33% of goal), and 2,020 additional residential units (58% 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 and is currently under design. 2017 Bond Program funding was approved to complete the CBD Fair Park Link from Main to IH30 for design and right-of-way work.

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

The District has generated \$12.37 million NPV, with seven years remaining until the expiration of the District. Based upon current estimates and certified 2020 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 2020 increased by approximately 350%, including an increase of 14% since 2020.

- 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 in 2019 and is under construction. This adaptive reuse of an historic building will primarily house office space but there will also be 5,000 square feet of retail space. Additionally, The Stack Deep Ellum will add approximately 14,600 square feet of ground floor retail within the District. 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. On August 10, 2016, City Council authorized amendments to deed restrictions placed on the property, including the requirement of a \$100,000 donation to the Latino Cultural Center to be made pursuant to the City Lights projects, prior to the issuance of a Certificate of Occupancy. During fiscal year 2019-2020, as authorized by City Council on March 25, 2020, the Latino Cultural Center accepted and received a donation of \$100,000 to satisfy the related deed restriction requirement.

Year-End Summary of Meetings

The Deep Ellum TIF District Board of Directors met two times during the fiscal year on December 3, 2019 and on September 29, 2020.

The Board can consist of up to seven members, including six City of Dallas appointees and one Dallas County appointee. Board members are (FY 2019-20 Board meetings attended):

- Jon Hetzel, Chair – City Representative (attended 2 of 2 meetings)
- John Botefuhr – City Representative (attended 2 of 2 meetings)
- Jeff Brightwell – City Representative (attended 2 of 2 meetings)
- Cash Harbaugh – City Representative (attended 1 of 2 meetings)
- Jim Rogers – City Representative (attended 2 of 2 meetings)
- Robert Voelker – City Representative (attended 2 of 2 meetings)
- Rick Loessberg – Dallas County Representative (attended 1 of 2 meetings)

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

On February 26, 2020, City Council approved Resolution Number 20-0341, accepting the FY 2018-2019 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 January 22, 2020, City Council approved Resolution Number 20-0225, authorizing a development agreement with HW Commerce Office LP and/or its affiliates in an amount not to exceed \$2,576,125, payable from current and future Deep Ellum TIF District Funds, in consideration of The Stack Deep Ellum Project on property currently addressed at 2700, 2712, and 2718 Commerce Street in Tax Increment Financing Reinvestment Zone Number Twelve (Deep Ellum TIF District).

A related City Council item was considered during the fiscal year:

On March 25, 2020, City Council approved Resolution Number 20-0460, authorizing execution of a contract with Turner Construction Company to provide construction services for expansion of the Latino Cultural Center facility located at 2600 Live Oak Street, in an amount not to exceed \$3,188,962.

Pending TIF Items

Consideration of the FY 2019-2020 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.

Deep Ellum TIF District Project Plan Budget Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget¹	Allocated²	Balance
Water, Wastewater, Storm & Off-site Utility Replacement	\$2,348,494	\$1,813,183	\$535,311
Paving Streetscape & Lighting	\$27,306,712	\$2,309,759	\$24,996,953
Open Space & Trails	\$2,654,820	\$122,998	\$2,531,822
Façade Restoration /Environmental/Remediation/Demolition ³	\$10,402,300	\$10,167,824	\$234,476
Latino Cultural Center Area Improvements	\$9,410,930	\$0	\$9,410,930
Administration & Implementation ⁴	\$4,329,028	\$624,757	\$3,704,271
Total Project Costs (excluding interest)	\$56,452,284	\$15,038,521	\$41,413,763

¹ Budget shown above in current dollar; TIF Project Plan shows the budget in net present value.
² Project and Administrative costs are allocated as increment collection began in FY 2008
³ Includes \$775,000 Grant under Façade Restoration/Environmental/Remediation/Demolition
⁴ TIF administration costs shown are expended or committed through FY 2020

Deep Ellum TIF District Project Plan Budget	
Category	TIF Budget*
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
Total Project Costs (excluding interest)	\$29,992,935
* 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.	

Deep Ellum TIF M/WBE Participation				
Project	Contractor	Total Contract Award Amount	Total MWBE Amount	Percentage Minority Participation
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 2020-2021 Work Program

The FY 2020-2021 work program for the Deep Ellum TIF District includes:

- Improve the pedestrian environment through sidewalk improvements, landscaping, lighting and design standards.
- 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.
- Assist in coordination of Commerce Street improvements.

- Examine the redevelopment possibilities of the current City Central Service Center located at 3202 Canton Street.
- Where relevant, assist in implementation of the Deep Ellum Foundation's Strategic Plan.

Appendix A: Financials

City of Dallas, Texas
Deep Ellum 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)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets:					
Pooled cash and cash equivalents	\$5,497,079	\$4,540,543	\$4,200,375	\$3,650,229	\$2,237,637
Interest receivable	\$4,242	\$4,917	\$9,624	\$8,916	\$3,088
Total assets	<u>\$5,501,321</u>	<u>\$4,545,461</u>	<u>\$4,209,999</u>	<u>\$3,659,146</u>	<u>\$2,240,725</u>
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$0	\$0	\$1,600,000	\$0
Advances from developers	\$0	\$0	\$0	\$0	\$0
Accrued interest	\$0	\$0	\$0	\$0	\$0
Accrued liability	\$0	\$0	\$0	\$4,448	\$4,448
Due to general fund	\$161,731	\$46,690	\$0	\$6,963	\$6,963
Total liabilities	<u>\$161,731</u>	<u>\$46,690</u>	<u>\$0</u>	<u>\$1,611,411</u>	<u>\$11,412</u>
Fund Balance (Deficit):					
Fund Balance (Deficit)	<u>\$5,339,591</u>	<u>\$4,498,771</u>	<u>\$4,209,999</u>	<u>\$2,047,734</u>	<u>\$2,229,313</u>
Total Liabilities and Fund Equity	<u>\$5,501,321</u>	<u>\$4,545,461</u>	<u>\$4,209,999</u>	<u>\$3,659,145</u>	<u>\$2,240,725</u>

Deep Ellum Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
Balance Sheet as of September 30, 2020 (Unaudited)
With Comparative Totals for September 30, 2019, 2018, 2017, and 2016 (Audited)

	<u>ITD</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Tax increment-Governmental	\$12,137,905	\$3,656,528	\$2,468,870	\$1,787,815	\$1,213,086	\$847,394
Tax increment-Intergovernmental	\$2,495,229	\$743,633	\$495,462	\$348,920	\$234,396	\$173,843
Interest income	\$248,162	\$50,053	\$88,826	\$39,335	\$30,923	\$14,460
Developer contribution	\$53,491	\$0	\$0	\$0	\$0	\$0
Net increase (decrease) in fair value of inve:	\$20,629	\$12,855	\$24,476	(\$10,743)	(\$9,221)	(\$148)
Total revenues	<u>\$14,955,417</u>	<u>\$4,463,069</u>	<u>\$3,077,633</u>	<u>\$2,165,327</u>	<u>\$1,469,183</u>	<u>\$1,035,548</u>
Expenditures:						
Administrative expenses	\$580,471	\$121,988	\$48,188	\$0	\$50,762	\$59,033
Non-Capital Outlay	\$6,712,420	\$3,500,260	\$2,290,674	\$3,062	\$875,000	\$0
Capital outlay	\$2,322,935	\$0	\$450,000	\$0	\$725,000	\$578
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0	\$0
Total expenditures	<u>\$9,615,826</u>	<u>\$3,622,249</u>	<u>\$2,788,862</u>	<u>\$3,062</u>	<u>\$1,650,762</u>	<u>\$59,611</u>
Excess (Deficiency) of Revenues over Expen	<u>\$5,339,591</u>	<u>\$840,820</u>	<u>\$288,771</u>	<u>\$2,162,265</u>	<u>(\$181,579)</u>	<u>\$975,937</u>
Fund balance (Deficit) at beginning of year						
as previously reported	\$0	\$4,498,771	\$4,209,999	\$2,047,734	\$2,229,313	\$1,253,376
Fund balance (Deficit) at beginning of year,						
as restated	<u>\$0</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>
Fund balance (deficit) at end of year						
	<u>\$5,339,591</u>	<u>\$5,339,591</u>	<u>\$4,498,771</u>	<u>\$4,209,999</u>	<u>\$2,047,734</u>	<u>\$2,229,313</u>

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.

City of Dallas, Texas
Deep Ellum Tax Increment Financing District Fund
Reinvestment Zone Number Twelve
As of September 30, 2020

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:

\$62,907	Interest Income
\$4,400,161	Ad Valorem Taxes (Collected in FY 2019-20 based on 2019 Final Tax Roll)
<u>\$0</u>	Developer contribution
<u>\$4,463,069</u>	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$121,988	Administrative Expense*
\$3,500,260	Non-Capital Outlay - Façade Restoration/Environmental Remediation and Demolition
\$0	Capital outlay - Paving, Streetscape, and Lighting
<u>\$0</u>	Additional Subsidy in Form of Grant (in lieu of interest expense)
<u>\$3,622,249</u>	Total Expenditures

*FY19 TIF admin cost (\$52,879) & FY20 (\$69,110)

The above non-capital and capital outlay expenditures relates to payments made to Matthews Holdings Southwest, Inc. for the Old Dallas High School Project for the fiscal year 2020.

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, 2020.

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

(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 2020 as follows:

<u>Project</u>	<u>Principal</u>	Accrued		<u>Less Payments (2)</u>	<u>Total (P & I) Outstanding</u>
		<u>Add'l Subsidy (1)</u>			
Matthews Holdings Southwest, Inc.	\$3,500,260	\$0	\$3,500,260		\$0
Total	<u>\$3,500,260</u>	<u>\$0</u>	<u>\$3,500,260</u>		<u>\$0</u>

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.

e. The District entered into an agreement on January 22, 2020 with HW Commerce Office LP in an amount not to exceed \$2,576,125 payable from current or future Deep Ellum TIF District Funds in consideration of The Stack Deep Ellum Project on property currently addressed at 2700, 2712, and 2718 Commerce Street.

Project	Principal	Accrued	Less	Total (P & I)
		Add'l Subsidy (1)	Payments (2)	Outstanding
HW Commerce Office LP	\$2,576,125	\$0	\$0	\$2,576,125
Total	\$2,576,125	\$0	\$0	\$2,576,125

f. The District entered into an agreement on April 10, 2019 with 3309 Elm TIF, Inc., in an amount not to exceed \$3,000,000 payable from current or future Deep Ellum TIF District Funds in consideration of the Continental Gin Redevelopment Project on property currently addressed at 3309 Elm Street.

Project	Principal	Accrued	Less	Total (P & I)
		Add'l Subsidy (1)	Payments (2)	Outstanding
3309 Elm TIF, Inc.,	\$3,000,000	\$0	\$0	\$3,000,000
Total	\$3,000,000	\$0	\$0	\$3,000,000

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

Taxing Jurisdiction	Taxable Value 2020 *	Base Year 2008 Value	Est. Captured Value 2020**
City of Dallas	\$851,152,013	\$189,162,613	\$661,989,400
Dallas County	\$851,609,085	\$189,363,589	\$662,245,496

* 2020 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, 2021.

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 2020 Increment****
City of Dallas	0.65986	\$4,368,170
Dallas County	0.13186	\$873,217
Total for all Jurisdictions	\$0.79171	\$5,241,387

***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 2020 tax year is \$5,241,387. For 2019 tax year, increment in the amount of \$4,400,161 was received.

City of Dallas, Texas
Deep Ellum Tax Increment Financing District
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 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 \$161,731 at September 30, 2020 represents the TIF administration costs for the fiscal year 2017-2018 (\$46,690), fiscal year 2018-2019 (\$52,879), and fiscal year 2019-2020 (\$62,162) that have been earned but will be reimbursed to the General Fund in future years based on the availability of TIF funds. Note that these administrative costs do not include billing to other City departments.
6. All project costs resulting in capital improvements that are owned by the City are capitalized by the City.

Appendix B: Financial Obligations Estimated Payoff

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

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 2020 totals \$624,035. 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.