

February 27, 2019

WHEREAS, the City recognizes the importance of its role in local economic development initiatives and programs; and

WHEREAS, the City has established Tax Increment Financing Reinvestment Zone Number Five ("City Center TIF District" or "District") and established a Board of Directors for the District to promote development or redevelopment in the City Center area pursuant to Ordinance No. 22802, authorized by the City Council on June 26, 1996, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, as amended; and

WHEREAS, on February 12, 1997, City Council authorized the Project Plan and Reinvestment Zone Financing Plan for the City Center TIF District by Resolution No. 97-0484; Ordinance No. 23034, as amended; and

WHEREAS, the Tax Increment Financing Act specifies that the governing body of a city shall submit an annual report on the financial status of the district to the Chief Executive Officer of each taxing unit that levies taxes on real property in a reinvestment zone, and a copy of the report shall be forwarded to the State Comptroller; and

WHEREAS, on December 13, 2018 the City Center TIF District Board of Directors passed a motion accepting the FY 2017-2018 Annual Report for Tax Increment Financing Reinvestment Zone Number Five and recommended approval of same by the City Council.

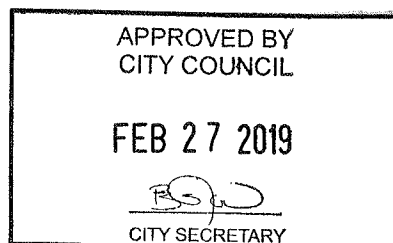
Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the FY 2017-2018 Annual Report for Tax Increment Financing Reinvestment Zone Number Five (City Center TIF District), City of Dallas, Texas, as of September 30, 2018, a copy of which is attached hereto (**Exhibit A**), is hereby accepted.

SECTION 2. That the City Manager is hereby authorized to submit the FY 2017-2018 Annual Report for Tax Increment Financing Reinvestment Zone Number Five, 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.

SECTION 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.



**Exhibit A
City Center TIF District
FY 2017-2018 Annual Report**



Corgan-Crescent Addition (401 N. Houston)



City of Dallas

Office of Economic Development
1500 Marilla Street, 2CN
Dallas, Texas 75201
(214) 670-1221
<http://www.dallas-ecodev.org/>

October 1, 2017 to September 30, 2018

Map of Reinvestment Zone Number Five City Center Tax Increment Financing District

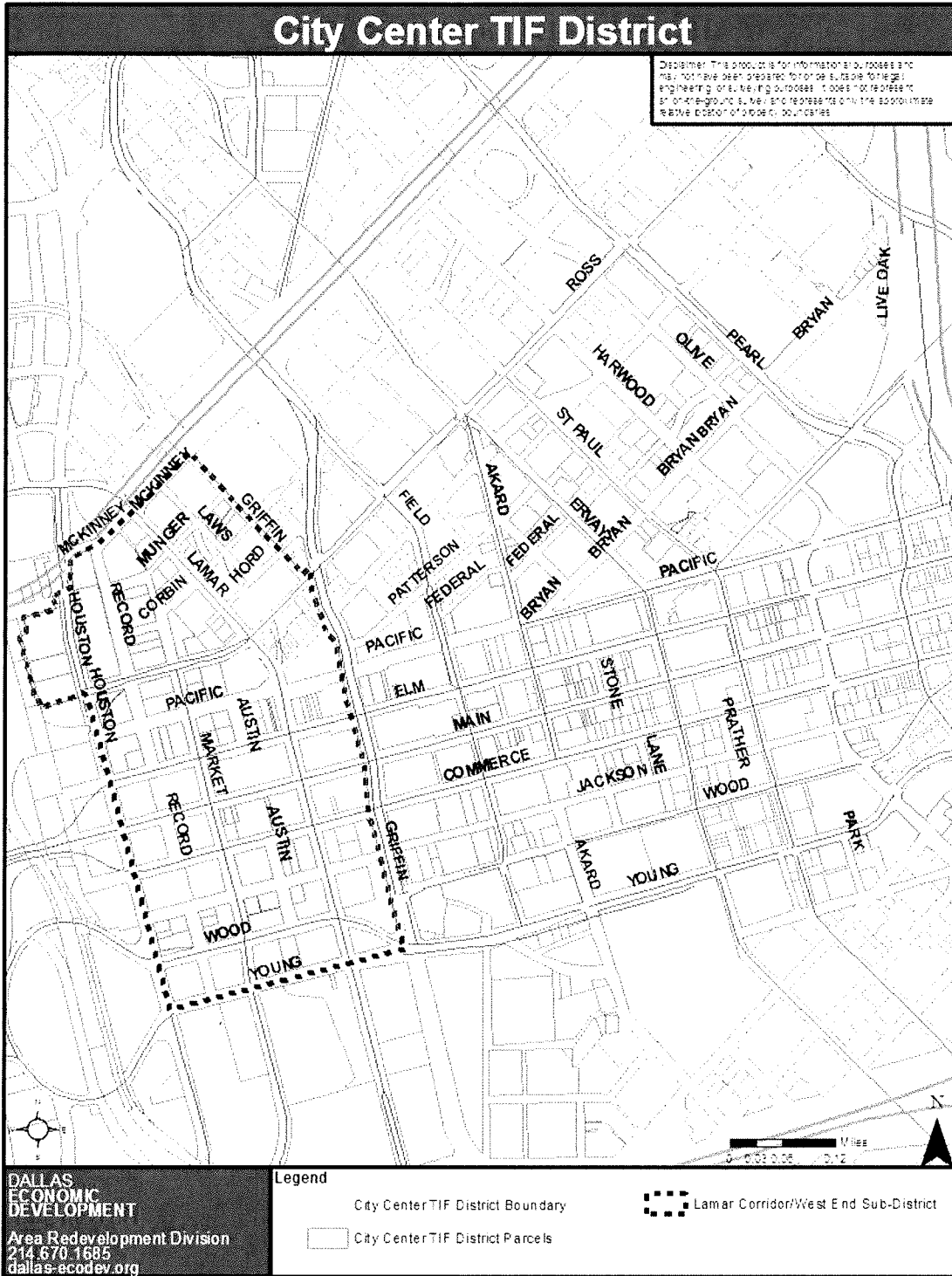


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Mission Statement

The mission of the City Center TIF District is to promote redevelopment, stabilization, and growth of the downtown area. An accompanying goal is the stabilization and growth of the value of the area's tax base and a positive reversal of urban decay. During the 2013 fiscal year the district's mission was expanded to include creation of a strong real estate investment climate in the West End Area, establishment of a sustainable neighborhood that connects the core of downtown, to the Farmers Market, Cedars area along Lamar Street, West End, Victory Park, and Design District across the Trinity River to West Dallas while providing more residential, retail and office opportunities.

The Dallas City Council established the City Center TIF District by Ordinance Number 22802 on June 26, 1996. The City Center TIF District took effect on January 1, 1997. In 2012, the termination date of the City Center Sub-District was extended for 10 years to December 31, 2022 (including collection of the 2022 increment in calendar year 2023 and any related matters to be concluded in 2023) or when the budget of the zone has been collected. The Lamar Corridor/West End Sub-district term was established for 25 years, January 1, 2012 to December 31, 2037, unless any Sub-district is terminated prior to such date. The City of Dallas and Dallas County are the two remaining participating jurisdictions.

District Accomplishments

The City Center TIF District has been an instrumental part in creating a positive climate in the historic downtown core, Lamar Corridor and West End Historic District. From its inception through FY 2018, forty-four projects have generated approximately \$1.2B in new investment.

On November 12, 2014, the City Center TIF District Project and Financing Plan was amended, removing certain parcels from the City Center TIF District boundary and thereby adjusting the base year value. The 12 accounts (9 addresses) were removed because redevelopment of the properties was not anticipated or would not occur during the remaining term of the City Center sub-district. Additionally, the City Center sub-district does not have the financial capacity to support redevelopment of any of the properties that were removed from the District boundary.

During FY 2017-2018, 211 N. Ervay, Flora Lofts and Mid Elm Lofts (via six-month administrative extension allowance) received deadline extensions. No new projects were awarded TIF funding. No projects completed construction during the fiscal year. 211 N. Ervay construction has been complete and the building is occupied; however, the TIF-related street work is ongoing.

Two City Center TIF District projects are currently under construction:

Mid Elm Lofts (1512, 1514 and 1516 Elm Street)

The project involves rehabilitation and redevelopment of the three historic buildings into 29 lofts and ground floor, basement and roof top retail/restaurant space. Total project cost is estimated to be \$18,000,000. The project is anticipated to be complete in December 2018.



Corgan-Crescent Addition

The Corgan-Crescent Addition project (Luminary) is a multi-tenant office addition and transit-oriented development in the West End of Dallas primarily intended for the expansion of Corgan architecture firm. The project includes the addition of 95,000 square feet for a total of approximately 155,000 square feet of office space within the site. This includes a 20,000 square foot expansion for Corgan and an additional 75,000 square feet of speculative tenant space. The construction also includes the addition of a 437-space parking structure. TIF funding in the amount of \$875,000 was awarded in April 2017. The project is nearing completion.



| City Center TIF District Projects¹ | | | | | | |
|---|-----------------------------|-------------------------------|-----------------------------|--|----------------------------------|-----------------------------------|
| Projects Within TIF District Utilizing TIF Funding | | | | | | |
| Project | Location | Calendar Year Complete | Status | Units/ SF² | Approx. Value³ | TIF Investment⁴ |
| Kirby Building | 1509 Main Street | 1999 | Complete | 156 apartment units; 15,000 SF retail | \$15,652,630 | \$470,891 |
| Wilson Building | 1623 Main Street | 1999 | Complete | 135 apartment units; 10,000 SF retail | \$21,000,000 | \$3,883,691 |
| Magnolia Building | 1401 Commerce Street | 1999 | Complete | 330 hotel rooms | \$28,183,000 | \$594,486 |
| Stone Street Gardens | 1525 Main, 1520 Elm Streets | 2002 | Complete | 29,000 SF retail | \$2,600,000 | \$292,062 |
| Universities Center at Dallas | 1901 Main Street | 2002 | Complete | 20,000 SF educational space | See 1900 Elm Street | \$2,236,550 |
| Merriman Architects | 300 N. Field Street | 2002 | Complete | 40,000 SF office space | \$1,525,000 | \$50,000 |
| Davis Building | 1309 Main Street | 2003 | Complete | 183 apartment units; 15,000 SF retail | \$35,047,740 | \$1,350,000 |
| Hart Furniture Building | 1929-1933 Elm Street | 2003 | Complete | 16,600 SF retail | \$1,840,370 | \$1,392,443 |
| Thompson Bldg | 1520-22 Main Street | 2004 | Complete | 19,000 SF retail | \$2,300,000 | \$1,171,629 |
| Dallas Power & Light Bldgs | 1506 & 1512 Commerce Street | 2005 | Complete | 154 apartment units; 28,000 SF retail | \$12,628,000 | \$6,864,909 |
| Interurban Building | 1500 Jackson | 2005 | Complete | 134 apartments units; 20,000 SF retail | \$18,100,000 | \$5,536,038 |
| Gulf States | 1415 Main Street | 2007 | Complete | 64 apartment units; 5,000 SF retail | \$9,400,000 | \$5,075,848 |
| Republic Tower | 350 N. Ervay Street | 2007 | Complete | 227 apartment units | \$37,645,000 | \$5,114,468 |
| 1608 Main Street & Pedestrian | 1608 Main Street | 2008 | Complete (Shell & Interior) | 8,000 SF retail; 4,000 SF office | \$1,700,000 | \$1,555,512 |
| Joule Hotel | 1530 and 1524 Main Street | 2008 | Complete | 114 hotel rooms; 15,000 SF retail | \$19,504,810 | \$9,375,792 |

| | | | | | | |
|---|------------------------|--|------------------------------------|---|----------------------|-----------------------|
| Mosaic (Fidelity Union) | 318 North Akard Street | 2007 | Complete | 440 apartment units; 23,000 SF retail | \$70,000,000 | \$9,000,000 |
| Metropolitan | 1200 Main Street | 2007 | Complete | 273 condo units; 10,000 SF retail | \$73,405,600 | \$4,750,000 |
| Liberty State Bank Relocation Project | 600 S. Harwood Street | 2014 | Complete | 2,000 SF retail; 2,000 SF office | \$1,193,310 | \$985,000 |
| 711 Elm Street | 711 Elm Street | 2015 | Complete | 3,000 SF retail | \$2,800,000 | \$124,000 |
| Hartford Building | 400 N. St. Paul Street | 2016 | Complete | 161,082 SF office; 12,396 SF retail | \$5,200,000 | \$1,200,000 |
| 555 Ross ⁸ | 1777 N. Record Street | 2016 | Complete | 267 apartment units | \$45,390,000 | \$5,500,000 |
| 211 N. Ervay Street | 211 N. Ervay Street | 2016 | Complete (street work under const) | 144,000 SF office; 22,000 SF retail | \$9,970,000 | \$2,000,000 |
| Thanksgiving Tower | 1601 Elm Street | 2017 | Complete | 200,000 SF office; 10,000 SF retail | \$92,491,580 | \$6,000,000 |
| Mid Elm Lofts ⁸ | 1512-1516 Elm Street | 2018 | Under Construction | 29 apartment units; 17,736 SF retail | \$18,000,000 | \$3,900,000 |
| Corgan-Crescent Addition | 401 N Houston Street | 2018 | Under Construction | 95,000 SF office | \$41,797,200 | \$875,000 |
| Flora Lofts ⁸ | 2121 Flora Street | 2020 | Approved/Planned | 52 artist apartment units; 10,000 SF retail | \$24,859,691 | \$4,577,916 |
| Subtotal | | 2,114 residential units; 444 hotel rooms; 644,082 SF office; 288,732 SF retail; 20,000 SF educational | | | \$592,233,931 | \$83,876,235 |
| Projects Within TIF District Not Utilizing TIF Funding⁵ | | | | | | |
| Project | Location | Calendar Year Complete | Status | Units/ SF | Approx. Value | TIF Investment |
| Majestic Lofts (Tiche-Goettinger) | 1900 Elm Street | 1997 | Complete | 129 apartment units; 15,000 SF retail | \$18,576,000 | \$0 |
| Sheraton Hotel | 400 North Olive Street | 1998 | Complete | 1,844 hotel rooms | \$129,775,500 | \$0 |
| Santa Fe II (SoCo Lofts) | 1122 Jackson Street | 1999 | Complete | 205 condo units | \$40,966,410 | \$0 |
| Jackson Street Lofts | 1300 Jackson Street | 2002 | Complete | 8 condo units; 5,000 SF retail | \$3,193,440 | \$0 |

| | | | | | | |
|--|---------------------|------|--------------------|---|------------------------|--|
| 1505 Elm | 1505 Elm Street | 2004 | Complete | 65 condo units | \$16,106,460 | \$0 |
| Dallas Rooftop Gardens | 1217 Main Street | 2006 | Complete | 28,000 SF retail | \$1,450,000 | \$0 |
| Third Rail Lofts (additional information on following page) | 1407 Main Street | 2007 | Complete | 84 apartment units; 20,000 SF retail space | \$28,200,000 | Chapter 380 funds |
| U.S. Post Office Building | 400 N. Ervay Street | 2011 | Complete | 5,000 SF retail; 78 apartment units | \$17,556,610 | \$0 |
| Houseman Building | 400 N. Akard | 2011 | Complete | 5,266 SF retail; 40,576 SF office | \$2,250,000 | Chapter 380 funds |
| 1025 Elm Street | 1025 Elm Street | 2013 | Complete | 130 hotel rooms | \$11,932,560 | \$0 |
| One Dallas Center (Patriot Tower) | 350 N. St. Paul | 2014 | Complete | 276 apartment units; 300,000 SF office reno | \$80,980,200 | 10 yr tax abatement on 90% added value |
| One Main Place Westin Conversion | 1201 Main Street | 2016 | Complete | 593,750 SF office reno 326 hotel rooms 4,800 SF retail | \$48,047,490 | \$0 |
| 1700 Commerce | 1700 Commerce | 2016 | Complete | 176 hotel rooms; 3,763 SF retail | \$14,500,000 | \$0 |
| 717 N. Harwood | 717 N. Harwood | 2017 | Complete | 400,000 SF office; 7,000 SF retail | \$50,285,000 | \$0 |
| 1217 Main Street | 1217 Main Street | 2018 | Complete | 6,250 SF retail; 18,750 SF office | \$1,450,000 | \$0 |
| Factory Six03 (West End Marketplace) | 603 Munger | 2018 | Complete | 165,000 SF office; 9,000 SF retail | \$73,261,290 | \$0 |
| Courtyard Marriott Hotel | 310 S. Houston | 2018 | Complete | 167 hotel rooms | \$26,115,410 | \$0 |
| Holocaust Museum | 300 N. Houston | 2019 | Under Construction | 51,000 SF museum | \$61,000,000 | \$0 |
| Subtotal | | | | 845 residential units; 2,643 hotel rooms; 1,518,076 SF office; 109,079 SF retail; 51,000 SF museum | \$625,646,370 | \$0 |
| Projects Utilizing and Not Utilizing TIF Funding | | | | | | |
| Total | | | | 2,959 residential units; 3,087 hotel rooms; 20,000 educational; 2,162,158 SF office; 397,811 SF retail; 51,000 SF museum | \$1,217,880,301 | \$83,876,235 |

- ¹ All information updated as of September 30, 2018.
- ² Based upon either the TIF application or required minimum stated in the development agreement. May be updated for completed projects based on actual unit mix and square footage.
- ³ Based upon: a) market value of comparable projects for anticipated projects, b) private investment stated in the development agreement for projects that are approved or under construction, or c) 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.
- ⁴ Total amount reimbursed by the TIF district for the corresponding TIF project (includes accrued interest) as of September 30, 2018, except for Mosaic (approved TIF investment listed, as project has not been fully reimbursed)
- ⁵ Selected significant projects included.
- ⁶ Includes full value of exempt properties, including historic and homestead.
- ⁷ Includes other incentives not shown. Contact City of Dallas Office of Economic Development for more information.
- ⁸ Per the TIF program mixed-income housing requirement, noted projects are providing at least 10% of units as affordable.
 Note that 1.5M sf of non-taxable value related to the First Baptist Church that had previously been shown has been removed from the list.

Mixed-Income Housing Summary

Successful development efforts support a variety of housing options. Accordingly, ten percent (10%) 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. The District was created prior to adoption of the Mixed-Income Housing Policy so most projects approved between 1996 and 2012 do not have an affordable component. When the TIF Plan was amended in 2012, provisions for affordable housing were added. In this District, a total of 2,033 units have been built to date using TIF funding and 141 have been set-aside as affordable (10% of units funded since Mixed-Income Housing Policy was adopted for the City Center TIF District plus units that were funded using Section 108 HUD loans). Additionally, funding from the City Center TIF District Affordable Housing Set-Aside will be used to fund 43 low-moderate income units in the adjacent Downtown Connection TIF District (Flora Lofts). Trends show that although there remains a demand for mixed-income housing in the City’s core, few developers are showing interest in additional residential projects in this TIF District.

| City Center TIF District Housing Counts | # of Units |
|---|------------------------------|
| Completed TIF residential units | 2,033 |
| Non-TIF funded residential units | 845 |
| Total completed units within TIF boundary | 2,878 |
| Units under construction/planned | 81 |
| Affordable units constructed | 141 of which 114 are expired |
| Affordable units planned | 46 |

Note that the City Center TIF District Mixed-Income Housing Policy was adopted in 2012; the 114 expired units had affordable set-asides due to HUD assistance; only 555 Ross Avenue has been constructed since implementation of the Policy.

| District Initiatives | | | |
|---|---|---------------------------------------|---|
| Activity | Scope | TIF Investment | Status |
| Metropolitan Garage | Up to 600 public parking spaces | \$450,000 | 3-year lease expired January 2005 |
| Retail Study | Determine needs for District | \$150,000 | Complete |
| Parking Study | Determine needs for District | \$380,154 | Complete |
| N/S Streetscape | 5 North/South Streets from Young to Ross Avenue | \$5,403,602 | Complete |
| Park Master Plan | Determine priority sites for District | \$182,500 | Complete |
| Affordable Housing | % of annual increment transferred to Housing Dept. to assist with affordable housing development throughout the City | \$1,620,566 | \$3,120,566 out of \$5 million funded |
| Dalpark Garage | Original Lease of 444 parking spaces for public use (150 short-term spaces); Amended Lease to only 150 spaces in 2010 | \$2,940,336 (excludes revenue) | Lease in place until 2020 |
| Dallas County Courthouse Plaza | Improvements to public space (lighting, trees, seating, etc.) | \$2,625,000 | Complete |
| Fire Corridor | 1600 Block of Elm Street | \$149,135 | Phase I Design Complete (\$63,000 spent) |
| Third Rail Lofts Garage | 370 public parking spaces; 95 parking spaces for adjacent residential developments | *\$8,500,000 | Complete |
| CityPark Program | 600 parking spaces (converted to public use from private garages) | *\$1,125,000 | Program ended 2010 (\$1,027,818 spent) |
| Retail Initiative Phase I | 40,000 – 60,000 s.f. of retailers through tenant start-up cost assistance | *2,500,000 | 32,699 square feet retail space; \$2,219,212 spent |
| Retail Initiative Phase II | Additional retail recruitment and retention of critical retailers | **\$700,000 | 25,942 square feet retail space; \$548,830 spent |
| Urban Market Retention | Retention of Urban Market for two years | **\$550,000 City assistance | City assistance matched by private stakeholder funds; Assistance ended 2008 |
| Vacant Building Improvement Initiative | To reduce the number of downtown vacant buildings | Staff time only | Four buildings were completely renovated/ two demolished/ six repaired |
| News Rack Ordinance | Reduce visual clutter by install uniformed, regulated newspaper racks | Staff time only | Uniformed newspaper racks installed. |
| Downtown Wayfinding Master Plan Update | Update master plan to include the expansion of DART and change in development areas downtown | \$25,000 | Partial funding of update |
| Downtown Parks Master Plan Update | Re-evaluate priority park sites identified in original plan and propose any new park sites downtown | Staff Time Only | Complete |
| Ground Floor Activation Program | Program to provide incentives to downtown building owners to renovate and tenant their vacant ground floor space | \$8,300,000 over the life of the Zone | Program implementation underway |
| Browder Street Plaza Improvements & Retail Activation | Public space improvements and contract to provide retail (food truck) activation | ***\$500,000 City assistance | Complete |

* The Third Rail Lofts Garage, CityPark Garages, and Retail Initiative paid from Chapter 380 funds through a release of \$12.5 million in TIF funds.
**Phase II of the Retail Initiative and Urban Market assistance was funded through Public/Private Partnership Funds.
*** \$500,000 in bond funds for public space improvements

Value and Increment Revenue Summary

The base value is the total appraised value of all taxable real property in the Zone, as determined by the Dallas Central Appraisal District certified property tax roll. The base value is established the year the TIF is created and/or when a property is placed within a TIF boundary.

The City Center TIF District's financing plan and boundary was amended December 2012 to add properties along the Lamar Street corridor and properties in the West End Historic District. As a result of the boundary amendment, two sub-districts were created: (1) City Center Sub-district and (2) Lamar Corridor/West End Sub-district. Each sub-district has its own base value. In November 2014, the plan and boundary was further amended to remove certain parcels from the City Center Sub-district. The map on page 2 of this document depicts the boundaries of the Zone, including the boundary of each sub-district.

City Center Sub-district

The sub-district's 2014 adjusted base year value is \$577,655,884. The 2018 assessed tax value for the sub-district is \$1,359,207,539 (note that County taxable value may vary). This represents an increase of \$781,551,655 (135%) over the adjusted base year value. The sub-district's value increased by \$96,838,996 (8%) from the previous year. The increase of the base year will result in an estimated collection of approximately \$4,856,249 (City \$4,856,249; County \$0) in incremental revenue.

Lamar Corridor/West End Sub-district

The sub-district's 2012 base year value is \$97,095,610. The 2018 assessed tax value for the sub-district is \$226,233,180. This represents an increase of \$129,137,570 (133%) over the base year value. The sub-district's value increased by \$65,050,900 (40%) from the previous year. This increase will result in an estimated collection of approximately \$1,069,095 (City \$902,710; County \$166,385) in incremental revenue.

Objectives, Programs, and Success Indicators

On February 12, 1997, the Dallas City Council adopted Ordinance Number 23034 which approved the City Center Tax Increment Financing District Final Project Plan and Reinvestment Zone Financing Plan, as amended. The goals of the plan are as follows:

- Make the City Center area a safer place to live and work
- Improve access to the City Center area
- Improve the image of the City Center area

- Take advantage of the existing building stock
- Develop a diverse mix of land uses within the City Center area
- Increase recreational opportunities in the City Center area

The following objectives and actions items set the framework for the planned public improvements within the City Center TIF District in 1997:

- Improve street and pedestrian lighting within the City Center TIF District.

Improvements to five north/south streets (Field, Akard, Ervay, St. Paul and Harwood Streets to the Transit Mall) were completed in 2008. An extension of the north/south improvement project (from the Transit Mall to Ross Avenue) was also completed in 2008. These improvements included widened sidewalks, street repaving, street furniture, lighting, new crosswalks and street trees.



Browder Street pedestrian plaza improvements are complete, enhancing the block's connection and providing street-level activation between Commerce Street and Jackson Street. AT&T's Discovery District is underway, causing temporary conflicts with the improvements. The AT&T Discovery District includes private investment of approximately \$30 million in street and plaza improvements as a result of AT&T's commitment

to invest in their global headquarters. The private investment associated with the building enhancements is estimated to be \$100 million, of which a portion of the buildings are within the City Center TIF District boundary.

Streetscape work is planned for Lamar Street from Young Street to Ross Avenue.

The 360 Plan update further examines key corridors within the City Center TIF District and beyond and additional improvements are anticipated.

- Improve the pedestrian environment through landscaping, lighting and design standards for surface parking lots.

Ordinance No. 25487 approved by City Council on January 28, 2004, required commercial parking garages and surface parking lots to comply with certain parking lot enhancements such as improved lighting, striping and landscaping. The ordinance also required the installation of wrought iron fencing but only if financed by the City Center TIF District. A fencing program was completed in 2007 that installed enhanced fencing along commercial surface parking lots located within the City Center TIF District.

- Provide public parking to encourage redevelopment of underutilized downtown office and retail space.

On October 13, 2004, City Council authorized an agreement with Downtown Dallas Inc. to implement the City Park program. The program provided public, short-term parking space in garages in the downtown retail core in support of retail redevelopment efforts within the core. The CityPark program ended in 2010, but provided \$1,027,818 over six years for the conversion of existing private garages to public use through equipment signage, marketing and the use of the City's public parking rates. The following garages participated in the program and provided a minimum of 150 public parking spaces:

- DalPark Garage (1600 Commerce)
- Davis Lot Garage (1407 Main Street)
- Star Parking Garage (1300 Ross Avenue)
- Metropolitan Garage (1310 Elm Street)



Although the CityPark program has expired, the City continues to lease 150 low cost, transient parking spaces at the Dalpark Garage to assist with retail efforts. The Dalpark Garage lease was extended in FY 2015 for a five-year period, from July 31, 2015 to June 30, 2020. For FY 2018, TIF lease payments for Dalpark were \$180,000 and revenue from the parking lease to the TIF was \$207,389.

Additionally, the developer of the Third Rail Lofts (1407 Main Street) received an \$8.5M loan with a forgivable interest component to construct a parking garage providing 370 public parking spaces for 10 years, parking for adjacent residential projects and assist in the development of 20,000 square feet of retail space. The repayment was due August 8, 2018 and the City anticipates receiving the loan repayment by end of calendar year 2018. Once repaid, the 1407 Main Street short-term, low-cost public parking spaces will no longer be available.

A Downtown Parking Strategy was completed during FY 2011 as a component of the Downtown Dallas 360 Area Plan.

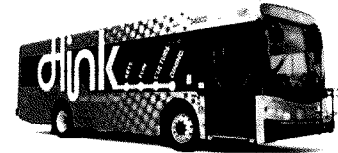
As a result of the extension of the City Center sub-district's term and increase in budget, funds have been allocated to a Parking Initiative budget line item that support expansion of public parking. The funds may be used to acquire, lease or construct parking spaces in the Zone or the greater downtown area if it benefits the Zone.

- Coordinate linkages with the new DART light rail transit mall by extending streetscape improvements from the transit mall to the Arts District, Main Street, public open spaces and City Hall.

Construction of pedestrian linkages connecting the DART light rail transit mall with the Main Street Retail District, public open spaces, City Hall and the Convention Center have been strengthened since this goal was set.

In July of 2010, the McKinney Avenue Transit Authority received a \$4.9 million grant from the Federal Transit Administration and matching grant of \$5 million from the North Central Texas Council of Government to complete the M-Line loop that branches off of McKinney Avenue at Olive Street. Construction of the Olive/St. Paul Street Loop is complete. The line improves connectivity between Uptown, Downtown, Klyde Warren Park, the Arts District and DART downtown transit mall.

The creation of a circulator system the downtown area was recommended by the Downtown Dallas 360 Area Plan. In September 2013, City Council approved funding to participate in the two-year pilot program D-Link, a special service from DART that provides residents, workers and visitors a way to get to some of the city's most popular arts, dining and historic destinations. The free bus route includes destinations such as American Airlines Center, Klyde Warren Park, the Perot Museum of Nature and Science, The Sixth Floor Museum, Dallas Arts District, the Bishop Arts District and many other cultural, arts and entertainment-related stops. DART, Downtown Dallas and the City of Dallas shared the \$1.4 million annual cost of the program. On October 25, 2017, City Council approved a one-year extension of the Funding Agreement to allow for continuation of the D-Link, which now extends to the Farmers Market.



- Direct overall development of the City Center area through the application of design standards for public improvements and design guidelines for private development.

Standards for public improvements have been established. Development projects requesting TIF funding are required to design and construct public improvements in accordance with established guidelines. All City Center TIF District proposed projects are reviewed by the City Design Studio and the Peer Review Panel.

- Encourage development of residential housing and hotels, including conversions of existing office space.

TIF reimbursement provided through the City Center TIF District encouraged multiple residential redevelopment projects while reducing the amount of vacant obsolete space by 9.66 million square feet and increasing the number of downtown residents. Completed projects that converted existing office space include the following: Kirby Building, Wilson Building, Majestic Lofts, Davis Building, Santa Fe II, Gulf States Building, Dallas Power & Light Buildings, 1505 Elm Condominiums, Jackson Street Lofts, Republic Tower, Interurban Building,

Mosaic, 1200 Main Street, Magnolia Hotel, Sheraton Hotel, Hart Furniture, Merriman Architects, Houseman Building, 400 S. Akard, the Joule Hotel, 711 Elm, One Main Place, Hartford Building, 1217 Main Street, Thanksgiving Tower, 211 N. Ervay and 717 N. Harwood (includes conversion to any use).

- Encourage redevelopment of street-front retail.

A Retail Initiative aimed at stimulating the creation of a retail district in downtown Dallas, initially focusing on 40,000 to 60,000 square feet in the Main Street District, was approved in 2003. Phase I of the Initiative included \$2.5 million in funding for tenant start-up costs, rent subsidies, and a Leasing/Marketing Partner. Phase I of the Retail Initiative brought several unique retail establishments to downtown; however, most of these stores have not remained open.

Phase II of the Initiative, with \$700,000 in funding and a program goal of 16,000 to 20,000 square feet of retail, was approved in 2006. Jos. A. Bank (5,142 square feet) opened under the extended initiative (closed during FY 2017; used as Unbranded during holiday season). While many of the initial uses have closed, several of the spaces were able to attract new businesses without further subsidy, as a result of the initial TIF investment. Conversions of structures such as the Stone Street Gardens Buildings, the Thompson Building, 1608 Main Street, Davis Building, Dallas Power and Light Building, Metropolitan and Mosaic add to the amount of improved retail space.

The City of Dallas Main Street District Initiative Loan and Grant Program was amended to allow expenditures for a comprehensive update of the Downtown Parking Strategy and creation of a Retail Activation Strategy to identify and prioritize improvements needed to support retail recruitment efforts in the Downtown area. Both documents were completed and approved during FY 2011.

- Encourage redevelopment of school property and improve educational and training facilities within the district.

University of North Texas (UNT) relocated its administrative offices to the Universities Center at Dallas building and purchased the Titche-Goettinger Building located at 1900 Elm Street in December 2006.

In 2014, UNT completed a \$29 million renovation of the building aimed at housing the University's new law school. Downtown's first public law school, UNT Dallas College of Law, began its inaugural class August 2014. In addition to the project's interior improvements, the façade of the building facing Main Street Garden Park was renovated to include windows, opening up the building to the downtown community.

- Complement and protect existing historic structures.

Through the efforts of the City Center TIF District and the City of Dallas Historic Preservation Program, the following historic buildings within the TIF District have been improved – Kirby Building, Wilson Building, Magnolia Building, Davis Building, Stone Street Gardens, Gulf States Building, Dallas Power & Light Buildings, Thompson Building, 1608 Main Street, Hart Furniture Building, 1530 Main Street, Republic Tower, the Interurban Building, Mosaic (Fidelity Union Life Buildings) and Hartford Building. The Main Street National Register Historic District nomination was completed and accepted by the National Park Service. The city supported the expansion of the District to include buildings on the southern side of Downtown. The new expanded Downtown National Register Historic District was accepted by the National Park Service.

City Center Sub-district development program includes:

- **2,500 residential units**

To date 2,611 residential units have been built in the City Center sub-district, representing approximately 104% of the development program goal. Below is a chart showing residential projects completed within the City Center TIF District:

| CITY CENTER – COMPLETED RESIDENTIAL UNITS | | | |
|---|--------------------------|-------|----------------|
| PROJECT | LOCATION | UNITS | YEAR COMPLETED |
| 1900 Elm (Titcher-Goettinger) | 1900 Elm Street | 129 | 1997 |
| SoCo Lofts | 1122 Jackson Street | 205 | 2000 |
| The Kirby – Residences on Main | 1509 Main Street | 156 | 2000 |
| Wilson Building | 1623 Main Street | 135 | 2000 |
| Residences on Jackson | 1300 Jackson Street | 8 | 2002 |
| Davis Building | 1309 Main Street | 183 | 2003 |
| 1505 Elm Street Condominiums | 1505 Elm Street | 65 | 2004 |
| Interurban Building | 1500 Jackson Street | 134 | 2005 |
| Dallas Power & Light | 1506-12 Commerce Street | 154 | 2005 |
| Gulf States Building | 1415 Main Street | 64 | 2007 |
| Gables at Republic Center | 325 N. St. Paul, Tower I | 227 | 2007 |
| Fidelity Union Life Towers (Mosaic) | Pacific/Bryan/Akard | 440 | 2007 |
| Metropolitan | 1200 Main Street | 273 | 2007 |
| 1407 Main Street | 1407 Main Street | 84 | 2008 |
| U.S. Post Office Building | 400 N. Ervay Street | 78 | 2011 |
| One Dallas Center (Patriot Tower) | 350 N. St. Paul | 276 | 2014 |
| TOTAL RESIDENTIAL UNITS COMPLETED | | 2,611 | |

- **Absorption of 4,500,000 square feet of vacant office space in the sub-district**

To date, 9.66 million square feet of previously vacant office space located within the City Center TIF District has been renovated representing 215% of the development goal.

Completed projects include Santa Fe II, Sheraton Hotel, Majestic Lofts, Kirby Building, Wilson Building, Magnolia Building, Hart Furniture, 1505 Elm, Davis Building, Dallas Power and Light, Interurban Building, Jackson Building, Republic Tower, 1530 Main Street, Gulf States, 1217 Main Street, Mosaic, 1200 Main Street, Magnolia Hotel, Sheraton Hotel, 1516 Elm Street, Hart Furniture, 1217 Main Street, Houseman Building, 400 S. Akard Street, Joule Hotel, 1025 Elm Street, U.S. Post Office Building, One Dallas Center (Patriot Tower), Westin Hotel (One Main Place), 1700 Commerce, Hartford Building, 211 N. Ervay, 717 N. Harwood and Thanksgiving Tower.

- **Activate 300,000 square feet of vacant ground floor and/or retail space in the downtown core.**

To date, approximately 643,589 square feet of retail space, including Neiman Marcus, has been improved, representing 196% of the development program goal. The Main Street Retail Initiative has assisted in adding retail tenants to the growing number of those already established. CVS, Jason's Deli and Jimmy John's opened as part of the Retail Initiative. 7-11 opened a convenience store on the ground floor of the Metropolitan.

Lamar Corridor/West End Sub-district's development program includes:

- Add 2,500 residential units to the sub-district.

555 Ross (previously known as Fairfield Residences at West End) is the first Lamar Corridor/West End Sub-district residential project completed since this sub-district was created. The project has added 267 apartments to the area, accounting for 11% of the sub-district goal. The property was sold to Mesirow Financial during the fiscal year.

- Activate 500,000 square feet of vacant ground floor and/or retail space in the sub-district.

Approximately 3,000 square feet of vacant ground floor space has been renovated as part of the 711 Elm Street TIF project. Additionally, Factory Six03 adds approximately 10,000 square feet of ground floor retail/restaurant space.

- Absorb vacant office space in the sub-district.

Since the inception of the Lamar Corridor/West End sub-district and as of FY 2018, several new property purchases by established office-focused real estate firms have positioned the sub-district to become an up-and-coming

creative/innovative office market. In FY 2018, Factory Six03 (West End Marketplace) completed rehabilitation of the 182,000 square foot historic structure (plus 28,000 square foot basement and 25,000 square foot rooftop addition) for creative office space. Factory Six03 has foregone the approved TIF incentives and instead will receive an historic tax abatement.

The Corgan-Crescent project is a multi-tenant office addition and transit-oriented development in the West End of Dallas primarily intended for the expansion of Corgan. The design includes the addition of 95,000 square feet for a total of approximately 155,000 square feet of office space within the site. This includes a 20,000 square foot expansion for Corgan and an additional 75,000 square feet of speculative tenant space. The construction also includes the addition of a 437-space parking structure. The project is anticipated to be complete December 2018.

Year-End Summary of Meetings

The City Center TIF District Board of Directors met two (2) times during FY 2017-2018, December 14, 2017 and May 10, 2018.

The City Center TIF District Board of Directors consists of nine (9) members including six (6) City of Dallas appointees, one (1) Dallas Independent School District (DISD) appointee, one (1) Dallas County appointee and one (1) Dallas County Community College District appointee. During FY 2017-2018, the City Center TIF Board consisted of the following members:

Board Member List

Larry James – City Appointee (Attended 2 of 2 meetings)
 Evan Beattie – City Appointee (Attended 1 of 2 meeting)
 John Perry – City Appointee (Attended 2 out of 2 meetings)
 Vacant – City Appointee
 Vacant – City Appointee
 Vacant – City Appointee
 Orlando Alameda – DISD Appointee (Attended 2 of 2 meetings)
 Rick Loessberg – Dallas County Appointee (Attended 2 of 2 meetings)
 Clyde Porter – DCCCD Appointee (Attended 0 of 2 meetings)

During FY 2017-2018, the City Council approved four items that were significant to the City Center TIF District.

On December 12, 2017, City Council held a public hearing to receive comments on the 360 Plan as a guide to future City Council actions concerning land use and development regulations, transportation and economic development, and capital improvement expenditures in the area generally bounded by a two and a half mile

radius centered on the intersection of Main Street and Akard Street, and consideration of a resolution to adopt the plan (Resolution No. 17-1940).

On February 14, 2018, City Council authorized an amendment to Resolution No. 17-0534, previously approved on March 22, 2017, to (1) amend the parties to reflect the owner as Flora Street Lofts, Ltd., and the developer as Artspace Projects, Inc.; and (2) allow for a six-month extension to project deadlines in the future, if necessary, for the development agreement associated with previously approved TIF funding for the Flora Lofts Project located at 2121 Flora Street in the Arts District (Resolution No. 18-0283).

On February 28, 2018, City Council approved a resolution accepting the FY 2016-2017 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Five, (City Center TIF District), submitted by the City Center TIF District's Board of Directors, and authorizing the City Manager to submit the annual report to the Chief Executive Officer of each taxing jurisdiction that levies taxes on real property in the District, and to the State Comptroller, as required by state law (Resolution No. 18-0350).

On June 27, 2018, City Council authorized a deadline extension for the 211 North Ervay redevelopment project to extend the certificate of occupancy and completion date from December 31, 2016 to October 31, 2018 and as additional consideration for the extension, enhance the street work to include removal of the existing ramp and loading area (Resolution No. 18-0921).

Budget and Spending Status

| City Center TIF District | | | |
|--|-------------------------------|---------------------------------------|---------------------|
| Projected Increment Revenues to Retire TIF Fund Obligations | | | |
| Category | TIF Budget¹ | Allocated/Expended³ | Balance |
| Original City Center TIF Collection ² | \$75,696,253 | \$75,696,253 | \$0 |
| Public Infrastructure Improvements | \$8,500,000 | \$4,963,100 | \$3,536,900 |
| Parking ⁵ | \$5,500,000 | \$1,224,000 | \$4,276,000 |
| Redevelopment/Development Projects | \$40,972,111 | \$15,497,787 | \$25,474,324 |
| District Wide Improvements | \$4,000,000 | \$0 | \$4,000,000 |
| Affordable Housing | \$6,500,000 | \$4,577,916 | \$1,922,084 |
| Ground Floor Activation | \$8,300,000 | \$0 | \$8,300,000 |
| Plan Implementation/Administration | \$2,500,000 | \$482,625 | \$2,017,375 |
| Total Project Costs | \$151,968,546 | \$102,441,681 | \$49,526,863 |

¹Budget shown above in total dollars (including interest earnings and potential parking revenue), as approved in the Project Plan and Reinvestment Zone Financing Plan for the District.

²This amount represent the total amount of TIF funds expended from 1997 to 2012.

³Allocated/Expended amounts are TIF funds committed and/or spent to district projects through FY 2018

⁴TIF administration costs shown are expended or committed through FY 2018

⁵Includes 2013-2020 Dalpark Parking lease; Parking revenue (not shown) is offsetting Dalpark lease expenditures

District Set-Asides

As shown in the budget above, the City Center TIF District Budget includes several District Set-Asides.

The Affordable Housing Set-Aide funds may include residential projects located in areas where mixed income or affordable housing does not currently exist. This set-aside is 12.55% for the first 5 years of the District's extension (2013 to 2017) and 10% for the remaining years (2037) or until approximately \$6.5 million has been collected for this line item.

District-Wide Improvements Initiative Set-Aside should support specific improvement projects benefiting multiple properties or blocks within the District and not specific to a single development site such as public parks, gateways, trails, public open space, public facilities, or utility/streetscape improvements. Utility burial and/or streetscape improvement projects at any location in the District may be eligible upon approval by the Board. These funds can be used to leverage additional funding for district-wide improvement projects such as grants. It is anticipated that Thanksgiving Square could be funded from this Set-Aside should TIF funding be sought. This set-aside is 8% of the District's total increment for the first 5 years of the District's extension (2013-2017) and 5% for the remaining years of the District (2037) until approximately \$4 million has been collected for this line item.

Ground Floor/Retail Activation Initiative Set-Aside are detailed in the Downtown Ground Floor Activation Grant Program. This set-aside is 15% of the District's Total Increment for the first 5 years of the District's extension (2013-2017) and 10% for the remaining years of the District (2037) or until approximately \$8.3 million has been collected.

Parking Initiative Set-Aside may include leasing of parking, including any extensions of Dalpark garage. This set-aside is 8% for the first 10 years of the District's extension (2013-2022) and 10% for the remaining years of the Zone (2037) or until approximately \$5.5 million has been collected for this line item.

| | Afford Hsng | District Wide | Retail | Parking |
|---|-------------|---------------|-------------|-------------|
| Collected Through 2018: | \$2,492,156 | \$1,588,625 | \$2,978,673 | \$1,588,625 |
| Total Allowable for Life of TIF District: | \$6,500,000 | \$4,000,000 | \$8,300,000 | \$5,500,000 |
| Committed to Date: | \$4,577,916 | \$0 | \$0 | \$1,224,000 |

Note that the Parking set-aside includes 2013-2020 Dalpark Parking lease; Parking revenue (not shown) is offsetting Dalpark lease expenditures.

M/WBE Participation

TIF projects must comply with the Business Inclusion and Development (“BID”) Plan and the City’s Fair Share goals of certified minority/women-owned business enterprises (“M/WBE”) participation for both public and private improvements. TIF assisted projects are not required to be publicly bid. As a result, TIF projects are privately bid and are monitored to ensure compliance with the City’s BID Plan and Fair Share Goals. Reporting is not required until project or benchmark completion.

| City Center TIF M/WBE Participation | | | | |
|--|------------------------------------|----------------------------|------------------------------|----------------------------|
| Project | Contractors | Construction Amount | M/WBE Contract Amount | M/WBE Participation |
| Streetscape | HOK | \$1,584,154 | \$664,945 | 41.97% |
| Kirby | Gibson | \$440,000 | \$42,724 | 9.71% |
| Magnolia | Bell | \$586,300 | \$96,329 | 16.43% |
| Parking | Kittelison | \$380,155 | \$135,335 | 35.60% |
| Stone Street | Village Interiors | \$979,000 | \$185,814 | 18.98% |
| Park Master Plan | Carter & Burgess | \$365,000 | \$9,000 | 2.47% |
| Hart Furniture Bldg | Harrison Walker | \$1,143,129 | \$202,615 | 17.72% |
| Thompson Building | Nedderman & Assoc. | \$2,000,464 | \$241,822 | 12.09% |
| Streetscape Construction | Northern Pipeline Construction Co. | \$2,780,691 | \$1,141,540 | 41.05% |
| Elm St. Fire Corridor | Architexas | \$63,000 | \$17,762 | 28.19% |
| Retail Marketing/Leasing | Dallas Downtown Partnership | \$247,500 | - | 0.00% |
| DP&L | Various | \$5,169,921 | \$2,724,525 | 52.70% |
| Wayfinding Signs | Bunting Graphics | \$553,886 | \$72,320 | 13.06% |
| Interurban Building | Andres Construction | \$5,228,415 | \$1,966,491 | 37.61% |
| Gulf States Building | Various | \$3,703,168 | \$876,480 | 23.67% |
| Republic Center | Various | \$2,168,806 | \$52,936 | 2.44% |
| Joule Hotel | Various | \$13,528,365 | \$544,982 | 4.03% |
| N/S Streetscapes | Texas Standard Construction | \$1,619,260 | \$615,318 | 38.00% |
| Metropolitan | Certified/LVI Environmental | \$3,868,400 | \$967,100 | 25.00% |
| 1608 Main Street Pedestrian Way | Nedderman & Assoc. | \$476,700 | \$132,893 | 27.88% |
| 1608 Main Street | Nedderman & Assoc. | \$1,455,660 | \$361,868 | 24.86% |
| Mosaic | Certified/LVI Environ | \$8,882,955 | \$2,492,880 | 28.06% |
| Liberty State Bank | Various | \$1,647,499 | \$503,220 | 30.54% |
| 711 Elm | Various | \$304,030.55 | \$88,074 | 28.97% |
| 555 Ross | Various | \$28,920,233 | \$9,501,341 | 32.85% |
| Hartford Building | Dallas Hartford, LLC | \$2,189,517 | \$484,388 | 22.12% |
| TOTALS | | \$90,286,209 | \$24,122,702 | 23.69% |

FY 2019 Work Program

The work items for FY 2019 for the City Center TIF District are as follows:

- Approval of the City Center FY 2017-2018 Annual Report.
- Continue support of City's office/ business retention efforts in the downtown core.
- Identify and support opportunities for improving physical connections between the Downtown Core and surrounding districts including the Convention Center, Victory, Lamar Corridor, and West End neighborhoods.
- Complete existing projects
- Identify and promote redevelopment of key properties in the District
- Implement Ground Floor Activation Strategy for district and continue to investigate monetizing program's annual funding source
- Complete City audit of completed TIF projects and reimburse based on available increment and in accordance with the City Center TIF District Reimbursement Queue Policy
- Continue to work with relevant city departments on various downtown transportation projects.
- City Council consideration of various proposed development projects
 - Adolphus Tower
 - Thanks-Giving Square (potential District-Wide Improvement funding)

Appendix A - District Financials

City of Dallas, Texas
City Center Tax Increment Financing District Fund
Balance Sheet as of September 30, 2018 (Unaudited)
With Comparative Totals for September 30, 2017, 2016, 2015, and 2014 (Audited)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|
| Assets: | | | | | |
| Pooled cash and cash equivalents | \$12,071,531 | \$7,407,024 | \$5,241,071 | \$3,384,837 | \$2,143,150 |
| Interest receivable | \$27,798 | \$0 | \$27,901 | \$4,082 | \$2,302 |
| Accounts receivable-Parking | \$0 | \$18,083 | \$7,173 | \$12,199 | \$11,759 |
| Total assets | \$12,099,329 | \$7,425,107 | \$5,276,145 | \$3,401,118 | \$2,157,212 |
| Liabilities and Fund Balance (Deficit): | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$2,162,465 | \$30,000 | \$170,116 | \$0 | \$998,500 |
| Advances from developers | \$1,049,697 | \$1,903,093 | \$2,605,543 | \$4,360,278 | \$4,725,961 |
| Due to general fund | \$0 | \$37,490 | \$37,490 | \$37,490 | \$37,490 |
| Accrued liability | \$0 | (\$3,565) | (\$3,565) | (\$3,565) | (\$3,565) |
| Total liabilities | \$3,212,162 | \$1,967,017 | \$2,809,584 | \$4,394,202 | \$5,758,385 |
| Fund Balance (Deficit): | | | | | |
| Fund Balance (Deficit) | \$8,887,167 | \$5,458,090 | \$2,466,561 | (\$993,084) | (\$3,601,174) |
| Total Liabilities and Fund Equity | \$12,099,329 | \$7,425,107 | \$5,276,144 | \$3,401,118 | \$2,157,212 |
| | \$0 | (\$0) | (\$0) | (\$0) | (\$0) |

City Center Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
Balance Sheet as of September 30, 2018 (Unaudited)
With Comparative Totals for September 30, 2017, 2016, 2015, and 2014 (Audited)

| | ITD | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|--------------------|--------------------|--------------------|----------------------|----------------------|
| Revenues: | | | | | | |
| Tax increment-Governmental | \$94,095,650 | \$4,708,079 | \$4,324,981 | \$3,363,323 | \$2,578,452 | \$1,860,846 |
| Tax increment-Intergovernmental | \$6,201,215 | \$929,781 | \$760,519 | \$559,545 | \$407,412 | \$334,755 |
| Affordable housing contribution | \$307,787 | \$0 | \$0 | \$0 | \$0 | \$7,787 |
| Interest income | \$10,324,239 | \$129,806 | \$71,234 | \$37,987 | \$14,768 | \$0 |
| Parking Revenue | \$1,779,370 | \$203,560 | \$152,766 | \$165,447 | \$144,987 | \$144,957 |
| Net increase in fair value of investments | (\$332,530) | (\$36,184) | (\$19,758) | \$481 | \$7,262 | (\$595) |
| Total revenue | \$112,375,731 | \$5,935,042 | \$5,289,743 | \$4,126,783 | \$3,152,880 | \$2,347,750 |
| Expenditures: | | | | | | |
| Administrative expenses | \$2,595,390 | \$71,101 | \$98,780 | \$93,283 | \$58,331 | \$76,004 |
| Affordable housing participation | \$3,745,566 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Non-capital outlay | \$73,000,674 | \$1,495,568 | \$2,042,054 | \$350,220 | \$198,714 | \$1,111,251 |
| Capital outlay | \$10,751,266 | \$845,842 | \$14,276 | \$0 | \$55,100 | \$49,500 |
| Interest and fiscal charges | \$8,895,269 | \$93,453 | \$143,104 | \$223,635 | \$232,645 | \$259,975 |
| Total expenditures | \$98,988,166 | \$2,505,965 | \$2,298,214 | \$667,138 | \$544,790 | \$1,496,730 |
| Excess (Deficiency) of Revenues over Expenditures | \$13,387,565 | \$3,429,077 | \$2,991,529 | \$3,459,645 | \$2,608,089 | \$851,020 |
| Other financing sources (uses): | | | | | | |
| Developer Participation | \$5,416,002 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Transfer out | (\$10,000,000) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total other financing sources | (\$4,583,998) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses | \$8,803,567 | \$3,429,077 | \$2,991,529 | \$3,459,645 | \$2,608,089 | \$851,020 |
| Fund balance (Deficit) at beginning of year as previously reported | \$0 | \$5,458,090 | \$2,466,561 | (\$993,084) | (\$3,601,174) | (\$4,452,194) |
| Prior period restatement | \$83,600 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fund balance (Deficit) at beginning of year, as restated | \$83,600 | \$5,458,090 | \$2,466,561 | (\$993,084) | (\$3,601,174) | (\$4,452,194) |
| Fund balance (deficit) at end of year | \$8,887,167 | \$8,887,167 | \$5,458,090 | \$2,466,561 | (\$993,084) | (\$3,601,174) |

Note: Fiscal year 2017-18 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 Center Tax Increment Financing District
Reinvestment Zone Number Five, City of Dallas, Texas
As of September 30, 2018**

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:

| | | |
|--------------------|---|--|
| \$93,621 | Interest Income | |
| \$203,560 | Parking Income | |
| \$5,637,860 | Ad Valorem Taxes (Collected in FY'2017-18 based on 2017 Final Tax Roll) | |
| <u>\$5,935,042</u> | Total Revenue | |

2. Amount and purpose of expenditures from the fund:

| | | |
|--------------------|---|--|
| \$71,101 | Administrative Expense | |
| \$0 | Affordable Housing Participation | |
| \$1,495,568 | Non-Capital outlay * | |
| \$845,842 | Capital outlay * | |
| \$93,453 | Additional Subsidy in Form of Grant (in lieu of interest expense) | |
| <u>\$2,505,965</u> | Total Expenditures | |

* These expenditures are detailed as follows:

| | Total | | Non-capital |
|---|---------------------|-----------------------|--------------------|
| | Expenditures | Capital Outlay | Outlay |
| Parking Subsidy-Dalpark Garage | \$165,000 | \$0 | \$165,000 |
| TIF Economic Dev. Grant - Fairfield West End Residences | \$1,314,830 | \$0 | \$1,314,830 |
| TIF Economic Dev. Grant - Thanksgiving Tower | \$12,173 | \$0 | \$12,173 |
| Fairfield West End Residences | \$832,635 | \$832,635 | \$0 |
| Public Infrastructure Improv-Dallas Hartford, LLC | \$13,207 | \$13,207 | \$0 |
| VW Mosaic Dallas LLC - Interest Expense | \$93,453 | \$0 | \$93,453 |
| Miscellaneous | \$3,566 | \$0 | \$3,566 |
| Total Expenditures | <u>\$2,434,864</u> | <u>\$845,842</u> | <u>\$1,589,021</u> |

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

None. City Center TIF District has incurred no bonded indebtedness.

b. The zone had the following contingent obligations at September 30, 2018 which are being reimbursed from available TIF funds:

| Developer | Project | Balance Due (Since Inception) | | | Payments To Date | | | Net Balance Due | |
|----------------------------------|----------------------------------|-------------------------------|--------------------|---------------------|---------------------|--------------------|---------------------|--------------------|-----------------------|
| | | Accrued | | | Accrued | | | | |
| | | Principal | Add'l Subsidy (1) | Total Due | Principal | Add'l Subsidy (1) | Total Paid | | |
| Post Properties, Inc. | Wilson Building | \$3,400,000 | \$483,691 | \$3,883,691 | \$3,400,000 | \$483,691 | \$3,883,691 | \$0 | |
| Hall Financial Group | Kirby Building Redev. | \$435,797 | \$35,094 | \$470,891 | \$435,797 | \$35,094 | \$470,891 | \$0 | |
| Holtze Magnolia | Magnolia Building Redev. | \$570,000 | \$24,486 | \$594,486 | \$570,000 | \$24,486 | \$594,486 | \$0 | |
| Republic Center, LLP. | Republic Building Redev. | \$750,000 | \$88,921 | \$838,921 | \$750,000 | \$88,921 | \$838,921 | \$0 | |
| Stone Place Mall Investors | Stone Place Mall | \$276,000 | \$16,062 | \$292,062 | \$276,000 | \$16,062 | \$292,062 | \$0 | |
| Elm Street Development | Hart Furniture Building | \$1,333,191 | \$59,252 | \$1,392,443 | \$1,333,191 | \$59,252 | \$1,392,443 | \$0 | |
| Main Street Investors JV | Thompson Building | \$1,065,000 | \$106,629 | \$1,171,629 | \$1,065,000 | \$106,629 | \$1,171,629 | \$0 | |
| Hamilton DPL Development | DP&L Bldg. Restoration | \$6,503,159 | \$361,750 | \$6,864,909 | \$6,503,159 | \$361,750 | \$6,864,909 | \$0 | |
| TIF Hotel, Inc. | Joule Hotel Redev. | \$8,500,000 | \$875,792 | \$9,375,792 | \$8,500,000 | \$875,792 | \$9,375,792 | \$0 | |
| Barker-Nichols, LLC | Interurban Building | \$5,000,000 | \$536,038 | \$5,536,038 | \$5,000,000 | \$536,038 | \$5,536,038 | \$0 | |
| Erway Residential Partners, Inc. | Republic Center Tower I | \$4,605,000 | \$509,468 | \$5,114,468 | \$4,605,000 | \$509,468 | \$5,114,468 | \$0 | |
| GS Murray Development, Inc. | Gulf States Building Redev. | \$4,666,650 | \$409,198 | \$5,075,848 | \$4,666,650 | \$409,198 | \$5,075,848 | \$0 | |
| Gonzalo 1200 Main, LLC. | 1200 Main Street Redevel. | \$4,750,000 | \$1,220,990 | \$5,970,990 | \$4,750,000 | \$1,220,990 | \$5,970,990 | \$0 | |
| WLK Mosaic Owner, LP. | Fidelity Union Bldg. Redev. | \$9,000,000 | \$4,094,153 | \$13,094,153 | \$7,950,303 | \$4,079,243 | \$12,029,546 | \$1,064,607 ** | |
| SandCap 711 Elm Partners, LP | 711 Elm Street Garage | \$124,000 | \$0 | \$124,000 | \$124,000 | \$0 | \$124,000 | \$0 | |
| Dallas Hartford, LLC | Hartford Building | \$1,200,000 | \$0 | \$1,200,000 | \$27,483 | \$0 | \$27,483 | \$1,172,517 | |
| MFREVF III - Ross, LLC | Fairfield Residences at West End | \$5,500,000 | \$0 | \$5,500,000 | \$4,164,635 | \$0 | \$4,164,635 | \$1,335,365 (2) | |
| 1601 Elm Holdings, LP | Thanksgiving Tower | \$8,000,000 | \$0 | \$8,000,000 | \$12,173 | \$0 | \$12,173 | \$5,987,827 | |
| Totals | | \$67,678,797 | \$8,821,523 | \$66,500,320 | \$54,121,219 | \$8,806,613 | \$62,927,832 | \$3,572,489 | |
| | | | | | | | | | \$1,049,697 ** |
| Principal -WLK Mosaic Owner, LP | | | | | | | | | \$14,910 ** |
| Accrued Interest at 9/30/2018 | | | | | | | | | \$1,064,607 |
| Total | | | | | | | | | \$1,064,607 |

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

(2) MFREVF III - Ross, LLC - accrued expenditures & liability for \$2,147,465 as of 9/30/2018. Funds were transferred in November 2018 (fiscal year 2019) to MFREVF III-Ross, LLC

c. The Zone has entered into a development agreement for each of the following projects, but has not begun reimbursement as of September 30, 2018:

| Developer | Project Name | Maximum TIF Award |
|-------------------------------|--------------------------|-------------------|
| Altterra 211 North Erway, LLC | 211 N. Erway | \$2,000,000 |
| RREAF Holdings (Mid Elm), LLC | Mid Elm Lofts | \$3,900,000 |
| Corgan-Crescent | GPIF Houston Street LLC. | \$875,000 |

Note: Reimbursement shall begin after project completion and upon availability of TIF funds.

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

| Taxing Jurisdiction | Taxable Value 2018 | Base Year 1996 Value | Est. Captured Value 2018** |
|--|--------------------|----------------------|----------------------------|
| City of Dallas-City Center Sub-District Zone A | \$1,358,014,229 | \$577,242,124 | \$780,772,105 |
| City of Dallas-City Center Sub-District Zone B | \$1,193,310 | \$413,760 | \$779,550 |
| City of Dallas-Lamar Sub-District | \$226,233,180 | \$97,095,610 | \$129,137,570 |
| Dallas County-Lamar Sub-District | \$226,233,180 | \$97,095,610 | \$129,137,570 |

** Based on Certified Taxable Values. Final values will be determined on February 01, 2019.

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:

| Taxing Jurisdiction | Assessment Per \$100 | % Captured Value Used | Amount of Estimated 2018 Increment |
|--|----------------------|-----------------------|------------------------------------|
| City of Dallas-City Center Sub-District Zone A | 0.77670 | 62.14% | \$4,851,406 |
| City of Dallas-City Center Sub-District Zone B | 0.77670 | 62.14% | \$4,844 |
| City of Dallas-Lamar Sub-District | 0.77670 | 69.90% | \$902,710 |
| Dallas County-Lamar Sub-District | 0.24310 | 12.88% | \$166,385 |
| Total for all Jurisdictions | \$2.57320 | | \$5,925,344 |

b. The total amount of estimated tax increment to be billed for the 2018 tax year is \$5,925,344. For the 2017 tax year, increment in the amount of \$5,637,860 was received.

City of Dallas, Texas
City Center Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2018
(Unaudited)

1. The measurement focus used for the TIF Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred.
2. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
3. The TIF's cash balances are invested in the City's investment pool and include amounts in demand deposits as well as short-term investments. Pooled investments and short-term non-pooled investments are treated as cash equivalents. Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.
4. The Zone's Financial Plan permits expenditures not to exceed \$4,660,402 over the life of the TIF to reimburse the City for administrative costs which is made up of the original allocation \$2,160,402 and an additional \$2,500,000 over the extended period of the district. The Zone began reimbursing the General Fund for administrative costs in FY'1998-99. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.
5. The Zone has received advances from developers to fund improvements that have been completed. Following developer advance including principal and interest was outstanding at September 30, 2018:

\$1,064,607.24 for Fidelity Union Building advance bears interest at 4.87% compounded semi-annually.
6. All project costs resulting in capital improvements which are owned by the City are capitalized by the City of Dallas.

Appendix B – Mixed Income Housing Chart

| Developer | Project Name | Address | Res Units | Afford Hsng | Completion Year | Project Status |
|--|--|-------------------------------|--------------|----------------------|-----------------|----------------|
| RESIDENTIAL TIF PROJECTS APPROVED PRIOR TO MIXED INCOME POLICY (pre-2012) | | | | | | |
| Hall Financial Group | Kirby Building | 1509 Main St | 156 | 57 (expired) | 1999 | Complete |
| Post Properties | Wilson Building | 1623 Main St | 135 | 14 (expired) | 1999 | Complete |
| Davis Apartments, LLP (Hamilton) | Davis Building | 1309 Main St | 183 | 43 (expired) | 2003 | Complete |
| Hamilton Properties | Dallas Power & Light Building | 1506, 1512, &1517 Commerce St | 154 | 0 | 2005 | Complete |
| Barker Nichols, LLC | Interurban Building | 1500 Jackson St | 134 | 0 | 2005 | Complete |
| GS Murray Development, Inc | Third Rail (Gulf States Building - 1415 Main Street) | 1415 Main St | 64 | 0 | 2007 | Complete |
| Gables (Republic Center, LLP) | Gables Republic Tower (I) | 300 N Ervay St | 227 | 0 | 2007 | Complete |
| Hamilton Fidelity LP (Hamilton Properties) | Mosaic (Fidelity Union) | 1507 Pacific Ave | 440 | 0 | 2007 | Complete |
| LB 1200 MAIN LP | Metropolitan | 1200 Main St | 273 | 0 | 2007 | Complete |
| TOTAL 1999-2011 | | | 1,766 | 114 (expired) | | |

| | | | | | | |
|--|-----------------------|----------------------|------------|-----------|------------|--------------------|
| RESIDENTIAL TIF PROJECTS APPROVED AFTER MIXED INCOME POLICY (post-2012) | | | | | | |
| Fairfield Residential | Fairfield at West End | 302 N Houston | 267 | 27 | 2016 | Complete |
| Mid Elm TIF, Inc | Mid Elm Lofts | 1512-1516 Elm Street | 29 | 3 | 2018 | Under Construction |
| Flora Street Lofts, Ltd | Flora Lofts | 2121 Flora Street | 52 | 43 | 2020 | Approved/Planned |
| TOTAL 2012-Current | | | 348 | 73 | 21% | |

Note that Flora Lofts is located within the Downtown Connection TIF District Bounday but funded with City Center TIF District Affordable Housing Set-Aside Funds.

Appendix C – Project Payback Assumptions

| FY | Net Avail. for Reimb. | Mosaic | Fairfield at Ross | Hartford Building | 211 N. Ervay | Thanksgiving Tower | Mid Elm Lofts | *Corgan- Crescent | Total Payments | Net Available Cash |
|------------------------------|--------------------------|-------------------|----------------------|----------------------|--------------------|-----------------------|--------------------|----------------------|-------------------|-----------------------|
| PAID PRIOR TO '18 | | | \$2,017,170 | \$14,276 | \$0 | \$0 | \$0 | \$0 | | |
| 2018 (actual) | \$3,119,694 | \$946,849 | \$2,147,465 | \$13,207 | \$0 | \$12,173 | \$0 | \$0 | \$3,119,694 | \$0 |
| 2019 | \$3,888,362 | \$1,295,991 | \$1,335,365 | \$1,169,346 | \$60,902 | \$12,173 | \$9,064 | \$5,520 | \$3,888,361 | \$0 |
| 2020 | \$4,161,423 | \$0 | \$0 | \$3,171 | \$1,939,098 | \$2,204,570 | \$9,064 | \$5,520 | \$4,161,423 | \$0 |
| 2021 | \$4,451,327 | \$0 | \$0 | \$0 | \$0 | \$3,771,084 | \$674,723 | \$5,520 | \$4,451,327 | \$0 |
| 2022 | \$4,685,030 | | | | | \$0 | \$3,207,148 | \$858,441 | \$4,065,589 | \$619,441 |
| 2023 | \$4,839,871 | | | | | | \$0 | \$0 | \$0 | \$4,839,871 |
| TOTAL TIF FUNDING | | \$9M + Int | \$5,500,000 | \$1,200,000 | \$2,000,000 | \$6,000,000 | \$3,900,000 | \$875,000 | | |

* \$250,000 of Corgan-Crescent Funds may be paid before City Center Sub-District Termination (2022, 2023 collections), remaining \$625,000 deferred if needed.

Estimated Payback Schedule is based on the following assumptions:

1. Increment is produced as estimated
2. Projects are completed and developer obligations are met
3. District Set-Asides and Administration Costs are funded prior to funding developer projects (Net Available for Reimbursement)
4. Payback schedule will change if new TIF funded projects are approved and completed during payback of project(s) shown above
5. Flora Lofts is paid from Affordable Housing Set-Aside and payment timing is dependent on if other projects are approved from the set-aside
6. Payback projections are not shown through life of TIF District