

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 Eight ("Design District TIF District" or "District") and established a Board of Directors for the District to promote development or redevelopment in the Design District area pursuant to Ordinance No. 26021, authorized by the City Council on June 8, 2005, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, as amended; and

WHEREAS, on April 12, 2006, City Council authorized the Project Plan and Reinvestment Zone Financing Plan for the Design District TIF District by Resolution No. 06-1076; Ordinance No. 26303, 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 November 27, 2018, the Design District TIF District Board of Directors passed a motion accepting the FY 2017-2018 Annual Report for Tax Increment Financing Reinvestment Zone Number Eight and recommended approval of same by the City Council.

Now, Therefore,

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

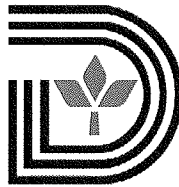
SECTION 1. That the FY 2017-2018 Annual Report for Tax Increment Financing Reinvestment Zone Number Eight (Design District TIF District), City of Dallas, Texas, as of September 30, 2018, a copy of which is attached hereto (**Exhibit A**), is hereby accepted.

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



**Design District TIF District
FY 2017-2018
Annual Report**



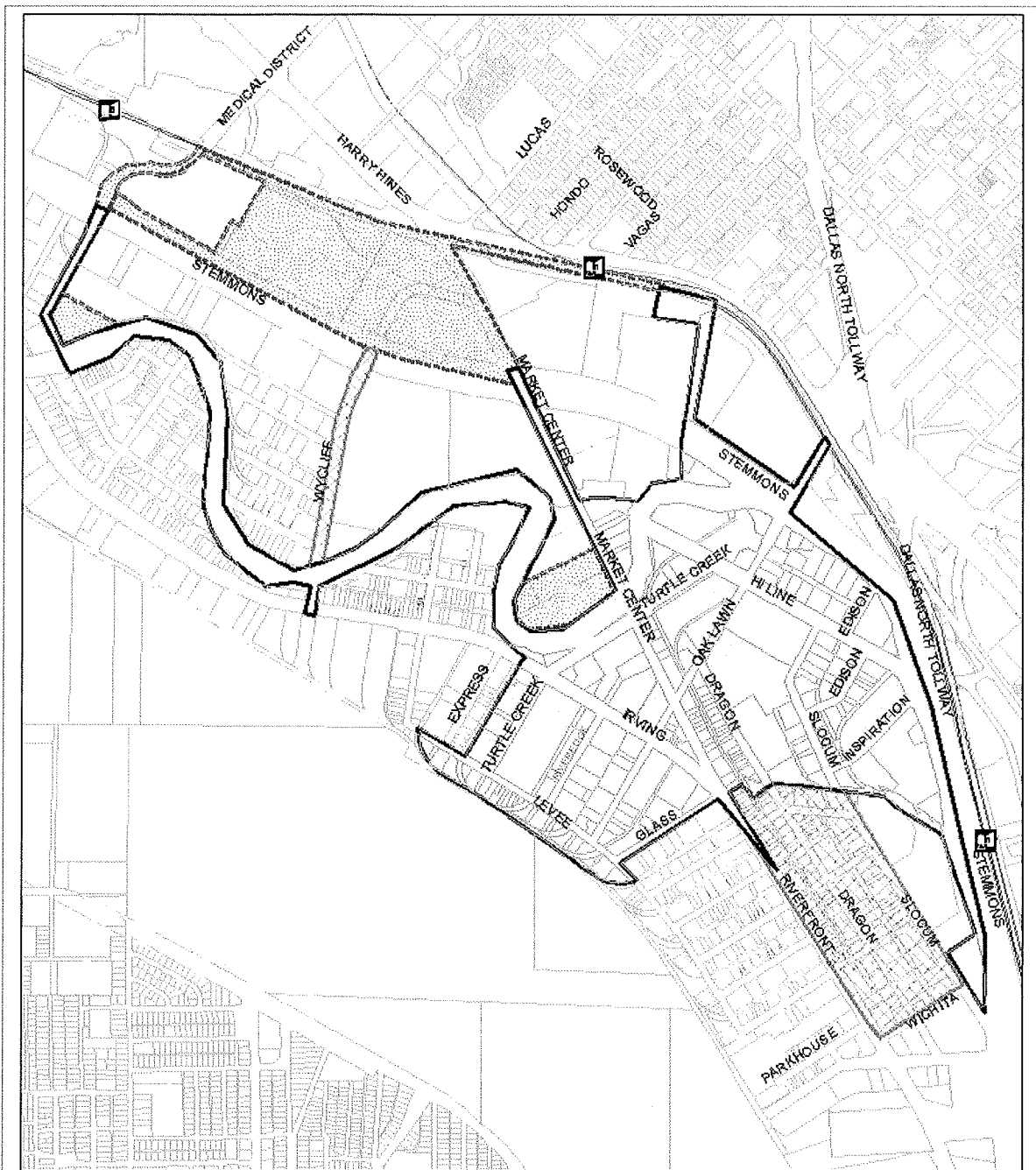
City of Dallas

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http://www.dallas-ecodev.org/area_redevelopment.html


October 1, 2017 to September 30, 2018



Reinvestment Zone Number Eight Tax Increment Financing District



Design District TIF Amended Boundary

- Design District Sub-District:**
-  Original TIF Boundary
 -  Expanded area (2013)

- Market Center: Stemmons Sub-District**
-  Expanded area (2013)

-  Parcels (DCAD 2012)
-  DART/TRE Light Rail Stations



Office of Economic
Development
April 2013

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Front cover shows the Virgin Hotel under construction at Oak Lawn Avenue and Hi Line Drive

Mission Statement

The mission of the Design District TIF District is to provide a source of funding for public infrastructure improvements that will assist in redeveloping an industrial and warehouse district to take full advantage of the expanding DART light rail system, to promote transit oriented development, and to improve access to the Trinity River and the quality of development adjacent to the Trinity Corridor. The Design District TIF District duration began on January 1, 2006, and will terminate on December 31, 2027, (including collection of the 2027 increment in calendar year 2028 and any related matters to be concluded in 2028).

District Accomplishments

Dallas City Council established the Design District TIF District by Ordinance Number 26021 on June 8, 2005. The District was established to assist in the transformation of the old Stemmons Industrial area into a diversified, pedestrian friendly, mixed-use neighborhood near the heart of Downtown Dallas. The Design District TIF Board adopted the final Project Plan and Reinvestment Zone Financing Plan in 2006.

In February 2009, the TIF Board adopted a "Design District TIF Strategic Implementation Plan" to guide the next phases of development and improvements in the District.

During FY 2011, initial reimbursement process began for the "1525 Turtle Creek at the District" TIF project (apartments now called Alta 1900 Lofts). Public improvements associated with the TIF project were completed in late 2009-early 2010 and the Alta 1900 Lofts received a final certificate of occupancy in April 2010.

During FY 2012, the TIF Board approved by-law amendments to reflect changes in state law for TIF Board composition recognizing that only taxing jurisdictions that participate financially can have representation and a change in the TIF design review process to have that function undertaken as part of the City Design Studio Peer Review Panel. The TIF Board also approved a set of master design guidelines and mixed-income housing guidelines.

The TIF Board and City Council approved a development agreement with Texas Security Bank for the Turtle Creek Median district-wide improvement project dedicating up to \$116,356 in TIF reimbursement for median and signage improvements along Turtle Creek Boulevard from Irving Boulevard to Market Center Boulevard. The median project was completed in 2013.

Also approved in FY 2012 was a development agreement with Friends of the Trinity Strand Trail to dedicate up to \$400,000 for the design and engineering of the Trinity Strand Trail Soft Surface Trail Design Project. The proposed soft surface trail would be approximately 2 miles of decomposed granite trail mostly on top of the banks of the Old

Trinity Meanders extending from Farrington Street east of Medical District Drive, crossing below Wycliff Avenue, crossing Market Center Boulevard at street level and terminating at the Hi Line Drive trail plaza. Pedestrian bridges, low water crossings, and small plazas/overlooks will also be included in the design. The design study was completed in mid-2014.

During FY 2013, an expansion of the TIF district and plan amendment was approved by Ordinance Number 29037 to create two subdistricts within the Design District TIF District: (a) Design District Sub-District (original district boundary plus additional property along Slocum/Dragon Streets and Riverfront Boulevard) and (b) Market Center/Stemmons Sub-District (an expansion area to facilitate the redevelopment of the Dallas Apparel Mart site).

Two development agreements were also approved: 1) an agreement with Market Center Land, L.P., ("MCL"), an affiliate of Crow Holdings for the Apparel Mart Redevelopment Masterplan and 2) an agreement with Dallas Proton Treatment Center, LLC working in conjunction with MCL on a Phase I Dallas Proton Treatment Center (DPTC) project for a TIF funding dedication up to \$7,025,000.

The multi-phased MCL master plan proposes medical/office, a hotel, residential, and mixed uses for the site bordered by Stemmons Freeway, Medical District Drive, Market Center Boulevard, and the Trinity Railway Express. The DPTC project experienced financial difficulties and has not moved forward. This TIF agreement authorization expired in December 2015.

During FY 2014, staff continued to work with PM Realty Group and the North Central Texas Council of Governments (NCTCOG) on the completion of the "Edison/Hi Line/Stemmons/Rail Transit Underpass Connection" project awarded funding in 2010.

The TIF Board adopted a set of "Guidelines for Wayfinding and Gateway Signage" to encourage consistency with signage improvements whether as a district-wide improvement or in conjunction with a development project.

In FY 2015, the TIF Board and City Council approved a development agreement for the Alexan Riveredge project dedicating up to \$7,800,000 in TIF reimbursement for public infrastructure and an economic development grant in support of the project. The Board also held preliminary discussions on potential district-wide funding requests and approved a general process and set of criteria for evaluating those requests.

Initial projects within the District completed, under construction or in the development stage are shown in the table below. During FY 2017-2018, staff also had discussions with development groups on other projects including the Virgin Hotel and Cabana Hotel.

Design District TIF District Projects¹						
Projects Within TIF District Utilizing TIF Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF²	Approx. Value³	TIF Investment⁴
1525 Turtle Creek at the District (now The Dunhill Design District) ⁷	1900 Hi Line Drive	2010	Complete	214 residential units	\$41,200,000	\$4,402,000*
Alexan Riveredge ⁸	150 Turtle Creek Blvd.	2017	Complete	309 residential units	\$49,500,000	\$7,800,000
Virgin Hotel (Dunhill Partners)	1909 Hi Line Dr.	2019	Under const.	268 hotel rooms	\$54,000,000	TBD
Cabana Hotel (historic building rehabilitation)	899 N. Stemmons Fwy.	2021	Planned	264 hotel rooms	\$44,587,000	TBD
Subtotal				523 units; 532 hotel rooms	\$189,287,000	\$12,202,000
Projects Within TIF District Not Utilizing TIF Funding⁵						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value	TIF Investment
International on Turtle Creek	150 Turtle Creek Blvd.	2006	Complete	157,640 square feet showroom & retail space	\$14,498,000	\$0
Trinity Lofts & Work/Live Showrooms	1403 Slocum St. & 1430 Dragon St.	2007	Complete	~92 units & 28,063 square feet showroom (164,030 square feet total)	\$19,892,670	\$0
Alta Design District	1531 Inspiration Dr.	2009	Complete	309 residential units	\$46,000,000	\$0
Alexan Design District (now Camden Design District)	1551 Oak Lawn Ave.	2009	Complete	355 residential units	\$56,509,040	\$0
Green Zone, arts venue	161 Riveredge Dr.	2008	Complete	2,520 square feet performance space	\$1,125,980	\$0
Dallas Contemporary ⁶	161 Glass St.	2010	Complete	6,000 square feet office space & 11,000 square feet gallery space for Center; & 22,000 square feet office/retail for tenants	\$2,214,900	\$0
1400 Hi Line	1400 Hi Line Dr.	2012	Complete	314 residential units; 29,000 square feet retail	\$85,000,000	\$0

Avant Apartments	1955 Market Center Blvd.	2013	Complete	301 residential units	\$47,500,000	\$0
Renaissance Hotel Conference Center expansion	2222 N. Stemmons Frwy.	2014	Complete	50,000 square feet meeting space	\$11,700,000	\$0
Alta Strand	1931 Market Center Blvd.	2017	Complete	400 residential units	\$54,472,050	\$0
Hotel/Apartments (Dunhill Partners)	1645 & 1700 Stemmons Frwy.	2021	Planned	250 hotel rooms; 100 apartments	\$51,000,000	\$0
Office Tower (Dunhill Partners)	1605 & 1615 N. Stemmons Frwy.	2022	Planned	240,000 square feet office space	\$45,000,000	\$0
Subtotal				1,871 units; 214,703 square feet retail/showroom; 13,520 square feet gallery/arts venue; 298,000 square feet office; 50,000 square feet hotel space; 250 hotel rooms	\$434,912,640	\$0

Projects Utilizing and Not Utilizing TIF Funding

Total	2,394 residential units; 214,703 square feet retail/showroom; 13,520 square feet gallery/arts; 298,000 square feet office; 50,000 square feet hotel space; 782 hotel rooms	\$624,199,640	\$12,202,000
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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 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) 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 Principal amount not to be exceeded per the development agreement. TBD indicates that development agreement has not yet been adopted. Asterisk indicates investment also includes interest not shown.

⁵ Selected significant projects included.

⁶ Tax-exempt property. Amount shown is approximate investment in improvements.

⁷ Per the TIF program requirements when the development agreement was executed, the project provided 20% of units as affordable during the time period December 2009 – December 2012.

⁸ Per current TIF program mixed-income housing requirement, the project will provide at least 20% of units as affordable for 15 years.

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, as part of TIF funding, a total of 523 units have been built to date and 62 are currently set-aside as affordable. Bell Design District had previously included 43 affordable units from 2009 to 2012; however, there was a provision in the agreement allowing a buyout of the remaining affordability period. The buyout totaled \$524,600 and those funds been dedicated towards offsetting the cost of affordable units for the Alexan Riveredge project in the District. The buyout option is no longer included in TIF development agreements and deed restriction provisions are now being added to secure affordable housing.

A total of 2,294 residential units have been completed overall. Another 100 units are planned without any TIF subsidy or affordable units anticipated.

District Initiatives

The City and community partners have been engaged in several district-wide initiatives to create trail connections and other public improvements described in more detail below. The Trinity Strand Trail (formerly known as the Old Trinity Trail) Master Plan improvements are an integral part of attracting new mixed-use development in the Trinity River corridor and creating a vibrant neighborhood with recreational opportunities in the Design District area. A total of over \$22 million has been raised to date including the value of land donations.

Two trailheads are complete at Hi Line Drive (by the river channel and the Turtle Creek Plaza and trailhead along Turtle Creek Boulevard between Market Center and Irving Boulevards. A Phase 1, 2.5-mile concrete trail (main/spine trail) running along the old Trinity River from Stemmons Freeway to Medical District Drive officially opened in 2015. In addition, \$400,000 in TIF funds were utilized for the design of a soft surface trail that would parallel the Phase I concrete trail on the opposite banks. Those plans were completed in mid-2014.

The Hi-Line Drive pedestrian improvement project is now complete. The project was funded through the North Central Texas Council of Governments (NCTCOG)'s Regional Transportation Council's 2006 Sustainable Development Program. The improvements were constructed concurrently with TIF public improvements as part of the "1525 Turtle Creek at the District" project. As part of the developer's TIF reimbursement \$207,447 in local match funds leveraged \$829,789 in grant funds for a total project cost of \$1,037,236.

The Edison/Hi Line/Stemmons/Rail Transit Underpass Connection project is complete. The \$1.4 million pedestrian improvement project was part of the 2009-2010 North Central Texas Council of Governments (NCTCOG) Sustainable Development (SD) Call for Projects. PM Realty Group was the private sponsor with the 1400 Hi Line mixed use development and provided the 20% local match, \$287,766 of the total project cost of \$1.4 million. The public infrastructure improvements included pedestrian and crosswalk improvements along Edison Street between Stemmons Freeway and Hi Line Drive, along southbound Stemmons frontage road and improvements to the underpass of Hi Line Drive under Stemmons Freeway. These improvements built on the 2006 SD Hi Line Drive improvements to create a stronger connection to the Victory DART Light Rail and TRE train stations and further enhance the gateway from downtown/Victory into the Design District.

Currently the Friends of the Trinity Strand Trail is working with the City to implement Phase 2 that would connect to the medical center area and explore connections with the Katy Trail. In addition, there has been dialogue with the Friends of Reverchon Park on the feasibility of connecting Reverchon Park to Stemmons Park and the Trinity Strand Trail via the existing culverts underneath the Dallas North Tollway and Harry Hines Boulevard.

District Initiatives				
Activity	Scope	Status	Investment	Source
Trinity Strand Trail Master Plan. Public/private partnership including the non-profit Friends of the Trinity Strand Trail. Trinity Strand Trail Master Plan continued	To create a fully assessable hike, bike, and jogging trail system along the course of the original Trinity River as it winds northwest of downtown. Approximately 7.8 miles. Total cost estimated at \$30 million. Phase 1 includes 2.5 miles of concrete trail from Stemmons Freeway to Farrington Drive, connecting to the Trinity River via Sylvan Ave. Phase 2 includes connection to the medical center area including a shared-	<i>Underway.</i> The Master Plan for Trinity Strand Trail was adopted in December 2004 by the Dallas' Park & Recreation Board. City bond funds are committed, and private fundraising continues. Construction began in 2013 on Phase 1, 2.5 miles of concrete trail and was completed in 2015. The trailhead at Turtle Creek Plaza was completed in May 2010 and the Hi Line trailhead was completed summer 2009.	\$1 million for design and match for federal funds.	2003 Bond Program
		2012 bond funds	\$2.5 million for trail development	2006 Bond Program
			\$3.36 million for trail design & construction	2012 Bond Program

	use path from the existing Trinity Strand Trail at the intersection of Market Center Blvd. and Turtle Creek Blvd. to Inwood/Love Field DART station.	allocated are for design and construction of a trail segment between IH35/Oak Lawn and Inwood Road. Phase 2 of the trail was awarded TXDOT Transportation Alternatives funding in 2017 (<i>with 2012 bond funds as a local match</i>). TIF funding for the design of a soft surface trail to parallel the Ph I concrete trail was approved in FY 12 and the design completed in 2014.	\$4,536,039 (<i>required local match \$1,134,010 part of City bond funds</i>) \$5 million	NCTCOG funds – Regional Toll Revenue (RTR) initiative TXDOT Transportation Alternatives funding
			\$1.1 million additional funds raised. Land donations valued at \$4.2 million will benefit and assist with linkage of the Trinity Strand and Katy Trails TIF funding up to \$400,000 from district wide improvement funds.	Individuals and foundations, including Eugene McDermott and Hoblitzelle Foundations and Texas Parks and Wildlife grant TIF funds
Turtle Creek Boulevard Public Improvements	Design and construction of street paving, storm drainage, water and wastewater improvements on Turtle Creek Blvd. from Market Center Blvd. to Levee St.	<i>Completed in fall 2009.</i>	\$3,587,746	2003 Bond Funds & Water Utilities Capital Funds
Regional Transportation Council (RTC) Sustainable Development Program – Design District TIF Walking/Bike Improvements	Pedestrian improvements will be constructed along Hi-Line Dr. between Stemmons Frwy. & the Trinity Meanders	<i>Complete.</i> Funding approved by the RTC in 2006. Interlocal Agreement approved by City Council, June 2008. Design completed September 2008. Improvements completed summer 2009	\$1,037,236 total includes: \$829,789 \$207,447	RTC funds TIF funds

<p>Regional Transportation Council (RTC) 2009-10 Sustainable Development Program – Edison/Hi Line/ Stemmons/Rail Transit Underpass Connection</p>	<p>Pedestrian improvements along Edison St. between Stemmons Frwy. and Hi Line Dr. and along Stemmons frontage and Hi Line passing under Stemmons Freeway toward the Victory DART Light Rail & TRE stations.</p>	<p>Project was selected by the RTC in June 2010. <i>Construction has been completed in 2013.</i></p>	<p>\$1,438,829 total includes: \$1,151,063 \$287,766</p>	<p>RTC funds Private local match</p>
<p>Trinity River Corridor Project</p>	<p>Multi-faceted project involving transportation, flood protection, and recreational improvements. Several projects are adjacent or close to the TIF district (<i>shown on the right</i>)</p>	<p><i>Complete:</i> Margaret Hunt Hill Bridge Sylvan Bridge (2014) Riverfront Blvd improv. (2014-17) Continental Bridge pedestrian/bike (2014)</p>	<p>\$120 million \$42 million \$42 million \$10.6 million</p>	<p>Multiple funding sources incl. private TXDOT City/County/NCTCOG City/private</p>

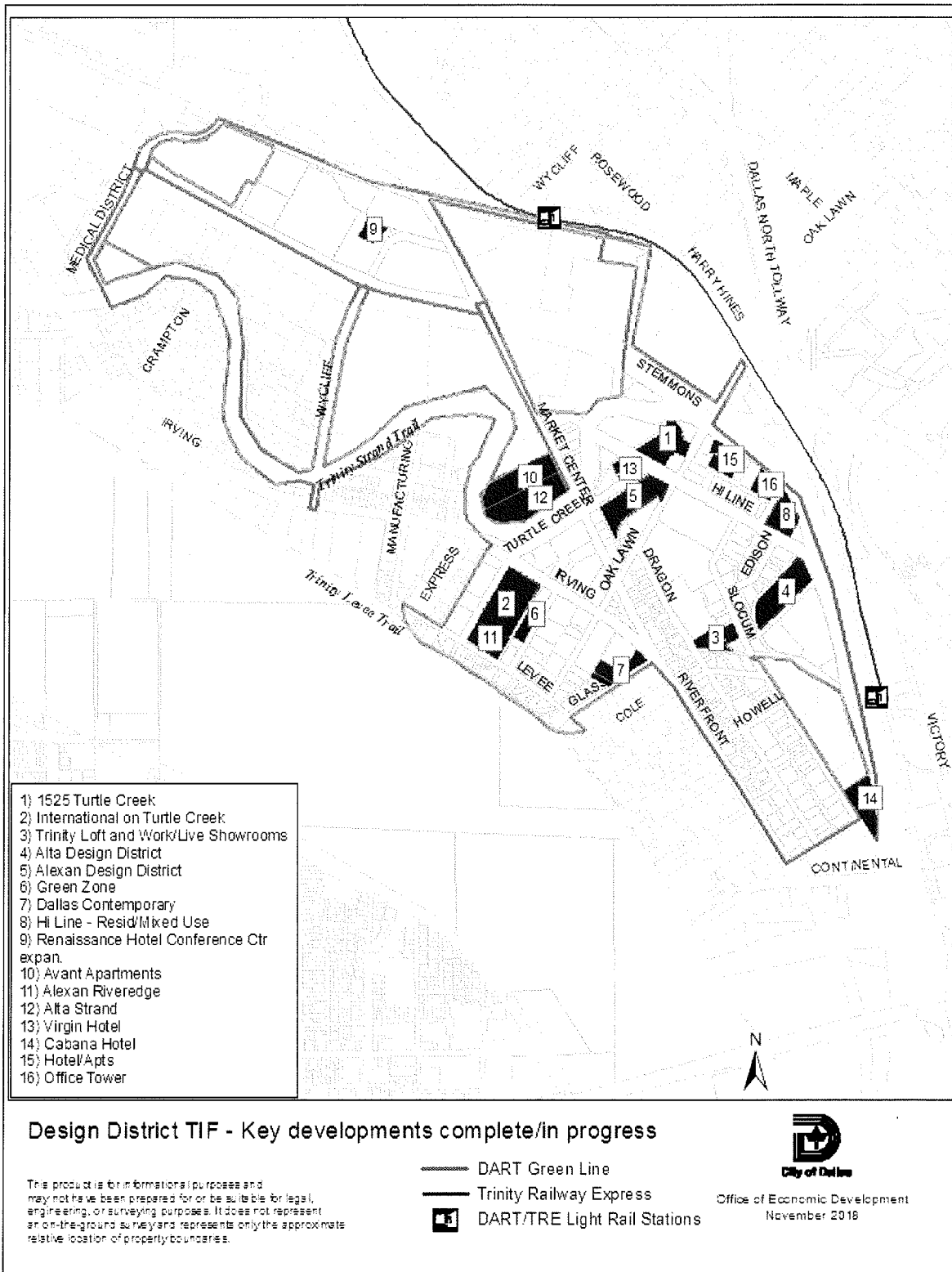


Trinity Strand trailhead plaza on Turtle Creek Blvd.



Streetscape & wayfinding signage along Hi Line Drive

TIF District Development Project Map



Value and Increment Summary

The Design District TIF District's assessed 2018 taxable value was \$842,627,830 for the district as amended in 2013. This represents an increase of \$560,754,077 or 199% over the base years (2005 and 2013) value and an increase of 12% over last year's final value. For the individual sub-districts, the Design District Sub-District 2018 taxable value was \$656,471,560, an increase of 239% of the base year and the Market Center/Stemmons Sub-District taxable value was \$186,156,270 an increase of 112% over the base year.

The TIF District anticipates collecting approximately \$4,633,857 in incremental tax revenue for tax year 2018.

Objectives, Programs, and Success Indicators

The final Design District Project Plan and Reinvestment Zone Financing Plan was adopted in April 2006 and amended in June 2013. Among the goals of the Plan are:

- To create additional taxable value attributed to new private investment in projects in the Design District TIF District totaling approximately \$1 billion.
Over \$624 million in new investment is completed, underway or planned (62% of the goal)
- To attract new private development in the District totaling approximately 1.4 million square feet of retail/showroom/gallery space, 500,000 square feet of office space, 550 hotel rooms, and 4,500 new residential units.

Approximately 2,394 residential units, 214,703 square feet of new or upgraded retail/showroom space, 13,520 square feet of gallery/arts space, 298,000 square feet of office space, and 782 hotel rooms are completed, under construction or planned. (53% of the residential, 16% of the retail, 60% of the office, and exceeding the hotel room goal by 42%.

Alexan Riveredge, completed 2017



- To reach ridership at the future DART Market Center light rail station averaging 2,500 riders per weekday by 2017.



This portion of the DART Green Line including the Market Center station opened in December 2010. During the first year of operations average daily ridership was 281. The annualized ridership for FY 2018 is 190,737, according to DART. This represents an 151% increase over the base year (FY 2011) and 3% increase from last year. Average daily ridership is 610, a 1% increase from last year.

Market Center DART Station

Year	Station	Annualized Ridership	Change from Previous Year	Change from Base Year
FY 2011	Market Center	76,100	-	-
FY 2012	Market Center	114,455	50.40%	50.40%
FY 2013	Market Center	146,936	28.8%	93.08%
FY 2014	Market Center	159,901	8.82%	110.12%
FY 2015	Market Center	167,167	4.54%	119.67%
FY 2016	Market Center	171,517	2.60%	125.38%
FY 2017	Market Center	185,315	8.04%	143.51%
FY 2018	Market Center	190,737	2.93%	150.64%

- To improve the access and connections to the DART light rail system within the Design District TIF District.

Streetscape and open space improvements constructed as part of the approved "1525 Turtle Creek at the District" project have provided more pedestrian accessibility in the northern gateway of the District. Improvements completed this year near Edison Street and Hi Line Drive connecting through the underpass at Stemmons Freeway will provide improved access from the District to the Victory DART Light Rail and TRE Stations. The expansion of the TIF district boundary in 2013 may also facilitate future opportunities to connect to multiple stations.

- To support the conversion of the Design District area from industrial and warehousing land uses to a mixed-use, transit oriented neighborhood that complements the Victory development and the Trinity River Project.

Mixed-use projects like the completed Trinity Lofts and others in the planning stages show positive movement for the District. The Trinity Lofts project was a mixture of new construction and conversion – the site previously had an 88,000-square foot warehouse/office and was redeveloped into 164,030 square feet of residential and showroom space. For other projects in the district approximately 219,676 square feet of space was demolished for new residential construction/showroom upgrade and 196,640 square feet of space converted into upgraded showrooms or new retail, gallery and office uses.

Some former showroom buildings or vacant commercial properties have been repurposed for new uses including restaurants, a coffee house, and Bowl Lounge (bowling alley).



Trinity Lofts (left) and Ascension coffee house (right)

- To increase recreational opportunities, public open space and improve connections to the City of Dallas trails and open space system, including the Trinity Strand Trail, in the District.

The Master Plan for the Trinity Strand Trail has been adopted and funding of over \$22 million for design and trail development has been committed to date. Two trailheads are now completed at Turtle Creek Plaza along Turtle Creek Boulevard between Market Center and Irving Boulevards and at the western end of Hi Line Drive (by the river channel). Construction of Phase I of the trail from Stemmons Freeway to Medical District Drive was completed and the trail officially opened in 2015. The design project for a soft surface trail to parallel the Phase I concrete trail was completed in 2014. A civic plaza at Oak Lawn Avenue and Hi Line Drive has also been completed as part of the “1525 Turtle Creek at the District” project. Funding has been secured for Phase 2

that will connect to the medical center area along Market Center Boulevard to the Inwood/Love Field DART station.

- To generate approximately \$76.9 million (net present value) in increment over 20 years of collections.

The District's 2018 total taxable value of \$842,627,830 for the amended district. The revised budget figure of \$76.9 million was approved in a 2013 plan amendment and 2014 was the first year that expanded areas began generating increment. The estimated collection for 2018 is \$4,633,857. Total collections (NPV) are currently 20% of the amended final plan goal.

Year-End Summary of Meetings

The Design District TIF District Board of Directors met once during the fiscal year from October 1, 2017 to September 30, 2018. The Board approved and forwarded one item to City Council.

The Board, based on amended composition, can consist of up to seven members, including six City of Dallas appointees and one Dallas County appointee. During FY 2018 the Board members were Ed Oakley – City Representative, Chair (1 of 1 meetings), Tayo Ayanlola, City Representative (1 of 1 meetings), Larry Bennett, City Representative, (1 of 1 meetings), Ryan Garcia (1 of 1 meetings), Mike Kutner, City Representative (1 of 1 meetings), Carolyn Sortor (1 of 1 meeting), and Rick Loessberg – Dallas County Representative (1 of 1 meetings). Nicholas Villalba was also appointed during the year, but no additional meetings were held.

During the fiscal year, the City Council approved one item directly associated with the Design District TIF District:

- On February 28, 2018, the City Council passed Resolution Number 18-0353 accepting the FY 20116-2017 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Eight, (Design District TIF District), submitted by the Design District 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.

Pending TIF Items

- Consideration of the FY 2017-2018 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. Below is the current TIF District budget:

Design District TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget ¹	Allocated ²	Balance
Design District Sub-District:			
Paving & Streetscape			
Wayfinding & District Signage			
Water, Wastewater & Storm	\$82,018,278	\$12,525,000*	\$69,493,276
Open Spaces, Plazas, Portals, Civic			
Environmental Remediation & Demolition			
Utility Burial			
Economic Development Grants			
Market Center/Stemmons Sub-District:			
Paving & Streetscape			
Wayfinding & District Signage			
Water, Wastewater & Storm	\$30,150,440	\$0	\$30,150,440
Open Spaces, Plazas, Portals, Civic			
Environmental Remediation & Demolition			
Utility Burial			
Economic Development Grants			
Trinity Strand Trail	\$7,536,985	\$400,000	\$7,136,985
Administration and implementation ³	\$4,522,191	\$393,894	\$4,128,297
Total Project Costs	\$124,227,895	\$13,318,896	\$110,908,999
¹ Budget shown above in current dollars; TIF Project Plan shows the budget in net present value. ² Allocated amount includes \$222,896 in interest accrued as of FY 2013 (September 30, 2013). No additional interest has accrued since. ³ TIF administration costs shown are expended or committed through FY 2018.			

Design District TIF District Project Plan Budget	
Category	TIF NPV Budget*
Design District Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$47,487,686
Market Center/Stemmons Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$23,088,979
Trinity Strand Trail	\$4,000,000
Administration and Implementation	\$2,400,000
Total	\$76,976,666
<i>* As approved in the Project Plan and Reinvestment Zone Financing Plan.</i>	

Design District TIF M/WBE Participation			
Project	Contractor	Total Contract Award Amount	Percentage Minority Participation
Phase I – 1525 Turtle Creek Project development site public improvements	Spoor Electric & KDA Landscapes	\$1,108,021	44.4%
Phase II & III – 1525 Turtle Creek Project district-wide improvements	John Burns Construction Company of Texas & Metheny Landscape Development	\$3,473,759	30.2%
Turtle Creek Median Project	focusEGD & ArtOGrafX	\$100,105	48.5%
Trinity Strand Trail Soft Surface Design Project	Bowman-Melton, Integrated; Environmental Solutions; Di Sciuillo-Terry Stanton & Associates; and Jakan Engineering, PLLC	\$387,495	39.8%
Alexan Riveredge	McPherson Electric, Inc Mission Site Services	\$976,470	56.2%
Total		\$6,045,850	\$2,292,587 (37.9%)

FY 2018-2019 Work Program

The FY 2018-2019 work program includes:

- Continue coordination efforts for implementation of current development projects.
- Attracting \$40 million in taxable value, including new development.
- Continue working with stakeholders on potential district wide improvements such as connections to trails and open space, signage and other projects benefiting the District.
- Investigate additional sources of funding for the District.

Appendix A – Financials

City of Dallas, Texas
Design District Tax Increment Financing District Fund
Reinvestment Zone Number Eight
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:

\$118,015 Interest Income	
\$3,879,323 Ad Valorem Taxes (Collected in FY'2017-18 based on 2017 Final Tax Roll)	
\$0 Affordable Housing Buyout	
<u>\$3,997,338</u>	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$40,466 Administrative Expense	
\$6,302,126 Non-Capital outlay (environmental remediation & demolition, economic development grant including \$524,600 affordable housing portion -Alexan Riveredge Project; PNV Design Studio Cost reimb.to general fund \$1,961.14)	
\$1,349,835 Capital outlay (Paving Streetscape, utility Improvements-Alexan Riveredge Project)	
\$0 Additional Subsidy in Form of Grant (in lieu of interest expense)	
<u>\$7,692,427</u>	Total Expenditures

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

Design District TIF District has incurred no bonded indebtedness as of September 30, 2018.

b. The Zone entered into a development agreement with Alta Block 1500, LLC for the development of the "1525 Turtle Creek at the District" project in the TIF in an amount not to exceed \$4,402,000 plus additional subsidy in form of grant (in lieu of interest) on certain public improvements. The developer was fully reimbursed in fiscal year 2014.

c. The Zone authorized a development agreement with Dallas Proton Treatment Center, LLC for the development of the Dallas Proton Treatment Center in an amount not to exceed \$7,025,000; however, the authorization expired in December 2015.

d. The Zone entered into a development agreement with AR Apartments, LLC for the development of the "Alexan Riveredge" project in an amount not to exceed \$7,800,000. A portion of the subsidy, \$150,000 is pending a plan for a trail connection that is part of district-wide set aside funds. The \$7,650,000 net obligation was accrued during FY 2018 with reimbursement to occur in FY 2019.

4 The zone has reimbursed the following obligations from available TIF funds as of September 30, 2018:

Project	Advance Principal	Accrued Add'l Subsidy (1)	Less Payments	Total (P & I) Outstanding
1525 Turtle Creek Project	\$4,402,000	\$222,896	\$4,624,896	\$0
Alexan Riveredge Project	\$7,800,000	\$0	\$7,650,000	\$150,000 (2)
Total	<u>\$12,202,000</u>	<u>\$222,896</u>	<u>\$12,274,896</u>	<u>\$150,000</u>

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

(2) AR Apartments, LLC reimbursement of \$7,650,000 for the Alexan Riveredge project was made in November 2018 (fiscal year 2019).
 Accrued expenditures in the fiscal year 2018.

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

Taxing Jurisdiction	Taxable Value 2018 *	Base Year 2005/2013 Value	Est. Captured Value 2018**
City of Dallas - All Sub District	\$842,627,830	\$281,873,753	\$560,754,077
Dallas County-Zone A & B	\$656,513,560	\$193,905,663	\$462,607,897
Dallas County-Mkt. Center/Stemmons SD	\$186,156,270	\$87,958,090	\$98,198,180

* 2018 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, 2019.

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 2018 Increment****
City of Dallas	0.69903	\$3,919,839
Dallas County-Zone A & B	0.13371	\$618,530
Dallas County-Mkt. Center/Stemmons SD	0.09724	\$95,488
Total for all Jurisdictions	\$0.92998	\$4,633,857

***City of Dallas participates at 90% for zone A & B for tax years 2008-2027 and 90% for Market Center/Stemmons for tax years 2014-2027. Dallas County participates at 55% for zone A & B for tax years 2008-2027 and 40% for Market Center/Stemmons sub-district for tax years 2014-2027.

****The District began collecting increment in 2009.

B. The total amount of estimated tax increment to be billed for the 2018 tax year is \$4,633,857. For the 2017 tax year, increment in the amount of \$3,879,323 was received.

City of Dallas, Texas
Design District Tax Increment Financing District Fund
Balance Sheet as of September 30, 2018 (Unaudited)
With Comparative Totals for September 30, 2017, 2016, 2015, 2014, and 2013 (Audited)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:						
Pooled cash and cash equivalents	\$14,316,308	\$10,380,299	\$7,253,264	\$4,613,287	\$2,467,791	\$1,126,233
Interest receivable	\$32,846	\$25,080	\$9,778	\$5,510	\$2,592	\$1,317
Total assets	\$14,349,154	\$10,405,379	\$7,263,042	\$4,618,797	\$2,470,383	\$1,127,550
Liabilities and Fund Balance (Deficit):						
Liabilities:						
Accounts and contracts payable	\$7,650,000	\$0	\$0	\$0	\$0	\$17,428
Due to general fund	\$0	\$11,135	\$11,135	\$11,135	\$11,135	\$11,135
Total liabilities	\$7,650,000	\$11,135	\$11,135	\$11,135	\$11,135	\$28,564
Fund Balance (Deficit):						
Fund Balance (Deficit)	\$6,699,154	\$10,394,243	\$7,251,906	\$4,607,662	\$2,459,248	\$1,098,986
Total Liabilities and Fund Equity	\$14,349,154	\$10,405,379	\$7,263,042	\$4,618,797	\$2,470,383	\$1,127,550
	\$0	\$0	\$0	\$0	\$0	\$0

Design District 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, 2014, and 2013 (Audited)

	<u>ITD</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:							
Tax increment-Governmental	\$16,125,073	\$3,286,207	\$2,639,115	\$2,213,363	\$1,844,597	\$1,589,921	\$1,191,274
Tax increment-Intergovernmental	\$2,910,468	\$593,115	\$469,592	\$401,192	\$320,286	\$291,020	\$220,252
Interest income	\$360,328	\$158,320	\$90,501	\$47,841	\$21,469	\$8,986	\$5,454
Affordable Housing Buyout	\$524,600	\$0	\$0	\$0	\$0	\$0	\$524,600
Net increase (decrease) in fair value of investments	(\$57,334)	(\$40,305)	(\$27,297)	\$739	\$9,755	(\$1,204)	(\$428)
Total revenues	\$19,863,135	\$3,997,338	\$3,171,910	\$2,663,134	\$2,196,107	\$1,888,723	\$1,941,151
Expenditures:							
Administrative expenses	\$393,893	\$40,466	\$29,573	\$18,890	\$34,240	\$30,285	\$54,321
Non-Capital Outlay	\$6,753,446	\$6,302,126	\$0	\$0	\$13,453	\$437,692	\$0
Capital outlay	\$5,793,746	\$1,349,835	\$0	\$0	\$0	\$60,485	\$1,495,747
Interest and fiscal charges	\$222,896	\$0	\$0	\$0	\$0	\$0	\$33,566
Total expenditures	\$13,163,981	\$7,692,427	\$29,573	\$18,890	\$47,693	\$528,461	\$1,583,634
Excess (Deficiency) of Revenues over Expenditures	\$6,699,154	(\$3,695,089)	\$3,142,337	\$2,644,244	\$2,148,414	\$1,360,262	\$357,518
Fund balance (Deficit) at beginning of year as previously reported	\$0	\$10,394,243	\$7,251,906	\$4,607,662	\$2,459,248	\$1,098,986	\$741,468
Fund balance (deficit) at end of year	\$6,699,154	\$6,699,154	\$10,394,243	\$7,251,906	\$4,607,662	\$2,459,248	\$1,098,986

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 of Dallas, Texas
Design District Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2018

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 4,522,191 (in current \$) 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. All project costs resulting in capital improvements that are owned by the City are capitalized by the City

Appendix B – Financial Obligations Estimated Payoff

The Alexan Riveredge project was the only outstanding developer obligation for up to \$7,800,000. A portion of the subsidy, \$150,000 is pending a plan for a trail connection that is part of district-wide set aside funds. The \$7,650,000 net obligation was accrued in FY 2018 and will be reimbursed in FY 2019.

Appendix C – District-wide Set Aside Funds

The TIF Increment Allocation Policy adopted by the TIF Board for the Design District TIF District currently provides for 20% of any district increment, after administrative expenses, to be set aside for District-Wide Improvements. However, if the annual balance in the District-Wide Improvement Set-Aside exceeds \$500,000, the TIF Board may evaluate whether to reduce this percentage set-aside in any given year. 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 balance for the district-wide set aside, as of the end of FY 2018, totals \$2,975,725.17. The only commitment is \$150,000 set aside for a trail connection as part of the Alexan Riveredge project.

Potential uses of the funds based on stakeholder and TIF Board over the last several years include:

- Gateway signage for Riverfront Boulevard near Parkhouse at the western entrance to the District estimated at \$300,000.
- Potential Levee Street connection points into the Trinity River Corridor, cost TBD.
- Friends of the Trinity Strand Trail requests, TBD
- Virgin Hotel project pending request to include an extension of streetscape improvements and utility burial along Hi Line Drive, \$2.5 million.

The intent is to leverage TIF funds as a match for other funding.