

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 Twelve ("Deep Ellum TIF District" or "District") and established a Board of Directors for the District to promote development or redevelopment in the Deep Ellum area pursuant to Ordinance No. 26043, authorized by the City Council on June 22, 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 Deep Ellum TIF District by Resolution No. 06-1077; Ordinance No. 26304, as amended; and

WHEREAS, on September 10, 2014, City Council held a public hearing and amended the Project Plan and Reinvestment Zone Financing Plan for the Deep Ellum TIF District by Resolution No. 14-1519; Ordinance No. 29469; 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 the State Comptroller; and

WHEREAS, on December 4, 2018, the Deep Ellum TIF District Board of Directors passed a motion accepting the FY 2017-2018 Annual Report for Tax Increment Financing Reinvestment Zone Number Twelve 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 Twelve (Deep Ellum 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 Twelve 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.

190370

February 27, 2019

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.



Deep Ellum TIF District FY 2017-2018 Annual Report

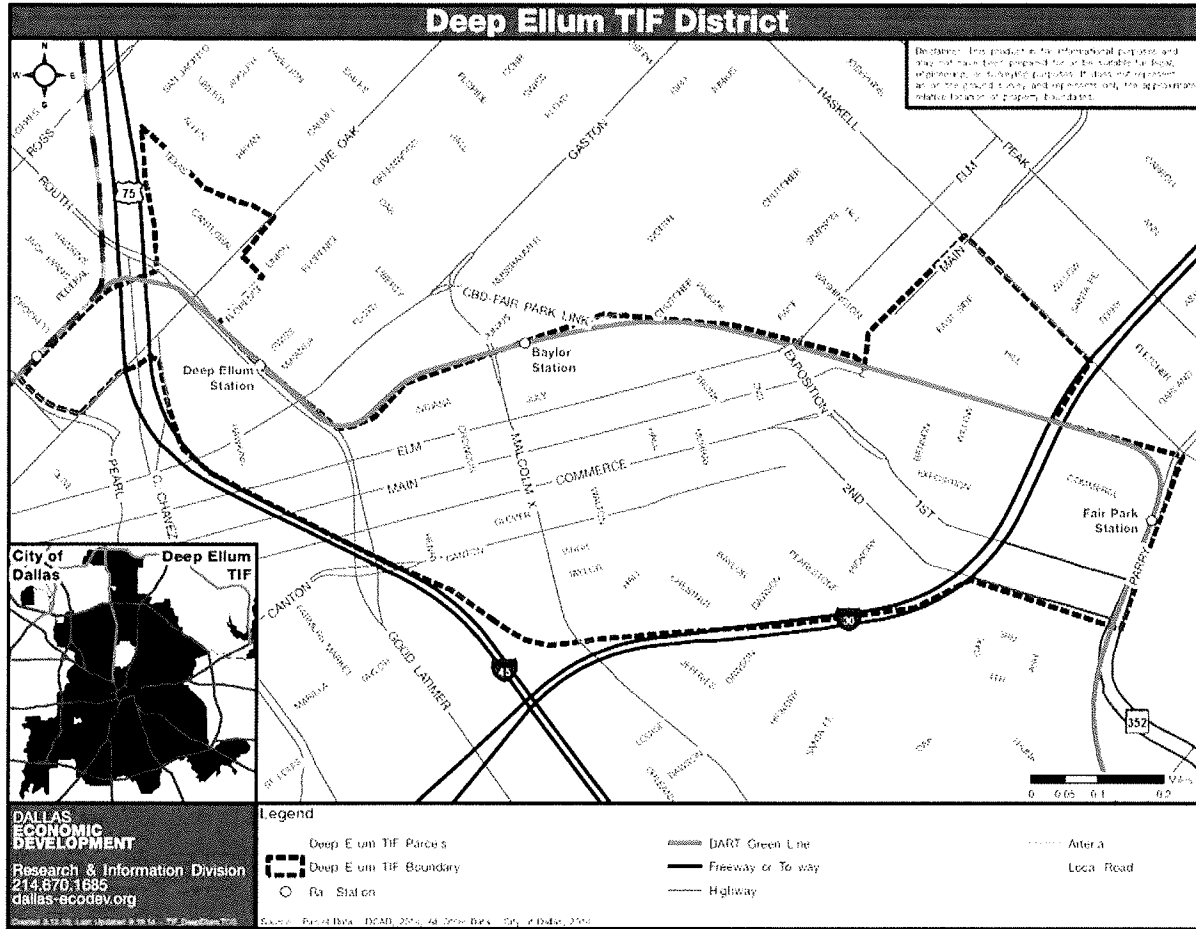


City of Dallas

Office of Economic Development
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October 1, 2017 to September 30, 2018

Reinvestment Zone Number Twelve Deep Ellum Tax Increment Financing District



Source: Parcels - DCAD, 2009; Rail - DART, 2009; All Other Data - City of Dallas, 2017

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Mission Statement

The mission of the Deep Ellum Tax Increment Financing District is to provide a source of funding for public infrastructure improvements anticipated to enhance the real estate market for the Deep Ellum TIF District area. The Deep Ellum Tax Increment Financing (TIF) District represents the outgrowth of the City of Dallas' effort to provide a model for redeveloping districts to take full advantage of the expanding DART light rail system, promote transit oriented development, improve the historic core area of Deep Ellum, implement appropriate urban design standards to differentiate and brand the area, and improve the quality of development east of Downtown.

The Deep Ellum TIF District (the "District") was established in June 2005 to assist in the transformation of the Deep Ellum area into a more diversified, pedestrian friendly, mixed-use neighborhood in the area and improve the urban fabric and connections between Central Expressway and Fair Park. Strengths of the District include a mix of unique and historic buildings that create an identifiable district, adjacency to three DART light rail stations and proximity to Downtown Dallas, the Arts District, Dallas Farmers Market, Baylor Medical Center, and Fair Park.

The Dallas City Council established the Deep Ellum TIF District by Ordinance Number 26043 on June 22, 2005. The Deep Ellum TIF District took effect on January 1, 2006 and is scheduled to terminate on December 31, 2027 (including collection of the 2027 increment in calendar year 2028 and any related matters to be concluded in 2028) or when the budget of \$30 million (2006 dollars) has been collected. The TIF boundary and final plan were amended in 2008, 2011, and the final plan was also amended in 2014. The City of Dallas and Dallas County are the two participating jurisdictions. The City's participation rate is 85% of incremental property taxes collected, and the County's participation rate is 55%.

Deep Ellum TIF District Accomplishments

To date, property value increased by \$384.3 million within the district, an increase of 203% from the base value.

During FY 2011, DART completed construction of the SE-1 Corridor light rail line, which included the Deep Ellum, Baylor, and Fair Park stations within the Deep Ellum TIF District.

The CASE Building at Main Street and Trunk Avenue, completed in 2018, as well as City Lights Phase II and the Epic Project will bring additional residential units and retail space to the District. As part of the City Lights Phase II project, a 50,000 square foot Tom Thumb grocery store will be located on the first floor with parking located underground.

Redevelopment of consolidated property in the commercial core of Deep Ellum and planned reinvestment in these properties, continue to expand dining and retail choices in the area. Projects by Asana Partners and Westdale Real Estate Investment and

Management, have provided additional commercial and retail opportunities in the Deep Ellum TIF District.

The Old Dallas High School, added to the Deep Ellum TIF District in 2014, was approved for TIF funding in 2016, includes office and retail space, and was completed in 2018.



Baylor Light Rail Station



Deep Ellum Light Rail Station



The Ambrose on Indiana Street



Elan City Lights



Commerce Street Lofts



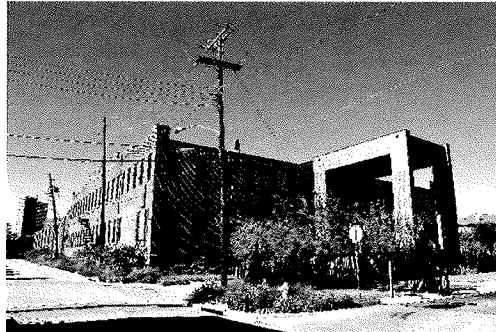
Eastside Lofts



The Olympia Arts Building



Pecan Lodge



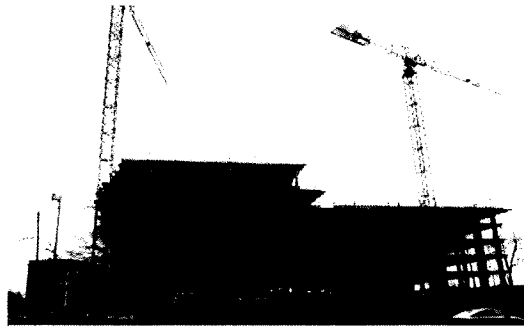
Reel FX



CASE Building



City Lights Phase II Site



Proposed EPIC Project Site



Latino Cultural Center



Westdale 2800 DE

Current Development Status in the District Deep Ellum TIF District Projects

Deep Ellum TIF District Projects¹						
Projects and Potential Projects Within TIF District Utilizing TIF Funding²						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value ³	TIF Investment
Olympia Arts	4000 East Side Ave / 3995 Benson St	2010	Completed	25,116 SF office, 4,040 SF commercial	\$1,370,110	\$595,000
Reel FX ⁴	301 N Crowdus	2014	Completed	67,166 SF Office, Streetscape Improvements	\$4,847,980	\$552,000
Westdale 2800 DE	Main and Elm Streets	2016	Completed	30,595 SF Retail, 13,740 SF Open Space	\$4,268,090	\$1,600,000
Old Dallas High School	Live Oak and Pacific	2017	Completed	26,000 SF Retail Space, 13,000 SF Open Space, and 66,000 SF Office Space	\$8,113,310 (Actual) \$50,409,542 (Planned)	\$6,240,934
Total				0 res. units; 56,595 SF retail, 158,282 SF office, 4,040 SF Commercial, 26,740 SF Open Space	\$18,599,490 (Actual) \$50,409,542 (Planned)	\$8,987,934
Projects Within TIF District Not Utilizing TIF Funding¹						
City Lights Phase I	2627 Live Oak St	2015	Completed	424 res. units	\$82,000,000	\$0
The Ambrose	2901 Indiana St.	2008	Completed	325 res. units; 15,000 SF Retail	\$57,740,000	\$0
Commerce Street Lofts	3701, 3703, 3705, 3507, 3509, 3711, 3713, & 3715 Commerce St.	2007	Completed	8 live/ work units (approx. 18,000 SF)	\$2,984,290	\$0
Eastside Lofts	500, 502, 504, 506 1 st St.	2006	Completed	4 residential units (approx. 9,300 SF)	\$1,658,880	\$0
Reel FX/Crowdus & Indiana Streetscape Improvements ⁴	301 N Crowdus	2014	Completed	Streetscape and infrastructure improvements	\$4,847,980	\$0

The CASE	3131 Main	2018	Completed	337 res. Units, 10,738 Retail	\$64,308,330 (Actual) \$100,000,000 (Planned)	\$0
Deep Ellum Crossroads	Main and Commerce Streets	2017	Completed	32,868 SF Retail	\$3,915,680 (Actual) \$14,000,000 (Planned)	\$0
EPIC	Elm & Good Latimer	2019	Under Construction	300 Res. Units, 250,000 SF Office, 164 Hotel rooms, 40,000 SF Retail	\$33,938,240 (Actual) \$250,000,000 (Planned)	\$0
Crescent	Malcolm X and Canton	2019	Under Construction	230 Res. Units, 10,000 SF Retail	\$2,167,000 (Actual) \$60,000,000 (Planned)	\$0
City Lights Phase II	Live Oak and Cantegral Streets	2018	Under Construction	368 res. Units/56,625 SF Grocery	\$3,778,800 (Actual) \$100,000,000 (Planned)	\$0
Total				761 res. units; 15,000 SF retail, 67,166 SF Office	\$275,938,690 (Actual) \$574,409,542 (Planned)	\$0
Total Projects Within TIF District Utilizing and Not Utilizing TIF Funding						
Total (TIF and Non-TIF)					\$850,348,232	\$8,987,934
1098 res. Units, 82,333 SF Retail Space, 26,740 SF Open Space, 4,040 SF Commercial Space, and 158,282 SF Office Space Completed					\$236,054,650	\$8,987,934
Planned					\$0	\$0
250,000 SF Office/Commercial Space, 106,625 SF Retail Space, and 898 residential Units Under Construction					\$410,000,000	\$0
¹ All information updated as of September 30, 2018 ² All TIF funded projects. ³ Based upon estimated market value at completion or of comparable projects for anticipated projects, or DCAD market value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF district for redevelopment projects once pre-existing value and/or the demolition of structures is netted out. ⁴ Reel FX was funded as part of a Streetscape project on Elm Street from Crowds Street to Indiana Street. Deep Ellum TIF Funds assisted with the costs, along with a Chapter 380 Economic Development Grant, Water Utilities Capital Improvement Funds, and 2006 Prop 8 Bonds.						

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, there are no residential units funded with TIF financial commitments.

A total of 761 residential units have been completed overall. Another 368 units are under construction or planned without any TIF subsidy or affordable units anticipated.

Value and Increment Revenue Summary

The Deep Ellum TIF District's assessed 2018 taxable value was \$573,433,780. Compared to previous years, the value increased as a result of the completion of the Old Dallas High School and projects by Westdale and Asana. This represents an increase of \$114,240,014 (25%) from the 2017 value and an increase of \$384,271,167 (203%) from the base year value. This resulted in total increment revenue collected in 2018 of approximately \$2,136,735.

Objectives, Programs, and Success Indicators

The final Deep Ellum Project Plan and Reinvestment Zone Financing Plan was adopted on April 12, 2006 and was amended in September 2014. Among the goals of the Plan are:

- To create additional taxable value attributed to new private investment in projects in the Deep Ellum TIF District totaling approximately \$795 million.

Completed projects within the district have contributed approximately \$250.7 million in additional taxable value (31.5% of goal).

- To attract new private development in the Deep Ellum TIF District totaling approximately 650,000 square feet of retail space, 850,000 square feet of office space, 500 hotel rooms, and at least 3,500 new residential units including lofts, town homes and apartments.

Completed projects and projects underway within the district contributed approximately 221,826 square feet of retail (34.1% of goal), 412,322 square feet of office/commercial (48.5% of goal), 164 hotel rooms (32.8% of goal), and 1,996 additional residential units (57.0% of goal). There are currently 0 planned projects not under construction.

In 2011 City Council authorized the sale approximately 83,478 square feet of unneeded and unwanted City-owned land located near the intersection of Live Oak and Cantegral Streets to the developer of the proposed City Lights project. City Lights Phase I, Elan City Lights was completed in 2015. Phase II, featuring a Tom Thumb grocery store and additional 368 residential units, is currently under construction.

In 2012 City Council authorized \$1,180,980 public-private partnership investment in Reel FX to retain 250 employees and add 125 employees over two years to the Reel FX headquarters at 301 North Crowds Street. A portion of the funds were for remodeling and construction on the property and for the 67,166 square foot building. The TIF Board moved to partially reimburse the costs of streetscape improvements to enhance the pedestrian environment and visual connectivity of that area of the TIF

District (\$552,000 in TIF Funds including 2014 adjustments). The project was completed in 2015.

- To support the conversion of the Deep Ellum area to a mixed-use, transit-oriented neighborhood that complements Baylor Medical Center, Downtown Dallas, Latino Cultural Center and Fair Park.

A Complete Street project for Commerce Street from Good Latimer to Exposition was approved in the 2017 Bond Program. A Complete Streets Project is also underway for Main and Columbia that passes through East Deep Ellum from S. Beacon Street to Deep Ellum. Funding for this project is from the 2017 Bond Program, which will also complete the CBD Fair Park Link from Main in IH30 for Design and ROW work.

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

The assessed property value from the base year to 2018 increased by approximately 203% including an increase of 25% since 2017. This is an increase of approximately \$114.2 million. Based upon current estimates and certified 2018 values, the TIF district will generate over \$29.9 million (in 2014 dollars) by FY 2027 before the TIF District expires in 2028.

- To diversify retail and commercial uses in the district.

In 2015, City Council approved the redevelopment of multiple buildings and parking lots along Main and Elm for the Westdale 2800 DE project which will add 30,595 square feet of retail and restaurant space along with the creation of 13,740 square feet of open space. The Westdale 2800 DE Project was completed in the fiscal year 2017 and paid in full in fiscal year 2018.

In 2016, City Council approved the redevelopment of the Old Dallas High School site, which was added to the Deep Ellum TIF Boundaries in 2014. The project will add 26,000 square feet in Retail Space, 13,000 square feet in Open Space, and 66,000 square feet of Office Space. The project was completed in FY 2018 and is expected to start receiving funding for obligations in FY 2019.

- Encourage the redevelopment of the property located on Live Oak Street north of the Latino Cultural Center including the sale of some City-owned property in the area and some street abandonment to create a more usable site.

In 2008, the boundaries of the Deep Ellum TIF District were amended to include the City of Dallas Latino Cultural Center and the site of the City Lights Project. These two sites comprise 10.2 acres. This boundary

amendment was initiated to promote new development and increased urban density near the Latino Cultural Center and nearby the Deep Ellum DART Light Rail station.

Year-End Summary of Meetings

The Deep Ellum TIF District Board met one time during the fiscal year from October 1, 2017 to September 30, 2018.

- The Board can consist of up to ten members, including six City of Dallas appointees, one Dallas County appointee. Board members are (FY 2017-18 Board meetings attended):
- Charles Shelburne – City Representative (attended meeting)
- Gene Dennis – City Representative (attended meeting)
- Cash Harbaugh – City Representative (attended meeting)
- Jon Hetzel, Chair – City Representative (attended meeting)
- Jim Brightwell – City Representative (appointed after meeting)
- Rick Loessberg – Dallas County Representative (attended meeting)

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. The Deep Ellum TIF District was established in June 2005 and were amended in FY 2008 and 2014. The current budget for the TIF district is below.

Deep Ellum TIF District Project Plan Budget Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget*	Allocated**	Balance
Water, Wastewater, Storm & Off-site Utility Replacement	\$2,397,949	\$138,183	\$2,259,766
Paving Streetscape & Lighting	\$27,881,747	\$1,804,134	\$26,077,613
Open Space & Trails	\$2,710,725	\$122,998	\$2,587,727
Façade Restoration /Environmental/Remediation/Demolition***	\$10,621,356	\$6,772,324	\$3,849,032
Latino Cultural Center Area Improvements	\$9,609,109	\$0	\$9,609,109
Administration & implementation	\$4,377,162	\$456,078	\$3,921,084
Total Project Costs (excluding interest)	\$57,598,048	\$9,293,717	\$48,304,331
<i>*Budget shown above in current dollar; TIF Project Plan shows the budget in net present value.</i>			
<i>**Project and Administrative costs are allocated as increment collection began in FY 2008</i>			
<i>***Includes \$775,000 Grant under Façade Restoration/Environmental/Remediation/Demolition</i>			

Deep Ellum TIF District Project Plan Budget	
Category	TIF Budget*
Water, Wastewater, Storm & Off-site Utility Replacement	\$1,247,748
Paving Streetscape & Lighting	\$14,507,977
Open Space & Trails	\$1,410,498
Façade Restoration/Environmental Remediation & Demolition	\$5,526,712
Latino Cultural Center Area Improvements	\$5,000,000
Administration and Implementation	\$2,300,000
Total Project Costs (excluding interest)	\$29,992,935
* As approved in the Project Plan and Reinvestment Zone Financing Plan as amended September 10, 2014. Note: TIF Board may amend Project Plan budget with City Council approval.	

Deep Ellum TIF M/WBE Participation				
Project	Contractor	Total Contract Award Amount	Total MWBE Amount	Percentage Minority Participation
Olympia Arts	Elstonaire	\$1,200,000		30%
Reel FX				
TIF funding used for Streetscape Improvements - Deep Ellum TIF District Funds (\$552,000), Prop 8 Bond Funds (\$428,980) and Water Utilities Capital Improvement Funds (\$22,820)				
Wesdale 2800 DE				
<i>City/Private BID Total</i>				
Old Dallas High School				
City/Private BID Total		\$19,813,041.00	\$3,707,587.00	18.71%
Old Dallas High School is still under construction as of September 30, 2017. Numbers are based on MWBE Reporting as of September 30, 2017				

FY 2018-2019 Work Program

The FY 2018-19 work program for the Deep Ellum TIF District includes:

- Improve the pedestrian environment through sidewalk improvements, landscaping, lighting and design standards.
- Provide funding for environmental remediation and interior/exterior demolition assistance to encourage redevelopment of property within the Deep Ellum TIF District.
- Upgrade basic infrastructure including storm drainage, water/wastewater lines, and burial of overhead utilities to support redevelopment in the District.
- Coordinate linkages with the three DART light rail stations located in the District by extending streetscape improvements between stations to create an extended pedestrian area to destinations such as the Latino Cultural Center, the Baylor Hospital Campus, the Old Dallas High School site, and Fair Park.
- Direct overall development of the Deep Ellum TIF District through the application of design guidelines for public improvements and private development.
- Encourage development of new residential and retail uses to complement the District.
- Encourage redevelopment of the commercial core area of Deep Ellum to complement the existing building stock, diversify the retail mix and encourage infill development and structured parking.

Appendix A: Financials

City of Dallas, Texas
Deep Ellum Tax Increment Financing District Fund
Reinvestment Zone Number Twelve
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:

\$28,593 Interest Income	
\$2,136,735 Ad Valorem Taxes (Collected in FY'2017-18 based on 2017 Final Tax Roll)	
\$0 Developer contribution	
\$2,165,327	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$45,783 Administrative Expense	
\$3,062 Non-Capital Outlay - PNV Design Studio cost reimbursement to General Fund	
\$0 Capital outlay	
\$0 Additional Subsidy in Form of Grant (in lieu of interest expense)	
\$48,845	Total Expenditures

3. TIF Administration Costs:

The Zone continued to reimburse the General Fund for administrative costs incurred during the fiscal year.

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

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

b. The Zone also entered into a development agreement with Westdale Properties America I, Ltd. for the redevelopment of Westdale 2800 DE Project in an amount not to exceed \$1,600,000. The Zone fully reimbursed the developer in fiscal year 2018.

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

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

(2) Westdale 2800 DE Project expenditures were accrued in the fiscal year 2017 and paid in the fiscal year 2018.

c. The Zone entered into a Development Agreement dated May 23, 2017 with MSW Crozier Tech, LP for the redevelopment of the Old High School Project in an amount not to exceed \$6,240,934 of which up to \$200,898 may be payable in the form of a Grant as defined in the Development Agreement. Per the Agreement, the Developer shall complete construction and obtain a certificate of occupancy & shall obtain final acceptance for any public infrastructure associated with the Project by December 31, 2018.

d. Development agreement with 42 Deep Ellum, LP for the development of Deep Ellum Crossroads Project was terminated as a result of the Developer unable to perform the Development Agreement's stated requirements.

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

Taxing Jurisdiction	Taxable Value 2018 *	Base Year 2008 Value	Est. Captured Value 2018**
City of Dallas	\$573,433,780	\$189,162,613	\$384,271,167
Dallas County	\$575,044,242	\$189,363,589	\$385,680,653

* 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	0.66020	\$2,536,939
Dallas County	0.13371	\$515,674
Total for all Jurisdictions	\$0.79390	\$3,052,613

***Participation rates for City of Dallas and Dallas County are 85% and 55% respectively for tax years 2008 - 2021.

****The District began collecting increment in fiscal year 2008-09.

B. The total amount of estimated tax increment to be billed for the 2018 tax year is \$3,052,613. For 2017 Tax year, increment in the amount of \$2,136,735 was received.

City of Dallas, Texas
Deep Ellum 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)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets:					
Pooled cash and cash equivalents	\$4,154,592	\$3,650,229	\$2,237,637	\$1,267,424	\$1,226,235
Interest receivable	\$9,624	\$8,916	\$3,088	\$1,971	\$1,303
Total assets	\$4,164,216	\$3,659,146	\$2,240,725	\$1,269,395	\$1,227,538
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$1,600,000	\$0	\$159	\$203,343
Advances from developers	\$0	\$0	\$0	\$0	\$0
Accrued interest	\$0	\$0	\$0	\$0	\$0
Accrued liability	\$0	\$4,448	\$4,448	\$8,897	\$0
Due to general fund	\$0	\$6,963	\$6,963	\$6,963	\$6,963
Total liabilities	\$0	\$1,611,411	\$11,412	\$16,019	\$210,306
Fund Balance (Deficit):					
Fund Balance (Deficit)	\$4,164,216	\$2,047,734	\$2,229,313	\$1,253,376	\$1,017,232
Total Liabilities and Fund Equity	\$4,164,216	\$3,659,145	\$2,240,725	\$1,269,395	\$1,227,538
	\$0	\$0	\$0	\$0	\$0

Deep Ellum 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)

	<u>ITD</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Tax increment-Governmental	\$6,012,508	\$1,787,815	\$1,213,086	\$847,394	\$421,447	\$377,203
Tax increment-Intergovernmental	\$1,256,134	\$348,920	\$234,396	\$173,843	\$95,143	\$84,572
Interest income	\$109,283	\$39,335	\$30,923	\$14,460	\$6,616	\$4,678
Developer contribution	\$53,491	\$0	\$0	\$0	\$0	\$53,491
Net increase (decrease) in fair value of invest	(\$16,702)	(\$10,743)	(\$9,221)	(\$148)	\$3,525	(\$754)
Total revenues	\$7,414,715	\$2,165,327	\$1,469,183	\$1,035,548	\$526,731	\$519,189
Expenditures:						
Administrative expenses	\$456,077	\$45,783	\$50,762	\$59,033	\$48,941	\$29,813
Non-Capital Outlay	\$921,486	\$3,062	\$875,000	\$0	\$0	\$0
Capital outlay	\$1,872,935	\$0	\$725,000	\$578	\$241,647	\$223,368
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0	\$0
Total expenditures	\$3,250,499	\$48,845	\$1,650,762	\$59,611	\$290,588	\$253,181
Excess (Deficiency) of Revenues over Expenditures	\$4,164,216	\$2,116,482	(\$181,579)	\$975,937	\$236,143	\$266,008
Fund balance (Deficit) at beginning of year as previously reported	\$0	\$2,047,734	\$2,229,313	\$1,253,376	\$1,017,232	\$751,224
Fund balance (Deficit) at beginning of year, as restated	\$0	\$2,047,734	\$2,229,313	\$1,253,376	\$1,017,232	\$751,224
Fund balance (deficit) at end of year	\$4,164,216	\$4,164,216	\$2,047,734	\$2,229,313	\$1,253,376	\$1,017,232

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
Deep Ellum 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 Zone's cash balances are invested in the City's investment pool and include amounts in demand deposits as well as short-term investments. Pooled investments and short-term non-pooled investments are treated as cash equivalents. Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.
4. The Zone's Financial Plan permits expenditures not to exceed \$2,300,000 over the life of the TIF to reimburse the City for administrative costs. The Zone began reimbursing the General Fund in fiscal year 2009-10. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.
5. 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 District has one outstanding developer obligations:

- Old Dallas High School, approved for future reimbursement of up to \$6,240,934 upon completion of the project requirements. The project was completed in FY 2017-2018. Based on current projections that include general increment for the district, the developer will begin receiving reimbursement by tax year 2018 (calendar year 2019). Fully payment is expected by tax year 2021 (calendar year 2022).

Appendix C – District-wide Set Aside Funds

The TIF Increment Allocation Policy adopted by the TIF Board for the Deep Ellum TIF District currently provides for 5% of any district increment, after administrative expenses, to be set aside for District-Wide Improvements. Specific improvement projects are to be determined and the amount of this set aside will be reviewed annually based on updated financial projections and District needs. The TIF Board shall also have the discretion to release all or part of district wide set aside funds towards reimbursement of one or more TIF eligible projects.

The balance for the district-wide set aside as of the end of FY 2018, totals \$256,102.22. There are no commitments at this time.

Potential uses as defined by the Increment Allocation Policy includes:

- Gateways, trails, open space, public facilities, or utility/streetscape improvements benefiting multiple properties or blocks.

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