

190377

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 Nineteen ("Cypress Waters TIF District" or "District") and established a Board of Directors for the District to promote development or redevelopment in the Cypress Waters area pursuant to Ordinance No. 28074, authorized by the City Council on December 8, 2010, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, as amended; and

**WHEREAS**, on June 8, 2011, City Council authorized the Project Plan and Reinvestment Zone Financing Plan for the Cypress Waters TIF District by Resolution No. 11-1545; Ordinance No. 28224, 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 January 16, 2019, the Cypress Waters TIF District Board of Directors passed a motion accepting the FY 2017-2018 Annual Report for Tax Increment Financing Reinvestment Zone Number Nineteen and recommended approval of same by the City Council.

**Now, Therefore,**

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

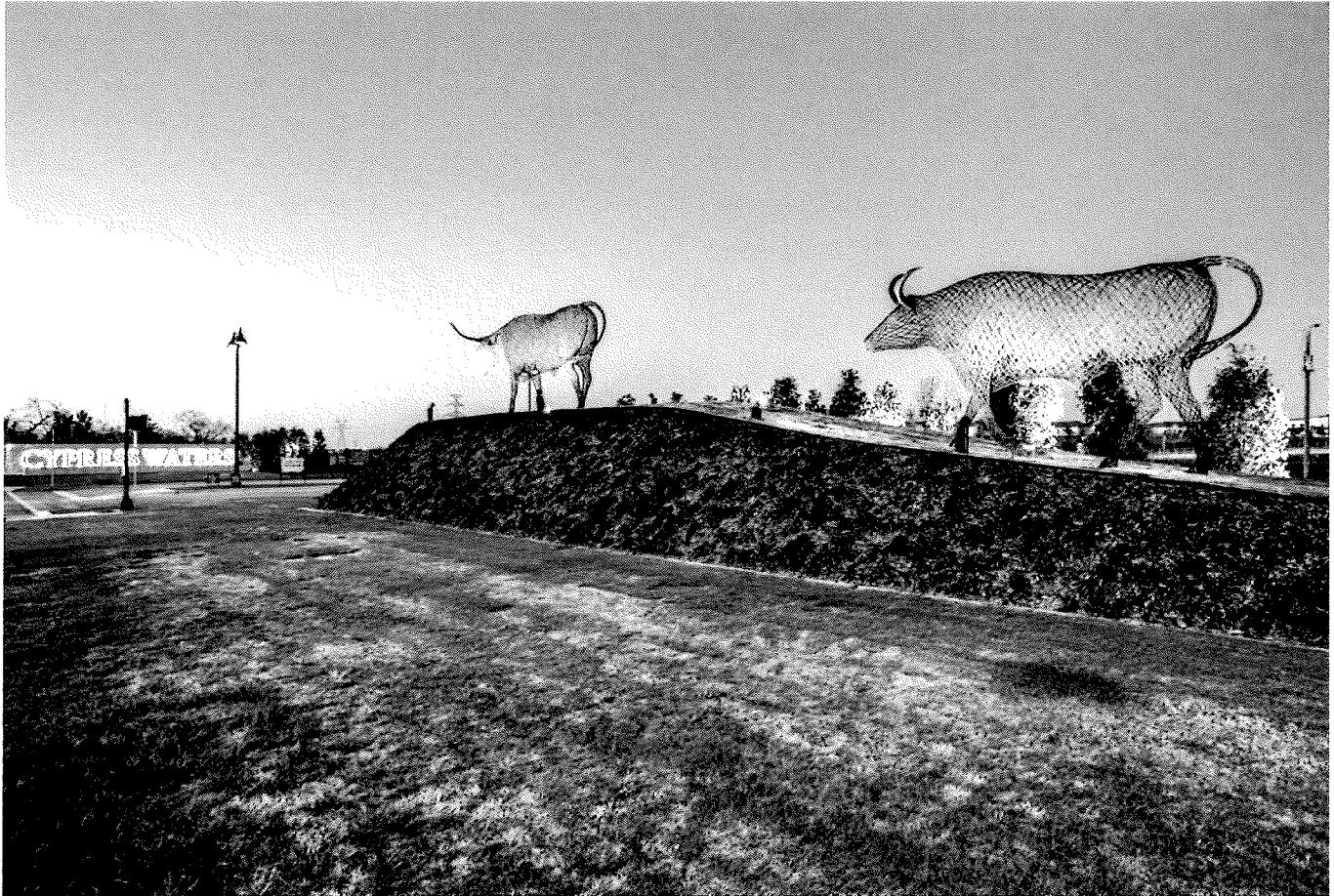
**SECTION 1.** That the FY 2017-2018 Annual Report for Tax Increment Financing Reinvestment Zone Number Nineteen (Cypress Waters TIF District), City of Dallas, Texas, as of September 30, 2018, a copy of which is attached hereto (**Exhibit A**), is hereby accepted.

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



**Cypress Waters TIF District  
FY 2017-2018  
Annual Report**



*Source: Billingsley Company*



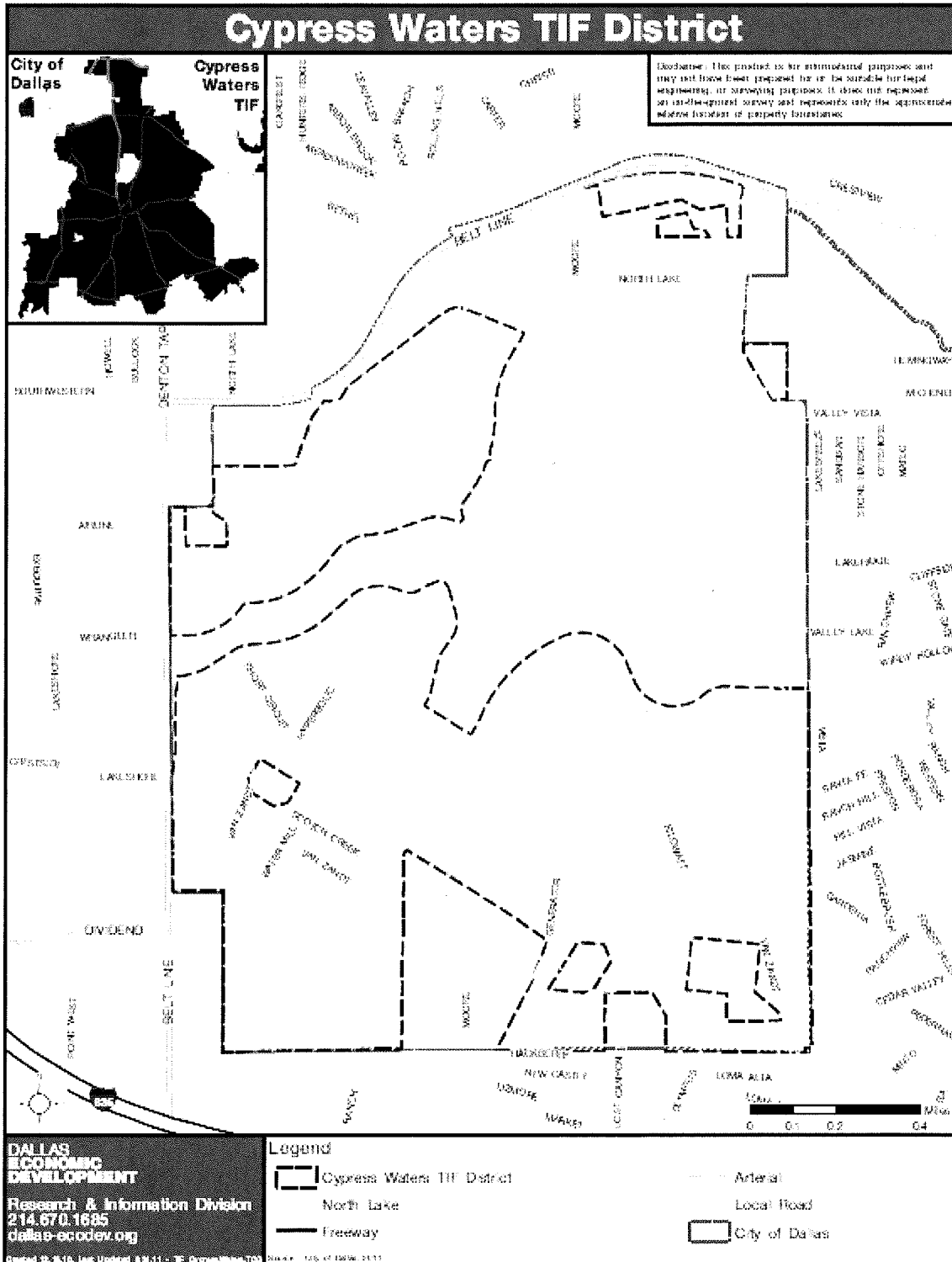
**City of Dallas**

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

# Reinvestment Zone Number Nineteen Cypress Waters Tax Increment Financing District



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## Mission Statement

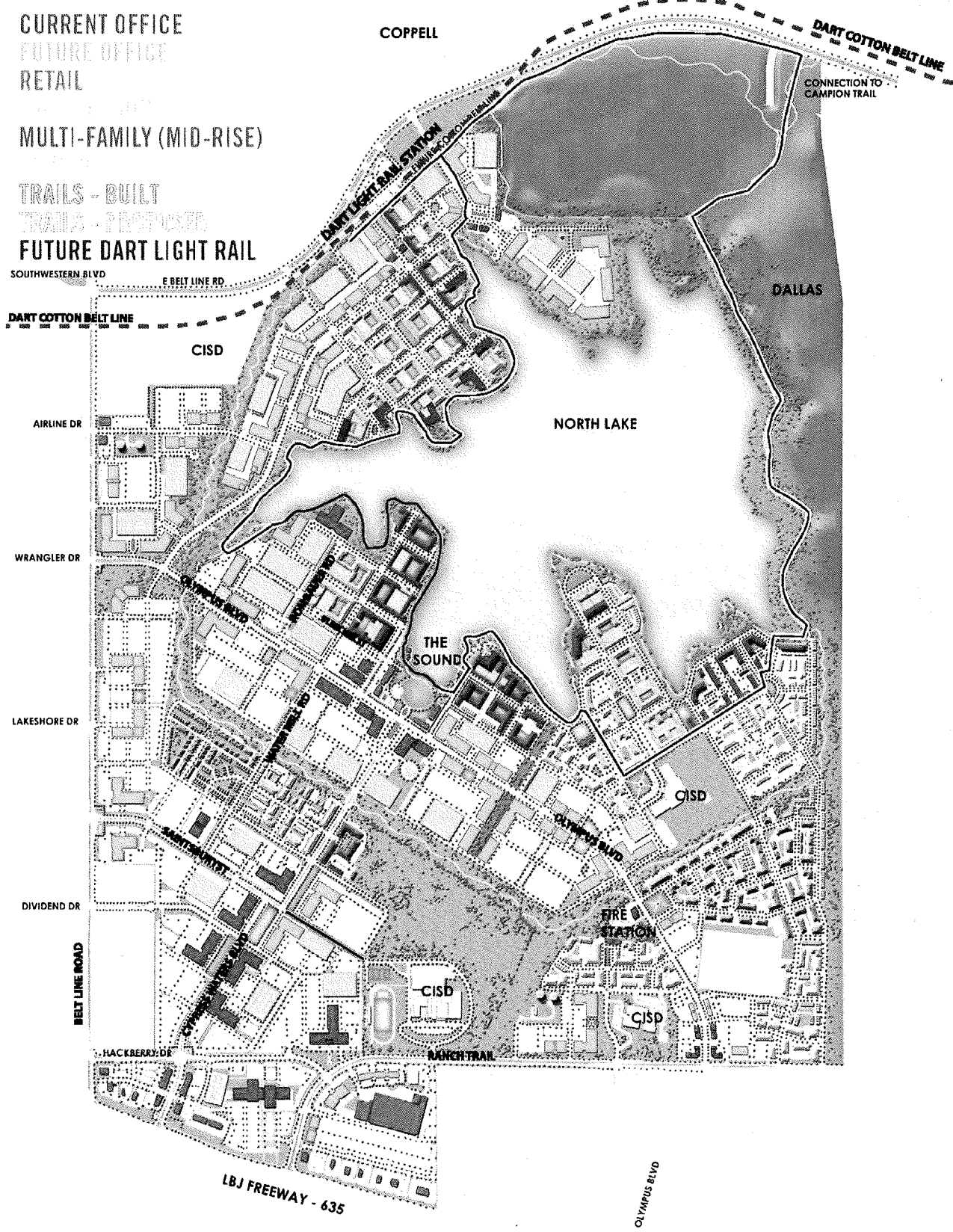
The Cypress Waters Tax Increment Financing (TIF) District (the "District") represents the outgrowth of the City of Dallas' effort to provide a model for supporting the development of land near DFW Airport and to take full advantage of the planned expansion of the DART light rail system along the Cotton Belt Line.

The Cypress Waters TIF District was established on December 8, 2010 to encourage the initial development of a large tract of undeveloped land within the city of Dallas (approximately 1,661 acres in total) surrounding North Lake. This district promotes the creation of pedestrian-oriented, traditional neighborhood development (TND) containing multifamily and residential development, a potential senior housing component, pedestrian-oriented retail development, offices, and additional commercial development.

The Dallas City Council established the Cypress Waters TIF District by Ordinance Number 28074 on December 8, 2010. The Cypress Waters District began collecting funds on January 1, 2012, and it is scheduled to terminate on December 31, 2040 (including collection of the 2040 increment in calendar year 2041 and any related matters to be concluded in 2041) or when the full budget has been collected or when all of the District's obligations have been retired. The City of Dallas and Dallas County are the two participating jurisdictions. The City started to participate at 85% in 2012. The County's participation is 55% from 2014 to 2033 or until the County's participation reaches its budget limit of \$10,500,000.

In 2015, Council amended the district's Final Plan to remove approximately 28 acres on the northern end of the district, making the estimated new base \$71,317. Council also reduced the budget from \$65,698,583 to \$25,779,665 NPV, 2010 dollars. The new budget provided for Cypress Waters Phases 1 and 2 TIF infrastructure projects, construction of a temporary public safety building within the district, a budget line item for a future permanent public safety building, administration expenses, and funding to support a proposed interlocal agreement with Irving to more efficiently provide water service to the district.

# Cypress Waters District Master Plan



## District Projects

<b>Projects Within the Cypress Waters TIF District Utilizing or Supported by TIF Funding<sup>1</sup></b>						
Project	Location	Calendar Year Complete	Status	Units/ SF <sup>2</sup>	Approx. Value <sup>3</sup>	TIF Investment <sup>4</sup>
Cypress Waters Phase 1 <i>Public Infrastructure Improvements</i>	Cypress Waters Blvd. & Chapel Oaks Dr., northeast of Belt Line and Hackberry Rd.	2014	Complete	N/A	N/A	\$9,527,524*
Parsons Green I <i>Supported by Phase 1 Public Improvement Project</i>	3325 Scotch Creek Dr. 3330 Scotch Creek Dr.	2014	Complete	65 res. units	\$14,830,080	\$0
Scotch Creek <i>Supported by Phase 1 Public Improvement Project</i>	3211 Scotch Creek Dr. 3220 Scotch Creek Dr.	2014	Complete	608 res. units	\$63,157,890	\$0
Sycamore Park <i>Supported by Phase 1 Public Improvement Project</i>	9190 Cypress Waters Blvd.	2014	Complete	Included in Scotch Creek	\$16,842,110	\$0
Parson's Green II Townhomes	3451 Chapel Oaks Dr.	2016	Complete	141 res. units	\$32,169,420	\$0
Cypress Waters Phase 2 <i>Public Infrastructure Improvements</i>	Cypress Waters Blvd. and Saintsbury St.	2015	Complete	N/A	N/A	\$6,522,398*
Single Tenant Office Bldg <i>Supported by Phase 2 Public Improvement Project</i>	8950 Cypress Waters Blvd.	2015	Complete	175,585 sf office	\$25,855,000	\$0
Multi-Tenant Office Bldg <i>Supported by Phase 2 Public Improvement Project</i>	8951 Cypress Waters Blvd.	2015	Complete	187,710 sf office	\$26,865,000	\$0
Multi-Tenant Office Bldg <i>Supported by Phase 2 Public Improvement Project</i>	8840 Cypress Waters Blvd.	2015	Complete	166,140 sf office	\$22,775,000	\$0
Single Tenant Office Bldg <i>Supported by Phase 2 Public Improvement Project</i>	9001 Cypress Waters Blvd.	2016	Complete	214,520 sf office	\$31,100,000	\$0
Single Tenant Office Bldg <i>Supported by Phase 2 Public Improvement Project</i>	3001 Hackberry Rd	2016	Complete	327,183 sf office	\$46,880,000	\$0
Single Tenant Office Bldg <i>Supported by Phase 2 Public Improvement Project</i>	9111 Cypress Waters Blvd.	2017	Complete	217,000 sf office	\$28,730,000	\$0
Signet Repair Center	9121 Watermill Rd.	2017	Complete	31,000 sf office	\$4,195,000	\$0
<b>Total</b>				814 res. units 1,161,138 sf office	\$313,399,500	\$16,049,922*

<b>Projects Within the Cypress Waters TIF District Not Utilizing or Supported by TIF Funding<sup>1</sup></b>						
<b>Project</b>	<b>Location</b>	<b>Calendar Year Complete</b>	<b>Status</b>	<b>Units/ SF<sup>2</sup></b>	<b>Approx. Value<sup>3</sup></b>	<b>TIF Investment<sup>4</sup></b>
Signet Jewelers/Zales Campus	9797 Rombauer Rd	2018	Complete	250,000 sf office	\$29,832,240	\$0
The Sound Retail	Olympus Blvd and Wharf Rd	2018	Complete	35,000 sf retail	\$8,750,000	\$0
The Wharf at The Sound	9655 Wharf Rd	2018	Complete	296 res. units	\$15,000,000	\$0
Bleecker Street at The Sound	3333 Bleecker St	2018	Complete	243 res. units	\$29,016,000	\$0
Single-Tenant Office Building	3000 Olympus Blvd.	2018	Complete	216,400 sf office	\$18,286,700	\$0
Multi-Tenant Office Building	3100 Olympus Blvd.	2018	Complete	250,000 sf office	\$14,508,830	\$0
Harpers Bay at The Sound	Harpers Ln and Mulberry Hill Rd	2019	Under Construction	262 res. units	\$31,200,000	\$0
Byron Bay at The Sound	Harpers Ln and Mulberry Hill Rd	2019	Under Construction	274 res. units	\$32,700,000	\$0
Multi-Tenant Office Building	3200 Olympus Blvd	2019	Under Construction	250,000 sf office	\$33,000,000	\$0
Multi-Tenant Office Building	3201 Olympus Blvd	2019	Under Construction	250,000 sf office	\$33,000,000	\$0
Bleeker Townhomes	TBD	2019	Under Construction	50 Units	\$10,000,000	\$0
<b>Subtotal</b>				1,125 res. units 1,216,400 sf office 35,000 sf retail	\$162,695,530	\$0
<b>Total</b>				1,939 res. units 2,377,538 sf office 35,000 sf retail	\$476,095,030	\$16,049,922*

<sup>1</sup> All information updated as of September 30, 2018.

<sup>2</sup> 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.

<sup>3</sup> Reflects 1) DCAD value for completed projects (unless project has not yet been assessed) and 2) estimated DCAD value for projects under construction.

<sup>4</sup> Principal amount not to be exceeded per the development agreement. Asterisk indicates TIF investment does not include interest.

**Note:**

- Dallas Water Utilities has committed over \$2.2 million to water and wastewater infrastructure improvements within the district.



## Mixed-Income Housing Summary

Successful development efforts support a variety of housing options. Accordingly, twenty percent (20%) of all housing units in residential projects using direct, site-specific TIF funding assistance from the district are subject to the City's and County's established criteria for mixed income housing. In this district, four residential projects were supported by TIF funding. Of the 814 residential units constructed with the support of TIF funding, 163 (20%) have been set-aside as affordable. During the fiscal year, an additional 539 units were completed, and 586 units began construction in the District without TIF assistance.

## Value and Increment Revenue Summary

The Cypress Waters TIF District's adjusted base tax value for 2010 was \$71,437. This base value reflects final adjusted 2010 values for parcels in the District. The District's 2018 assessed tax value, as determined by the Dallas Central Appraisal District, is \$451,669,634. This represents an increase of approximately \$451,598,197 (632,163%) over the assessed base year value.

The district's value increased by \$157,783,390 (54%) from the previous year's value (\$293,886,244). This increase in district value will result in the collection of approximately \$3,585,238 in incremental revenue for the District (City - \$2,981,429; County - \$603,809). The final amount of increment collected may increase as roll back taxes for 2018 are paid.

## Objectives, Programs, and Success Indicators

The final Cypress Waters Project Plan and Reinvestment Zone Financing Plan was adopted on June 8, 2011. In 2015, the District's Project and Reinvestment Zone Financing Plan was amended and two of the development goals and objectives were revised to reflect a decrease in the budget for the District. The amended goals are in bold. Specific actions addressing each goal and objective follow in italics.

- Create additional taxable value attributable to new private investment in projects in the Cypress Waters TIF District totaling approximately ~~\$2.2 billion~~ **\$1.5 billion** over the thirty-year life of the TIF district.

*The district has seen an increase in value of approximately \$451 million, (or 30.1% of amended goal) from a combination of agricultural exemption being removed from some parcels and completed private development within the District.*

- Attract new private development, including approximately 10,000 new residential units, 4,000,000 square feet of commercial space (including approximately 700,000 square feet of data center use and 2,000,000 square feet of light warehouse/industrial use), and an estimated 150,000 square feet of pedestrian-oriented retail space, all of which are anticipated to create an estimated 9,000 on-site jobs.

*Three residential development projects supported by Phase 1 public infrastructure improvements completed December 2014, adding 673 multi-family units to the District (including 135 affordable units). Construction of an additional 141 residential units, as part of Phase II of the Parson's Green development, completed during the 2016 fiscal year. In total, approximately 814 residential units (inclusive of approximately 163 affordable units) have been supported by TIF funding. An additional 539 residential units were completed in 2018 and 586 units are currently under construction without the assistance of TIF funding. Approximately 1,939 residential units have completed construction or are under construction within the District, representing 19% of the housing goal.*

*Three office buildings totaling 716,400 square feet completed construction in 2018 and two office buildings totaling 500,000 square feet began construction during the fiscal year. In total, approximately 2,377,538 square feet of office space has completed construction or is currently under construction within the District, representing 59% of the commercial space goal.*

*During FY 2018 construction of 35,000 square feet of retail was completed in the District, representing 23% of the pedestrian-oriented retail space requirement.*

*To date, an estimated 11,225 on-site jobs have been added to the District, exceeding the on-site jobs goal.*

- To improve ridership on DART via the planned expansion along the Cotton Belt Line.

*The master plan for the district includes development adjacent to the planned Cotton Belt Station on the north side of the district.*

- Improve recreational opportunities for the community and the future residents within the TIF district via extensive, publicly accessible green space on the site along the lake edge and along power line easements, in addition to multiple parks, hike and bike trails, and pedestrian connections throughout the district. Additional open space may be available through the utilization of Coppell ISD land and as part of an MMD and/or TIF-funded public amenity center.

*The Phase 1 development installed wide sidewalks leading to the adjacent power line easement and to a future connection to the lake trail.*

*The Phase 2 development installed a combination cycle track and pedestrian path along Cypress Waters Boulevard and three large green spaces in the district.*

*In 2018, Dallas County provided \$3 million for the construction of a trail that connects the TIF district with Irving's Campion Trail providing a continuous 12-mile trail from Cypress Waters to Irving's Las Colinas Urban Center. It is anticipated that TxDOT will also provide \$3 million for this trail.*

- Create a model for exceptional development standards in terms of its complexity, scope, design, environmental sensitivity, and connectivity.

*The private development and public infrastructure improvements completed with Cypress Waters Phases 1 and II projects is a model for dense, pedestrian-oriented development on under-utilized, infill property.*

*On August 13, 2012, the board approved the Urban Design Guidelines for Projects Located in City of Dallas Tax Increment Financing Districts.*

*The City Design Studio reviewed design for the Phase 2 public and private development, which provided pedestrian and bicycle connectivity between the housing, commercial, and recreational space.*

*Coppell Independent School District opened Richard J. Lee Elementary School in the fall of 2014. Lee Elementary is the first net-zero elementary school in the state of Texas. The campus includes daylight harvesting, rainwater collection, and geothermal heating and cooling.*

- Generate an NPV of ~~\$65 million~~ **\$26 million** or approximately ~~\$160 million~~ **\$47 million** in total dollars in projected TIF revenues over the 30-year life of the district.

*City participation in TIF increment collections began in tax year 2012. As of the end of the 2018 fiscal year, approximately \$9.3 million in TIF revenue has been generated, representing 20% of the district's amended goal.*

## Year-End Summary of Meetings and Council Items

The Cypress Waters TIF District Board of Directors met once during the 2018 fiscal year, January 22, 2018.

The Board of Directors consists of seven (7) members, including six (6) City of Dallas appointees and one (1) Dallas County appointee. During FY 2018, the Cypress Waters TIF Board consisted of the following members:

Veletta Lill, City appointee (Attended 1 of 1 meeting) – Term expired July 1, 2018  
Jose E. Gomez, City appointee (Attended 1 of 1 meeting) – Term expired July 1, 2018  
Gresham Shinn, City appointee (Attended 1 of 1 meeting) – Term expired July 1, 2018  
Victor Toledo, City appointee (Attended 1 of 1 meeting) – Appointed October 25, 2017  
Marguerite Buccino, City appointee (Attended 1 of 1 meeting) – Appointed November 8, 2017  
Claire Oliver, City appointee – Appointed May 23, 2018  
Elizabeth Solender, City appointee – Appointed March 21, 2018  
Lindsay Lauber, City appointee – Appointed August 1, 2018  
Rick Loessberg, Dallas County appointee (Attended 1 of 1 meeting)

During fiscal year 2018, the City Council approved two (2) items directly or indirectly associated with the Cypress Waters TIF District. The Council actions are listed below:

- On February 28, 2018, Council approved Resolution No. 18-0364 accepting the FY 2016-2017 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Nineteen, (Cypress Waters TIF District) authorizing the City Manager to submit the annual report to the Chief Executive Officer of each taxing jurisdiction that levies taxes on real property in the District, and to the State Comptroller, as required by state law.
- On June 28, 2018, Council approved Resolution No. 18-1002 authorizing (1) a resolution designating approximately 11.54 total acres of property located at 3100 and 3201 Olympus Boulevard in Dallas, Texas as City of Dallas Neighborhood Empowerment Zone No. 7 (“City of Dallas NEZ No. 7”), pursuant to Chapter 378 of the Texas Local Government Code to promote an increase in economic development in the zone, establish the boundaries of the zone and provide for an effective date; (2) a business personal property tax abatement agreement with Nokia of America Corporation located at 3100 and 3201 Olympus Boulevard for a period of five years in an amount equal to the City's taxes assessed on 50 percent of the increased value of the applicable business personal property, in accordance with the City's Public/Private Partnership Program; (3) a Chapter 380 sales tax grant agreement in an amount not to exceed \$1,650,000 with Nokia of America Corporation; (4) a Chapter 380 economic development grant agreement in an amount not to exceed \$1,500,000 associated with job creation with Nokia of America Corporation; (5) a Chapter 380 economic grant agreement in an amount not to exceed \$1,000,000 associated with local hiring; and (6) the nomination to receive designation as an Enterprise Project under the Texas Enterprise Zone Act, as

amended (Government Code, Chapter 2303) to the Office of the Governor, Economic Development and Tourism through the Economic Development Bank with Nokia of America Corporation or an affiliate thereof in connection with the proposed consolidation of their office and research operations into a new North American headquarters which will be comprised of a two building office development located at 3100 and 3201 Olympus Boulevard in accordance with the City's Public/Private Partnership Program - Total not to exceed \$4,809,842 - Financing: Estimated Revenue Foregone (\$659,842 over five year period), Tax Agreement Funds (\$1,650,000) (subject to appropriations) and Public/Private Partnership Funds (\$2,500,000)

## Budget and Spending Status

Each TIF district, in their Project Plan and Reinvestment Zone Financing Plan, establishes a budget for public improvement expenditures necessary to support private investment in the district. The District's budget was reduced in 2015. The amended budget and spending status is shown below.

<b>Cypress Waters TIF District Projected Increment Revenues to Retire TIF Fund Obligations*</b>			
<b>Category</b>	<b>TIF Budget</b>	<b>Allocated</b>	<b>Balance</b>
<b>Public infrastructure improvements</b>	\$39,949,695	\$16,751,228	\$23,198,467
<b>Public safety improvements</b>	\$4,332,943	\$4,332,943	\$4,332,943
<b>Administration and implementation**</b>	\$2,735,787	\$276,997	\$2,458,790
<b>Total project costs</b>	<b>\$47,018,424</b>	<b>\$21,361,168</b>	<b>\$29,990,199</b>
*Budget shown above in current dollars, updated yearly; TIF Project Plan shows the budget in net present value. Values above do not include interest payments.			
**Administration and implementation costs for FY 2018 are not included in the above allocation.			

<b>Cypress Waters TIF District Project Plan Budget (NPV, 2010 dollars)</b>	
<b>Category</b>	<b>TIF Budget*</b>
<b>Public infrastructure improvements:</b> paving, streetscape, water/wastewater, storm sewer, utility burial/relocation, and land acquisition	\$18,279,665
<b>Public safety</b>	\$6,000,000
<b>Administration and implementation</b>	\$1,500,000
<b>Total project costs</b>	<b>\$25,779,665</b>
* As approved in the Final Project Plan and Reinvestment Zone Financing Plan.	

## M/WBE Participation

Public bidding is not required for TIF projects. All TIF-funded projects must follow the City's adopted Business Inclusion and Development Plan and make a good faith effort to include certified Minority and Women-Owned Business (M/WBE) participation in TIF reimbursed projects. The BID Plan goal for TIF projects is 25 percent M/WBE participation in construction costs.

<b>Cypress Waters TIF Project M/WBE Participation</b> <small>(completed projects only)</small>					
<b>Project</b>	<b>Total Construction Contract Amount</b>	<b>Local M/WBE Amount</b>	<b>Non-Local M/WBE Amount</b>	<b>Total M/WBE Participation</b>	<b>Total M/WBE Participation Percentage</b>
Cypress Waters Phase I	\$9,301,593	\$914,998	\$1,077,591	\$1,992,589	21%
Cypress Waters Phase II	\$6,273,789	\$695,260	\$552,087	\$1,247,346	20%
<b>Totals</b>	<b>\$15,575,382</b>	<b>\$1,610,258</b>	<b>\$1,629,678</b>	<b>\$3,239,936</b>	<b>21%</b>

## FY 2019 Work Program

Pending items for the Cypress Waters TIF District include:

- Adoption of FY 2018 Annual Report
- Encourage development projects within the district, in accordance with the final Project Plan and Reinvestment Zone Financing Plan.
- Work with Billingsley Company to facilitate the selection of a site for a Public Safety facility in the District by the Dallas Police and Fire Departments.
- Provide assistance, if necessary, with any efforts to partner with potential jurisdictions to facilitate and fund the construction and operation of a Public Safety facility in the District.

## Appendix A: District Financials

**City of Dallas, Texas**
**Cypress Waters 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>
<b>Assets:</b>					
Pooled cash and cash equivalents	\$853,105	\$229,885	\$1,812,043	\$712,405	\$133,609
Interest receivable	\$5,938	\$611	\$1,680	\$908	\$162
Total assets	<u>\$859,043</u>	<u>\$230,497</u>	<u>\$1,813,723</u>	<u>\$713,313</u>	<u>\$133,771</u>
<b>Liabilities and Fund Balance (Deficit):</b>					
<b>Liabilities:</b>					
Accounts and contracts payable	\$0	\$0	\$0	\$0	\$0
Due to general fund	\$60,000	\$112,097	\$112,097	\$112,097	\$112,097
Total liabilities	<u>\$60,000</u>	<u>\$112,097</u>	<u>\$112,097</u>	<u>\$112,097</u>	<u>\$112,097</u>
<b>Fund Balance (Deficit):</b>					
Fund Balance (Deficit)	\$799,043	\$118,400	\$1,701,627	\$601,217	\$21,674
Total Liabilities and Fund Equity	<u>\$859,043</u>	<u>\$230,497</u>	<u>\$1,813,724</u>	<u>\$713,313</u>	<u>\$133,771</u>
	\$0	\$0	\$0	\$0	\$0

**Cypress Waters 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>
<b>Revenues:</b>						
Tax increment-Governmental	\$4,904,373	\$1,974,753	\$1,269,441	\$955,735	\$548,572	\$155,557
Tax increment-Intergovernmental	\$883,145	\$388,864	\$243,919	\$171,003	\$79,359	\$0
Interest income	\$38,807	\$19,450	\$7,440	\$8,088	\$3,304	\$524
Net increase (decrease) in fair value of investments	(\$10,317)	(\$9,879)	(\$2,209)	\$202	\$1,583	(\$14)
Total revenues	<u>\$5,816,008</u>	<u>\$2,373,188</u>	<u>\$1,518,592</u>	<u>\$1,135,027</u>	<u>\$632,818</u>	<u>\$156,067</u>
<b>Expenditures:</b>						
Administrative expenses	\$276,997	\$30,515	\$23,881	\$34,617	\$53,276	\$22,297
Non-Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0
Capital outlay	\$4,739,968	\$1,662,031	\$3,077,937	\$0	\$0	\$0
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0	\$0
Total expenditures	<u>\$5,016,965</u>	<u>\$1,692,546</u>	<u>\$3,101,818</u>	<u>\$34,617</u>	<u>\$53,276</u>	<u>\$22,297</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$799,043</u>	<u>\$680,643</u>	<u>(\$1,583,227)</u>	<u>\$1,100,410</u>	<u>\$579,542</u>	<u>\$133,770</u>
<b>Fund balance (Deficit) at beginning of year</b>						
as previously reported	\$0	\$118,400	\$1,701,627	\$601,217	\$21,674	(\$112,096)
<b>Fund balance (Deficit) at beginning of year,</b>						
as restated	<u>\$0</u>	<u>\$118,400</u>	<u>\$1,701,627</u>	<u>\$601,217</u>	<u>\$21,674</u>	<u>(\$112,096)</u>
<b>Fund balance (deficit) at end of year</b>						
	<u>\$799,043</u>	<u>\$799,043</u>	<u>\$118,400</u>	<u>\$1,701,627</u>	<u>\$601,217</u>	<u>\$21,674</u>

**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  
 Cypress Waters Tax Increment Financing District Fund  
 Reinvestment Zone Number Nineteen  
 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:

\$9,571	Interest Income
\$0	Affordable housing payment
\$2,363,617	Ad Valorem Taxes (Collected in FY 2017-18 based on 2017 Final Tax Roll)
<u>\$2,373,188</u>	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$30,515	Administrative Expense
\$1,662,031	Capital Outlay - Primary Roadway Improvements - Cypress Waters Phase I
<u>\$1,692,546</u>	Total Expenditures

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

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

b. The Zone has entered into a development agreement for each of the following projects and their status is as follows as of September 30, 2018:

Developer	Project	Balance Due (Since Inception)			Payment To Date			Net Balance Due
		Principal	Accrued Add'l Subsidy (1)	Total Due	Principal	Accrued Add'l Subsidy (1)	Total Paid	
Billingsley LD, Ltd.	Cypress Waters Phase I**	\$9,527,524	\$1,137,636	\$10,665,160	\$3,602,332	\$1,137,636	\$4,739,968	\$5,925,191
Billingsley LD, Ltd.	Cypress Waters Phase II***	\$6,522,398	\$0	\$6,522,398	\$0	\$0	\$0	\$6,522,398

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

\*\* Cypress Waters Phase I: The total amount due to the developer for the fiscal year 2018 was \$2,421,248.66. Of this amount, \$1,662,301.00 was reimbursed in fiscal year 2018 and the balance of \$759,217.66 was reimbursed in October 2018 (fiscal year 2019). Total Paid as of September 30, 2018 does not include \$759,217.66 (it will be included in FY 19 financials)

\*\*\* Cypress Waters Phase II: Reimbursement to the developer in an amount not to exceed \$6,522,398, plus an additional subsidy in the form of a grant (in lieu of interest) will begin upon completion of reimbursement payments to Billingsley LD, Ltd. for Cypress Waters Phase I, subject to the availability of TIF funds.

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

Taxing Jurisdiction	Taxable	Base Year	Est. Captured
	Value 2018*	2010 Value	Value 2018**
City of Dallas	\$451,669,634	\$71,437	\$451,598,197
Dallas County	\$451,669,634	\$71,340	\$451,598,294

\*Taxable value shown for participating taxing jurisdictions. County will begin participating in tax year 2014. County values will vary slightly from the City value due to different exemption levels.

\*\*Based on Certified Taxable Value. The final values will be determined on February 1, 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 Estimated 2018	
	Per \$100*	Increment*
City of Dallas	0.66020	\$2,981,429
City of Dallas-2017 PH I Rollback Taxes	0.00000	\$0
Dallas County	0.13371	\$603,809
Dallas County-2017 PH I Rollback Taxes	0.00000	\$0
Total for all Jurisdictions	<u>\$0.79390</u>	<u>\$3,585,238</u>

\*Participation rates for City of Dallas and Dallas County are 85% for tax years 2012 to 2034 and 55% for tax years 2014 to 2033 respectively.

b. The total amount of estimated tax increment to be billed for the 2018 tax year is \$3,585,238. For 2017 tax year, the Zone received increment of \$2,363,617.

**City of Dallas, Texas**  
**Cypress Waters 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. 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.
3. 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).
4. The Zone's Financial Plan permits expenditures not to exceed \$2,065,585 over the life of the TIF to reimburse the City for administrative costs. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.
5. "Due to general fund" amount of \$60,000 at September 30, 2018 represents the TIF administration costs for the prior year that have been earned but will be reimbursed to the General Fund in future years based on the availability of TIF funds. TIF administrative expense calculation is pending for the fiscal year 2018.
6. All expenditures resulting in capital improvements that are owned by the City are capitalized on the City's books.

## Appendix B: Project Pay-Off Estimates

Developer	Project Name	TIF Award	Pay-Off Date
<b>Victory Sub-district</b>			
Billingsley LD, Ltd.	Cypress Waters TIF Phase I	\$9,757,267*	2021
Billingsley LD, Ltd.	Cypress Waters TIF Phase II	\$6,522,398*	2024

Estimated pay-off dates may change and are subject to the following

- (1) Changes in increment collected annually;
- (2) Changes in the real property tax rates of participating taxing jurisdictions (City of Dallas and Dallas County);
- (3) Changes in the participation rate of participating taxing jurisdictions; and/or
- (4) Completion dates of projects listed in the district's reimbursement queue

\*Indicates TIF Award principal, interest not shown

## Appendix C: District Set-Aside Funds

There aren't any District set-aside funds.