

February 27, 2019

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

WHEREAS, the City established Tax Increment Financing Reinvestment Zone Number Twenty ("Mall Area Redevelopment TIF District" or "District") and established a Board of Directors for the District pursuant to Ordinance No. 29340, authorized by the City Council on May 14, 2014, as authorized by the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, as amended; and

WHEREAS, on June 17, 2015, City Council authorized the Project Plan and Reinvestment Zone Financing Plan for the Mall Area Redevelopment TIF District by Resolution No. 15-1145; Ordinance No. 29771; 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 jurisdiction 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 24, 2019, the Mall Area Redevelopment TIF District Board of Directors passed a motion accepting the FY 2017-2018 Annual Report for Tax Increment Financing Reinvestment Zone Number Twenty and recommended approval of same by the City Council.

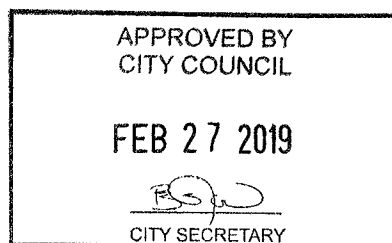
Now, Therefore,

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 Twenty (Mall Area Redevelopment 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 Twenty 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.



MALL AREA REDEVELOPMENT TIF DISTRICT (REINVESTMENT ZONE NUMBER TWENTY)

ANNUAL REPORT
FY 2017-2018



City of Dallas

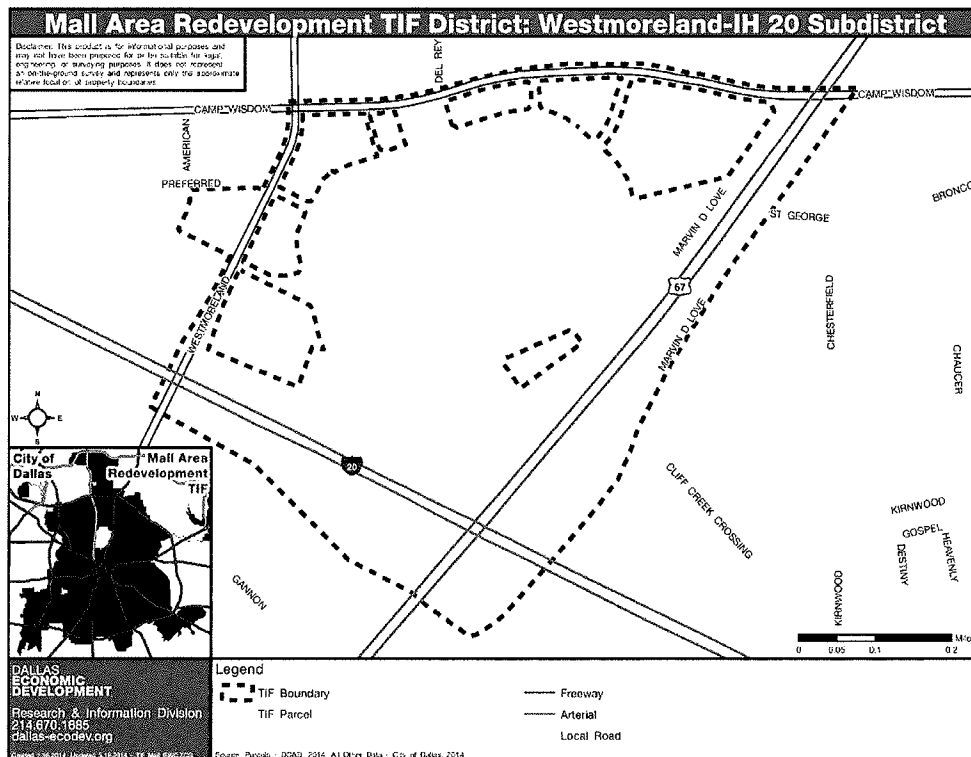
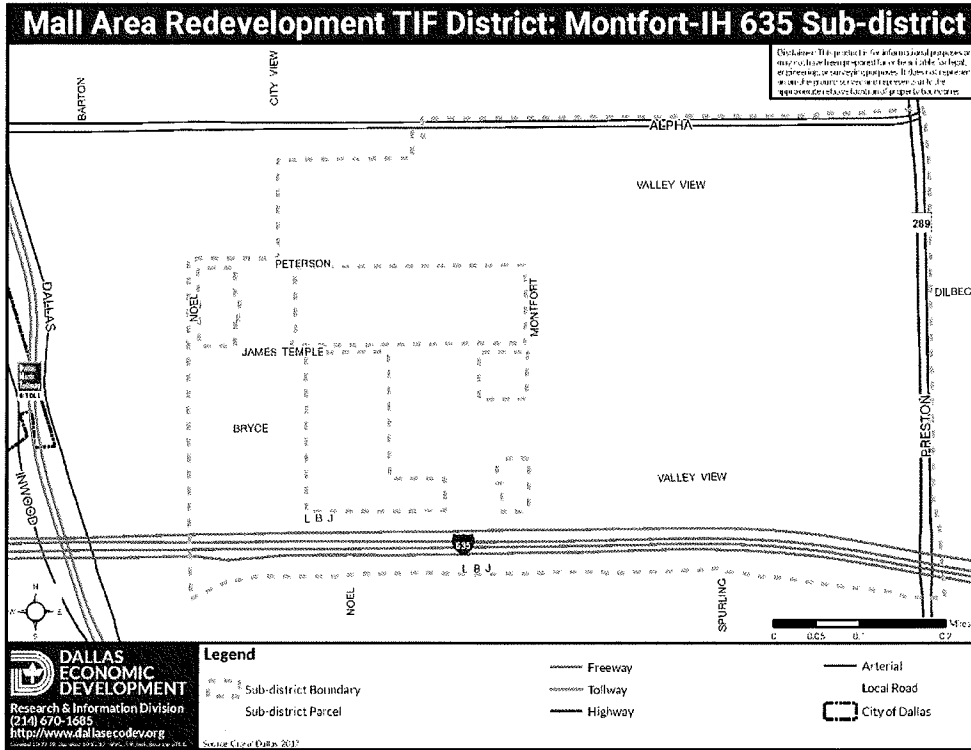
Office of Economic Development
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October 1, 2017 to September 30, 2018

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District Map



Mission Statement

The Mall Area Redevelopment Tax Increment Financing District (TIF District) represents the City of Dallas' effort to encourage the sustainable redevelopment of properties including and around two obsolete shopping malls while taking advantage of each area's strategic regional location at the crossroads of key transportation corridors.

As allowed by Chapter 311 of the Texas Tax Code, the TIF District comprises two non-contiguous sub-districts—the Montfort-IH 635 Sub-District for the Valley View Center Mall area in northern Dallas and the Westmoreland-IH 20 Sub-District for the Southwest Center Mall area in southern Dallas.

The Montfort-IH 635 Sub-District is generally bounded by Alpha Road, Preston Road, Noel Road, and Interstate Highway 635 (LBJ Freeway). The Montfort-IH 635 Sub-District encompasses approximately 173.9 acres, not including rights-of-way. The Montfort-IH 635 Sub-District is recommended by and consistent with the City's adopted Valley View-Galleria Area Plan (2013) and serves as a long-term funding tool to help implement the shared vision for the area by further leveraging other implementation tools (PD 887 form-based zoning and Thoroughfare Plan amendments) enacted by the City Council.

The Westmoreland-IH 20 Sub-District is generally bounded by Westmoreland Road, Camp Wisdom Road, Highway 67 (Marvin D. Love Freeway), and Interstate Highway 20 (LBJ Freeway). The Westmoreland-IH 20 Sub-District encompasses approximately 96.6 acres, not including rights-of-way. The Westmoreland-IH 20 Sub-District is recommended by and consistent with the City-sponsored Advisory Services Panel report entitled "Southwest Center Mall" published by the Urban Land Institute (2009) and serves as a long-term funding tool to help implement many of the report's recommendations over time.

The mission of the TIF District is to provide a source of funding for a program of public infrastructure improvements, economic development grants, and land acquisition/assembly for public open space, which is intended to stimulate private investment in each mall area to occur earlier and to a much greater extent than would occur solely through private investment in the reasonably foreseeable future.

Originally, the Valley View Center Mall and the Southwest Center Mall were created by complex configurations of super-blocks, private land ownership, and reciprocal easement agreements that bound multiple owners together. Over the last decade as market conditions have shifted significantly, these same configurations have heavily burdened each mall area, making redevelopment and revitalization extremely difficult without public participation.

With the assistance of this TIF District, each mall area is to be reconfigured into a traditional pattern of public streets, public open space, public infrastructure, and smaller parcels of private land ownership, thereby setting the stage for incremental redevelopment that is flexible to meet market demands and community needs.

TIF District Accomplishments in FY 2017-2018

- In April 2018, Civitas Capital Group and Atlantic Hotels Group completed construction and opened a new 256-room hotel under the Marriott flag on 2.6 acres located at 2 Bryce Lane in the Montfort-IH 635 Sub-District. The project, dual-branded as AC Hotels and Residence Inn by Marriott Dallas North, is 5 stories (approximately 255,000 square feet) and includes a 3-story parking garage (approximately 84,000 square feet).



- On June 13, 2018, City Council approved Resolution 18-0850 to authorize the following agreements in consideration of the renovation and redevelopment of the shopping mall located at 3662 West Camp Wisdom Road known as Red Bird Mall in the Westmoreland-IH 20 Sub-District: **(1)** a conditional grant agreement with 3662 Investors LP or an affiliate thereof in an amount not to exceed \$10,000,000; **(2)** a 15-year interest only loan in an amount not to exceed \$12,000,000 with 3662 Investors LP or an affiliate thereof; **(3)** a development agreement awarding an amount not to exceed \$15,600,000 in tax increment funding from the Mall Area Redevelopment Tax Increment Financing District with 3662 Investors LP or an affiliate thereof; **(4)** an assignment of all increment payable under the development agreement to the City of Dallas; **(5)** an amendment to the existing Chapter 380 grant agreement with WCWRD Inc. to extend all dates in the agreement by 18 months; **(6)** a loan payment guarantee agreement with 3662 Investors LP; and **(7)** an increase in appropriations in an amount not to exceed \$8,012,200 in ECO (I) Fund - Total not to exceed \$37,600,000 - Financing: 2006 Bond Funds (\$244,518), 2012 Bond Funds (\$1,743,282), 2017 Bond Funds (\$8,012,200), Mall Area Redevelopment TIF District Funds (\$15,600,000) and Public/Private Partnership Funds (\$12,000,000).
- In July 2018, Mill Creek Residential Trust LLC began construction on a new 344-unit apartment community on 3.2 acres located at 13001 Cornell Drive in the Montfort-IH 635 Sub-District. Known as Modera Dallas Midtown, the project will be 5 stories (approximately 417,928 square feet) wrapping a parking garage (approximately 125,000 square feet). The total estimated value when complete (anticipated late 2019) is approximately \$32 million.
- During FY 2017-2018, the North Central Texas Council of Governments (NCTCOG) and their consultant Jacobs Engineering Group, Inc. made

considerable progress on the Dallas Midtown Automated Transportation System (ATS) Conceptual Engineering Study. The study is intended to recommend a conceptual alignment and station locations within the Midtown area, identify a preferred ATS technology, develop an implementation plan, and identify connectivity to the regional passenger rail system. On March 1, 2018, the Study Review Committee held a kick-off meeting for the project. The Study Review Committee also met on May 11, 2018 and August 21, 2018. Additionally, a Public Open House & Listening Session was held on May 31, 2018 at E.D. Walker Middle School.

Projects Within the Mall Area Redevelopment TIF District Utilizing TIF Funding ¹							
Project	Location	Sub-District	Completion Date (Calendar Year)	Status	Development Amount/Type ²	Approx Value ³	TIF Investment ⁴
Reimagine Red Bird	3662 W. Camp Wisdom	Westmoreland-IH 20	2024	Planned	demolition of 100,000 square feet retail renovation of 600,000 square feet retail new construction of 100,000 square feet retail	\$115,000,000	\$15,600,000
TOTAL					n/a	\$115,000,000	\$15,600,000
Projects Within the Mall Area Redevelopment TIF District Not Utilizing TIF Funding ⁵							
Project	Location	Sub-District	Completion Date (Calendar Year)	Status	Development Amount/Type ²	Approx Value ³	TIF Investment ⁴
Modera Near the Galleria	13290 Noel Road	Montfort-IH 635	2017	Complete	new construction of multi-family residential (321 units)	\$40,000,000	\$0
Marriott Hotel (dual branded)	2 Bryce Lane	Montfort-IH 635	2018	Complete	new construction of hotel (256 rooms)	\$30,000,000	\$0
Modera Dallas Midtown	13001 Cornell Drive	Montfort-IH 635	2019	Under Construction	new construction of multi-family residential (344 units)	\$32,000,000	\$0
TOTAL					new construction of multi-family residential (665 units) new construction of hotel (256 rooms)	\$102,000,000	\$0
Grand Total - All Projects Utilizing and Not Utilizing TIF Funding						Approx Value ³	TIF Investment ⁴
GRAND TOTAL					new construction of multi-family residential (665 units) new construction of hotel (256 rooms) demolition of 100,000 square feet retail renovation of 600,000 square feet retail new construction of 100,000 square feet retail	\$217,000,000	\$15,600,000

¹ All information updated as of September 30, 2018.

² Based upon: either the TIF application or the 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) required minimum private investment stated in the Development Agreement for projects that have been approved for TIF funding or are under construction, or (3) DCAD market value for completed projects (unless project has not yet been assessed).

⁴ TIF funding amount not to be exceeded per an approved City Council Resolution.

⁵ Selected significant projects included.

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 the Montfort-IH 635 Sub-District, construction was completed in April 2017 on the 321-unit Modera Near the Galleria apartment project. The Modera Near the Galleria multi-family project (completed in 2017) located at 13290 Noel Road did not use direct site-specific TIF funding and, as such, does not set aside any affordable units.

Value and Increment Revenue Summary

The base value of the zone is the total appraised value of all taxable real property in the TIF District as determined by the Dallas Central Appraisal District in the 2014 certified roll. The TIF District's base value was \$168,357,630 (\$148,591,740 in the Montfort-IH 635 Sub-District and \$19,765,890 in the Westmoreland-IH 20 Sub-District).

In the 2018 certified roll, the total appraised value of all taxable real property in the TIF District as determined by the Dallas Central Appraisal District was \$245,824,620, representing an increase of \$77,466,990 (46%) over the base year.

In the Montfort-IH 635 Sub-District, the total appraised value of all taxable real property in 2018 was \$226,155,380, representing an increase of \$77,563,640 (52%) over the base year. This 52%% increase over the base year is attributed to slightly appreciating property values and new taxable value created by the Modera Near the Galleria multi-family project and the Marriott hotel project.

In the Westmoreland-IH 20 Sub-District, the total appraised value of all taxable real property in 2018 was \$19,669,240, representing a *decrease* of \$96,650 (-0.49%) *below* the base year.

With the City's participation in the TIF District this year at 90%, the captured incremental tax revenue anticipated to be collected and deposited into the TIF fund in 2019 for tax year 2018 is approximately \$541,518.

Objectives, Programs, and Success Indicators

The final Project Plan and Reinvestment Zone Financing Plan for the Mall Area Redevelopment TIF District was approved in June 2015. The following goals are included in the Project Plan and Reinvestment Zone Financing Plan:

- Goal 1: To create additional taxable value attributed to new private investment in projects in the Montfort-IH 635 Sub-District totaling approximately \$3.92 billion in total dollars over the 30-year life of the Sub-District.

Taxable value in the Montfort-IH 635 Sub-District has increased \$77,563,640 over the base value (representing 2% of goal).

- Goal 2: To create additional taxable value attributed to new private investment in projects in the Westmoreland-IH 20 Sub-District totaling approximately \$295.2 million in total dollars over the 30-year life of the Sub-District.

Taxable value in the Westmoreland-IH 20 Sub-District has decreased \$96,650 below the base value.

- Goal 3: To attract new higher density private development in the Montfort-IH 635 Sub-District totaling approximately 707,870 square feet of new retail space; 72,991 square feet of renovated movie theater; 3,987,022 square feet of new office space; 957 new hotel rooms; and 7,674 new residential units (including apartments and condominiums).

In the Montfort-IH 635 Sub-District, construction was completed in FY 2017 on the Modera Near the Galleria apartment project. This project added 321 multi-family residential units (4.2% of goal). Construction was also completed in FY 2018 on the dual-branded Marriott hotel project. This project added 256 hotel rooms (26.8% of goal).

- Goal 4: To attract new higher density private development in the Westmoreland-IH 20 Sub-District totaling approximately 140,000 square feet of new retail space; 45,000 square feet of movie theater; 70,000 square feet of new office space; 80 new hotel rooms; and 1,620 new residential units (including apartments and townhomes).

In the Westmoreland-IH 20 Sub-District, development of a new free-standing Starbucks store is underway and scheduled for completion in late-2018. When complete, this project will add 2,550 square feet of new retail (1.8% of goal).

- Goal 5: To encourage the sustainable redevelopment of properties including and around two severely declining shopping malls in a manner in which negative fiscal impacts for the remainder of the City are limited and a walkable development pattern is achieved that is a net benefit to the City from a fiscal, land use, and quality of life standpoint.

On June 13, 2018, City Council approved Resolution 18-0850 to authorize incentive agreements to support the renovation and sustainable redevelopment of the Red Bird shopping mall properties located at 3662 West Camp Wisdom Road.

- Goal 6: To increase public open space in the District.

During FY 2017-2018, staff supported ongoing efforts to acquire/assemble property for the Dallas Midtown Commons Park, including detailed discussions with the owner of 4 acres on the east side of Montfort Drive currently addressed as 13138 Montfort Drive; detailed discussions with the owner of 5580 Peterson Lane (recently rebranded as the Prism at Midtown office building); discussions with the owner of 5454 Peterson Lane (known as The Verge apartments); discussions with the Trust for Public Land; coordination with the Dallas Midtown Park Foundation to promote the new park visioning plan created by MIG; and coordination with Dallas Parks and Recreation Department staff, the North Dallas Chamber of Commerce, and the District 11 Park Board Member to strategize regarding how to secure matching private funds to unlock some of the \$6 million for Dallas Midtown Commons Park in the 2017 Bond Program.

- Goal 7: To generate approximately \$431.4 million (net present value of approximately \$182.5 million in 2014 dollars) in TIF fund revenues over the 30-year life of the District.

Total collection of TIF fund revenues (including estimated collection for this year) = \$934,637 (0.22% of goal).

Year-End Summary of Meetings and Council Items

The Mall Area Redevelopment TIF District Board of Directors had three meetings (one regular meeting and two special meetings) during FY 2017-2018. The Board can consist of up to seven members, including six (6) City of Dallas appointees and one (1) Dallas County appointee. During FY 2017-2018, the Board members were (FY 2017-2018 Board meetings attended):

- Position 1: Fred Wells—City representative (3 of 3 meetings)
- Position 2: Bruce Bernbaum—City representative (3 of 3 meetings)
- Position 3: Kiyundra Gulley—City representative (2 of 3 meetings)
- Position 4: Josh Womack—City representative (3 of 3 meetings)
- Position 5: Arthur Hollingsworth—City representative (0 of 3 meetings)
- Position 6: Amy Monier (Chairperson)—City representative (3 of 3 meetings)
- Position 7: Rick Loessberg—County representative (3 of 3 meetings)

During FY 2017-2018, the City Council acted on two items associated with the Mall Area Redevelopment TIF District:

- On February 28, 2018, the City Council approved Resolution 18-0365, accepting the FY 2016-2017 Annual Report on the status of the Mall Area Redevelopment TIF District and authorizing the City Manager to submit the annual report to the Chief Executive Officer of each taxing jurisdiction that levies taxes on real property in the District and to the State Comptroller.
- On June 13, 2018, City Council approved Resolution 18-0850 to authorize the following agreements in consideration of the renovation and redevelopment of the shopping mall located at 3662 West Camp Wisdom Road known as Red Bird Mall in the Westmoreland-IH 20 Sub-District: (1) a conditional grant agreement with 3662 Investors LP or an affiliate thereof in an amount not to exceed \$10,000,000; (2) a 15-year interest only loan in an amount not to exceed \$12,000,000 with 3662 Investors LP or an affiliate thereof; (3) a development agreement awarding an amount not to exceed \$15,600,000 in tax increment funding from the Mall Area Redevelopment Tax Increment Financing District with 3662 Investors LP or an affiliate thereof; (4) an assignment of all increment payable under the development agreement to the City of Dallas; (5) an amendment to the existing Chapter 380 grant agreement with WCWRD Inc. to extend all dates in the agreement by 18 months; (6) a loan payment guarantee agreement with 3662 Investors LP; and (7) an increase in appropriations in an amount not to exceed \$8,012,200 in ECO (I) Fund - Total not to exceed \$37,600,000 - Financing: 2006 Bond Funds (\$244,518), 2012 Bond Funds (\$1,743,282), 2017 Bond Funds (\$8,012,200), Mall Area Redevelopment TIF District Funds (\$15,600,000) and Public/Private Partnership Funds (\$12,000,000).

Budget and Spending Status

Each TIF district establishes a budget for the public expenditures necessary to support private investment in the district. As included in the Project Plan and Reinvestment Zone Financing Plan for the Mall Area Redevelopment TIF District, the budget is shown below:

Mall Area Redevelopment TIF District Projected Increment Revenue to Retire TIF Fund Obligations			
	B	C	B - C
Category	TIF Budget**	Allocated	TIF Balance
Montfort-IH 635 Sub-District			
Public Infrastructure Improvements; Environmental Remediation & Demolition; Grants for Economic Development	\$264,229,113	\$0	\$264,229,113
Set Aside for Land Acquisition for Sub-District-Wide Central Open Space***	\$72,659,277	\$0	\$72,659,277
Set Aside for Sub-District-Wide Infrastructure Improvements	\$24,219,759	\$0	\$24,219,759
Westmoreland-IH 20 Sub-District			
Public Infrastructure Improvements; Environmental Remediation & Demolition; Parks, Open Space, Trails, Gateways; Grants for Economic Development	\$72,665,022	\$0	\$72,665,022
Administration and Implementation*	\$7,684,059	\$486,642	\$7,197,417
Total Project Costs	\$441,457,229	\$486,642	\$440,970,588
* TIF Administration costs are pending until collection of sufficient tax increment to reimburse the City. TIF Administration costs shown are expended through FY 2017-2018.			
** TIF Budget shown above is in current dollars (updated yearly); TIF Project Plan and Reinvestment Zone Financing Plan shows the budget in net present value.			
*** For land acquisition and associated costs; not for design, construction, maintenance, or operating/programming costs.			

Mall Area Redevelopment TIF District Project Plan Budget (NPV)*	
Category	TIF NPV Budget
Montfort-IH 635 Sub-District	
Public Infrastructure Improvements; Environmental Remediation & Demolition; Grants for Economic Development	\$109,123,655
Set Aside for Land Acquisition for Sub-District-Wide Central Open Space	\$30,000,000
Set Aside for Sub-District-Wide Infrastructure Improvements	\$10,000,000
Westmoreland-IH 20 Sub-District	
Public Infrastructure Improvements; Environmental Remediation & Demolition; Parks, Open Space, Trails, Gateways; Grants for Economic Development	\$30,088,432
Administration and Implementation	\$3,250,000
Total Project Costs	\$182,462,088
* As approved in the Project Plan and Reinvestment Zone Financing Plan.	

FY 2018-2019 Work Program

The FY 2018-2019 work program for the Mall Area Redevelopment TIF District includes:

- Continued coordination with interested property owners/investors/developers on potential TIF subsidy applications.

- Consideration of any potential TIF District boundary amendments and/or plan amendments.
- Continued coordination and staff support for City-initiated public infrastructure projects in/near the TIF District, including street improvements and water/wastewater improvements.
- Continued coordination with Dallas County on execution of the interlocal agreement for participation in the TIF District.
- Continued coordination and staff support for the continued implementation of the Valley View-Galleria Area Plan and the ULI vision for Southwest Center Mall (now Red Bird Mall), including funding opportunities from other governmental entities or private philanthropic entities; City bond projects; park land acquisition; public improvement district.
- Continued participation in the study review committee for the Dallas Midtown Automated Transportation System Conceptual Engineering Study administered by the North Central Texas Council of Governments (NCTCOG).
- Continued coordination with Dallas Independent School District (DISD) regarding the site evaluation and potential location of a new public “choice” school in the Valley View-Galleria area (the approved 2015 DISD Bond Program includes \$65 million for a relief/replacement school in far North Dallas for pre-kindergarten through 8th grade).

Appendix A: Financials

City of Dallas, Texas
Mall Area Redevelopment Tax Increment Financing District Fund
Reinvestment Zone Number Twenty
As of September 30, 2018 (Unaudited)

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:**

\$1,400 Interest Income
<u>\$311,825 Ad Valorem Taxes (Collected in FY 18 based on 2017 Final Tax Roll)</u>
<u>\$313,225 Total Revenue</u>

¶ **2. Amount and purpose of expenditures from the fund:**

\$43,902 Administrative Expense
\$2,209 Non-Capital Outlay - PNV Design Studio cost reimbursement to General Fund
\$0 Capital outlay
<u>\$0 Additional Subsidy in Form of Grant (in lieu of interest expense)</u>
<u>\$46,111 Total Expenditures</u>

¶ **3. Amount of Principal and Interest due-on outstanding indebtedness:**

a. The zone did not have any bonded indebtedness at fiscal year end.

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

Taxing Jurisdiction	Taxable Value 2018*	Base Year 2014 Value	Est. Captured Value 2018
City of Dallas	\$245,824,620	\$168,357,630	\$77,466,990
Dallas County	\$245,824,620	\$168,357,630	\$77,466,990

Taxable value shown for participating taxing jurisdictions.

*Based on Certified Taxable Value. The final values will be determined on February 01, 2019.

¶ **5. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality:**

A. Estimated tax increment shared by the municipality and other participating taxing jurisdictions:

Taxing Jurisdiction	Assessment Per \$100	Estimated 2018 Increment**
City of Dallas	0.69903	\$541,518
Dallas County	0.24310	\$0
Total for all Jurisdictions	\$0.94213	\$541,518

**Dallas County does not participate in the zone in 2018. Participation rates for City of Dallas and Dallas County is as follows:

<u>City of Dallas</u> 90% for tax years 2016-2042 75% for tax year 2043 55% for tax year 2044	<u>Dallas County</u> 55% for tax years 2020-2039
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B. The total amount of estimated tax increment to be billed for the 2018 tax year is \$541,518. For the 2017 tax year, the Zone received increment of \$311,825.

Appendix A: Financials

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

	2018	2017	2016	2015	2014
Assets:					
Pooled cash and cash equivalents	\$165,684	\$44,815	\$0	\$0	\$0
Interest receivable	\$817	\$196	\$0	\$0	\$0
Total assets	\$166,501	\$45,011	\$0	\$0	\$0
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$0	\$0	\$0	\$0
Due to other funds	\$256,037	\$401,661	\$401,661	\$401,661	\$0
Total liabilities	\$256,037	\$401,661	\$401,661	\$401,661	\$0
Fund Balance (Deficit):					
Fund Balance (Deficit)	(\$89,537)	(\$356,650)	(\$401,661)	(\$401,661)	\$0
Total Liabilities and Fund Equity	\$166,501	\$45,011	\$0	\$0	\$0
	(\$0)	(\$0)	\$0	\$0	\$0

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

	ITD	2018	2017	2016	2015	2014
Revenues:						
Tax increment-Governmental	\$393,119	\$311,825	\$81,294	\$0	\$0	\$0
Tax increment-Intergovernmental	\$0	\$0	\$0	\$0	\$0	\$0
Interest income	\$3,192	\$2,684	\$508	\$0	\$0	\$0
Net increase (decrease) in fair value of investments	(\$1,415)	(\$1,285)	(\$130)	\$0	\$0	\$0
Total revenues	\$394,896	\$313,225	\$81,671	\$0	\$0	\$0
Expenditures:						
Administrative expenses	\$484,433	\$43,902	\$36,660	\$0	\$401,661	\$0
Non-Capital Outlay	\$2,209	\$2,209	\$0	\$0	\$0	\$0
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0	\$0
Total expenditures	\$486,642	\$46,111	\$36,660	\$0	\$401,661	\$0
Excess (Deficiency) of Revenues over Expenditures	(\$91,746)	\$267,114	\$45,011	\$0	(\$401,661)	\$0
Fund balance (Deficit) at beginning of year as previously reported	\$0	(\$356,650)	(\$401,661)	(\$401,661)	\$0	\$0
Fund balance (Deficit) at beginning of year, as restated	\$0	(\$356,650)	(\$401,661)	(\$401,661)	\$0	\$0
Fund balance (deficit) at end of year	(\$91,746)	(\$89,537)	(\$356,650)	(\$401,661)	(\$401,661)	\$0

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.

Appendix A: Financials

City of Dallas, Texas
Mall Area Redevelopment Tax Increment Financing District
(Reinvestment Zone #20)
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 Zone fund'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. All project costs resulting in capital improvements which are owned by the City are capitalized in the City's fixed assets.
5. The TIF Zone's Financing Plan permits expenditures not to exceed \$7,684,059 over the life of the TIF Zone to reimburse the City for administrative expenses. Inception-to-date, the TIF Zone has recognized an actual cumulative total of \$486,642 in administrative expenses, comprised of the following: (1) \$230,605 in staff time through FY 2017-2018, which will be reimbursed to the City's General Fund upon collection of sufficient increment; (2) \$248,137 in a grant to the North Dallas Chamber of Commerce for the 2012-2013 Valley View-Galleria Area Planning Study, which will be reimbursed to the City's Public/Private Partnership Fund upon collection of sufficient increment; and (3) \$7,900 for real property appraisal services necessary to assist the City with implementation, which will be reimbursed to the City's Public/Private Partnership Fund upon collection of sufficient increment.
6. On the Balance Sheet, the "due to other funds" amount of \$256,037 at September 30, 2018 represents the TIF Zone's administration expenses that had been earned in prior years but will be reimbursed to the City's General Fund and Public/Private Partnership Fund based on the availability of future TIF funds.

Appendix B: Financial Obligations Estimated Payoff

As of the end of FY 2017-2018, there are no executed development agreements with outstanding TIF funding obligations (i.e. there are no contingent liabilities of the Mall Area Redevelopment TIF District).

Appendix C: Sub-District-Wide Set Aside Funds

Consistent with the Project Plan and Reinvestment Zone Financing Plan, the Increment Allocation Policy adopted by the TIF Board for the Mall Area Redevelopment TIF District includes two sub-district-wide set asides (in the Montfort-IH 635 Sub-District) and an inter-sub-district transfer (from the Montfort-IH 635 Sub-District to the Westmoreland-IH 20 Sub-District) as described below:

Annual Process (Montfort-IH 635 Sub-District)

First, the Montfort-IH 635 Sub-District Gross Increment will pay:

- 1) Administrative Expenses: After the Total Gross Increment has been deposited into the District fund, the City's Administrative Expenses for the District will be reimbursed first in each year of the District. The Montfort-IH 635 Sub-District's portion of the District's Administrative Expenses will be paid from the Montfort-IH 635 Sub-District Gross Increment based on the ratio of the Montfort-IH 635 Sub-District Gross Increment to the Total Gross Increment.

Then, the Montfort-IH 635 Sub-District Net Increment will pay or set aside allocations as follows:

- 2) Transfer to the Westmoreland-IH 20 Sub-District: Ten percent (10%) of the Montfort-IH 635 Sub-District Net Increment will be annually transferred to the Westmoreland-IH 20 Sub-District to help facilitate the revitalization and redevelopment of the Southwest Center Mall area.
End of FY 2017-2018 Increment Allocation: \$0.00
Available balance: \$0.00
- 3) Set Aside for Sub-District-Wide Public Infrastructure Improvements: Ten percent (10%) of the Montfort-IH 635 Sub-District Net Increment will be set aside annually for Sub-District-Wide Public Infrastructure Improvements (i.e. improvements not specific to a single development site such as gateways, trails, parks/open space, public facilities, or utility/streetscape improvements benefitting multiple parcels or blocks, regardless of ownership). Anticipated priorities of this set aside include the replacement and upsizing of existing off-site wastewater lines as well as the establishment of roadway connections.
End of FY 2017-2018 Increment Allocation: \$0.00
Available balance: \$0.00
- 4) Set Aside for Land Acquisition for Sub-District-Wide Central Open Space: Since the long-term redevelopment potential of the area will be limited without a large central open space and since TIF funding assistance of land acquisition for the large central open space will be critical to making the Montfort-IH 635 Sub-District a dense, walkable, livable, and sustainable place, thirty percent (30%) of the Montfort-IH 635 Sub-District Net Increment will be set aside annually for Land Acquisition for Sub-District-Wide Central Open Space.
End of FY 2017-2018 Increment Allocation: \$0.00
Available balance: \$0.00

In summary, as of end of FY 2017-2018, \$394,896 in total revenues inception-to-date is paying down \$486,642 in total expenditures inception-to-date as follows:

- Since there is no Montfort-IH 635 Sub-District Net Increment remaining after payment of Administrative Expenses, no increment allocations are to be made to the set asides and the inter-sub-district transfer.
- There is no Westmoreland-IH 20 Sub-District Net Increment remaining after payment of Administrative Expenses.