

June 26, 2019

WHEREAS, the City is committed to supporting enhanced economic development opportunities for low-income communities within the City and to low-income persons residing within those communities; and

WHEREAS, the United States Department of Treasury has established the New Markets Tax Credit (NMTC) program to stimulate investments in predominately low-income communities; and

WHEREAS, the goals and purposes of the NMTC Program are consistent with and complementary to the economic development programs previously established by the City to support expanded economic development opportunities for low-income communities within the City and to low-income persons residing within those communities; and

WHEREAS, under the NMTC Program, tax credits are competitively awarded annually by the Treasury Department through its Community Development Financial Institutions (CDFI) Fund to qualified Community Development Entities (CDEs) after review and evaluation of applications submitted by CDEs, which are then made available to investors; and

WHEREAS, the City of Dallas created the Dallas Development Fund (DDF) as a non-profit Texas corporation in order to apply for an award under the NMTC program; and

WHEREAS, DDF was awarded a \$55 million NMTC allocation under the 2009 NMTC program; and

WHEREAS, DDF was awarded a \$30 million NMTC allocation under the 2012 NMTC program; and

WHEREAS, DDF was awarded a \$45 million NMTC allocation under the 2014 NMTC program; and

WHEREAS, DDF was awarded a \$55 million NMTC allocation under the 2017 NMTC program; and

WHEREAS, the DDF Board has approved awarding of up to \$5.5 million in NMTC allocation to Girl Scouts of Northeast Texas for improvements to Camp Whispering Cedars located at 6010 Whispering Cedar Drive.

Now, Therefore,

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

191006

June 26, 2019

SECTION 1. That the City Council hereby authorizes a New Markets Tax Credit transaction between the Dallas Development Fund and its subsidiaries, Capital One N.A. and its subsidiaries (Capital One), and Girl Scouts of Northeast Texas, and its affiliates (GSNETX) for improvements to Camp Whispering Cedars (Project) located at 6010 Whispering Cedar Drive, Dallas, Texas 75236, as further described in **Attachment A**.

SECTION 2. 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.



DATE: June 2019

SUBJECT: Girl Scouts of Northeast Texas STEM Center of Excellence

FROM: City of Dallas Office of Economic Development

Project Overview

Project Sponsor: Girl Scouts of Northeast Texas

The Girl Scouts of Northeast Texas (“GSNETX”) provides programming and opportunities for over 26,000 girls across 32 Northeast Texas counties. They operate 5 camps and 8 service centers across northeast Texas, including Southern Sector Service Center (Hampton Road and I-20) and STEM Center of Excellence (the Project site), both of which are located in Southern Dallas. GSNETX focuses on developing girls’ self-esteem, practical life skills, and academic engagement through programs that include STEM activities, career exploration, and participation in the cookie program. Nearly 80% of girls come from low- and moderate-income households, and more than 4,000 girls participated in programming for underserved communities such as Girl Scouting in the School Day, Girl Scouts Direct, and Las Mariposas.

Project Description

The STEM Center of Excellence transformed GSNETX’s 92-acre Camp Whispering Cedars, the organization’s oldest property, into a year-round facility that supports GSNETX’s mission to expand STEM education for girls. GSNETX deliberately chose to create a dedicated STEM facility at this camp — GSNETX’s only urban campsite — because of the camp’s proximity to businesses, program providers, and low-income girls living in Dallas. The Center’s success has generated significant attention in the Girl Scout community nationwide and was the catalyst for the STEM Pledge, an initiative which aims to add 2.5 million girls to the STEM workforce pipeline by 2025.

In 2016, DDF supported the STEM Center of Excellence with \$6MM of NMTC allocation (alongside \$2MM of NMTC allocation from Capital One). This first NMTC transaction supported the construction of the project’s Welcome Center, Program Center, Leadership Center, Observation Tower, and Aquatics Center. It also included major renovations of 22,000 SF of existing cabins and other camp facilities, as well as extensive site work and infrastructure development, including new trails, outdoor activity areas, and landscaping.

Since completing the aforementioned project components, GSNETX has invested—and continues to invest in—approximately \$5.5 million of its own funds to further expand and enhance the STEM Center of Excellence. Additional project components that were not supported by the first NMTC transaction include a robotics and innovation center, a STEM-focused Maker’s Space, new equipment and technology, and infrastructure and security upgrades to support increased camp usage. These various investments totaling \$5.5 million would be supported with DDF allocation in this second NMTC transaction.

The project site is located at 6010 Whispering Cedars Drive in Southern Dallas and accessible to I-20, I-30, and I-35E. The site is located in a Texas Enterprise Zone and qualifies as highly-distressed with a median family income of 59.6% of the metro median and an unemployment rate of 12.7% (1.53x the national average).

Related/Sponsoring Entities

The NMTC borrower is GSNETX Stem Center of Excellence, a nonprofit affiliate of GSNETX, which owns and improves the Project site and leases the facility back to GSNETX itself for operation.

Financing Terms

NMTC Allocation

Up to \$5.5 million in allocation from Dallas Development Fund

NMTC Investor

Capital One, N.A. ("Capital One")

Anticipated Closing Costs and Fees

Dallas Development Fund will charge upfront fees totaling 4% of the QEI (estimated at \$220,000). In addition, DDF will charge an annual Asset Management Fee of \$19,250 per year.

DDF will separately secure reimbursement for costs associated with closing this transaction, as well as audit and tax return preparation costs associated with maintaining the financing structure during the 7-year NMTC compliance period.

Financing Structure

As NMTC Equity investor, Capital One is anticipated to provide a total of approximately \$1.74 million in NMTC Equity (\$0.81 pricing) to support the \$5.5 million in total allocation from DDF. GSNETX will provide approximately \$3.87 million in the form of a "Leverage Loan" for the transaction. The underlying sources for the Leverage Loan will be from a monetization/recapitalization of eligible project expenditures incurred by GSNETX within prior 24 months and paid for by capital campaign proceeds. Capital One will form a special purpose investment fund entity and will be responsible for management of this fund. The equity and leverage debt will be combined to capitalize an investment fund (a subsidiary of Capital One), which in turn will make a Qualified Equity Investment (QEI) of up to \$5.5 million into a subsidiary of Dallas Development Fund ("DDF Sub-CDE") and pay a 2% CDE Fee to DDF.

Dallas Development Fund (DDF) through the aforementioned Sub-CDE will in turn make Qualified Low-Income Community Investment (QLICI) loan to the QALICB. Pursuant to DDF's Allocation Agreement, DDF will take a fee of 2% of the QEI in order to finance its activities. The total QLICI loans to the QALICB will be up to approximately \$5.39 million

Closing Timeline

This project financing is expected to close by July 2019.

Community Benefits and Need for Assistance

Community Benefits

Increase the Number of Individuals Served. By 2025, GSNETX expects the STEM Center of Excellence to serve 18,300 individuals each year. In 2018, the STEM Center of Excellence served nearly 15,000 individuals, far exceeding the original projection of 3,500. In 2018, 52% of visitors were from the City of Dallas, 35% lived in Southern Dallas, and 40% came from low-income communities. Field trips represented one of the biggest growth areas for the STEM Center, as the site's urban location and low cost make it an affordable option for Dallas Independent School District (DISD) and other local schools. Of the 7,200 students who visited on field trips in 2018, more than half came from Southern Dallas and 55% came from low-income communities.

New and Enhanced STEM Education. The STEM Center offers year-round opportunities in robotics, coding, engineering, chemistry, and environmental sciences through field trips, STEM workshops, DIY activities, overnight and summer camps, and weekend programs. GSNETX partners with industry and academic leaders such as Texas Instruments, AT&T, the Dallas Zoo, and Southern Methodist University to develop innovative programming. They also partner with nonprofits like the Junior League of Dallas and Camp Intact to offer STEM programming for low-income girls and homeless youth.

The ultimate goal of the STEM Center is to attract more young women to STEM careers and develop the workforce pipeline for future female STEM leaders. The Girl Scout Research Institute found that while 74% of teen girls are interested in STEM fields, only 13% say it is their first career choice and a majority believe they'd have to work harder than men in the field to be taken seriously. GSNETX is actively combatting this stigma and empowering girls, demonstrated by nearly 70% of girls who visited the STEM Center showing a high interest in STEM and more than 60% demonstrating high STEM confidence.

Quality Jobs. The STEM Center employed 16 full-time and 14 part-time workers in 2018, including 7 full-time AmeriCorps staff. These numbers exceeded GSNETX's projections, and they anticipate hiring 8 additional full-time positions by the end of 2019. All full-time staff receive benefits including employer-covered health insurance, a 403(b) plan with employer match, and paid vacation time.

Sustainability. The STEM Center is Green Business Certified and includes a myriad of eco-friendly features such as solar panels, rainwater collection, a vegetative roof, LED lighting, low-flow plumbing, and drought-resistant landscaping. These features are both sustainable and provide educational opportunities for girls to learn about environmental stewardship and energy efficiency.

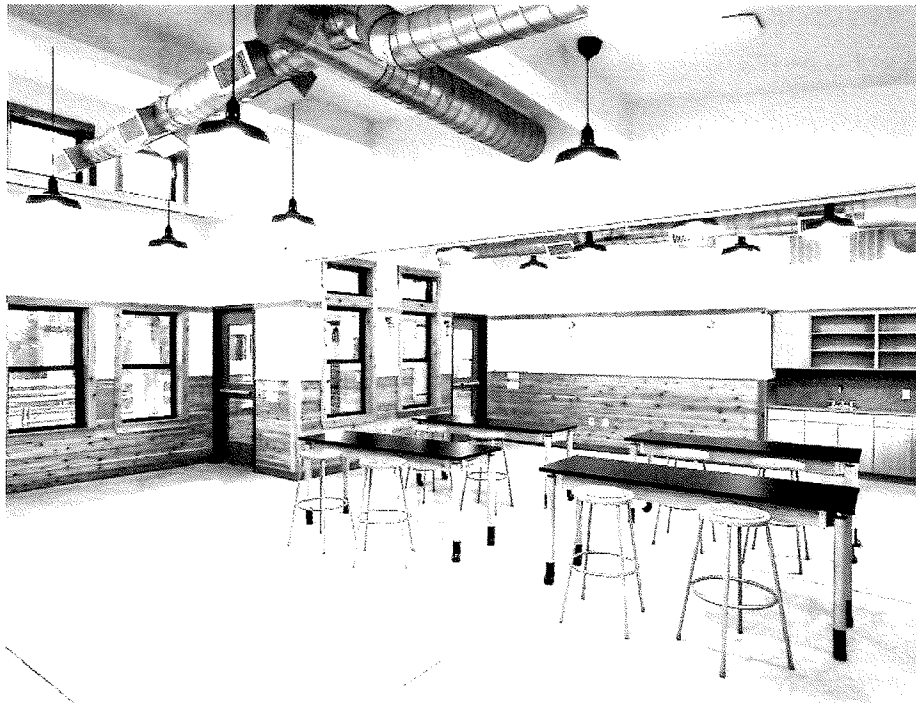
Need For NMTC Assistance

NMTC financing will allow GSNETX to expand its capacity to provide STEM and outdoor learning facilities to girls and youth in the City of Dallas, particularly those living in South Dallas near the camp through their Girl Scout Academy program, community outreach programs, and school field trips. The original base project costs came in higher than anticipated and given the significant interest in the project, additional facilities, security, and infrastructure were required, none of which were anticipated in original capital campaign scope supporting the project. After several years of fundraising for the Center, GSNETX has exhausted local donors for capital expenditures. GSNETX will leverage the NMTC financing to gain new donor support for the project from corporate, foundation and university partners with a focus on supporting the facility's ongoing operations.

Exhibit 1: Project Images



Welcome Center, Program Center, and Observation Tower



Interior of Program Center



Observation Tower



Exploration Center

Exhibit 2: Project Budget (preliminary - subject to change)

Total Sources	
DDF Gross Subsidy ("B Note") - 2019 deal	\$1,517,450
DDF Gross Subsidy ("B Note") - 2016 deal	\$1,749,000
Capital One Gross Subsidy ("B Note") - 2016 deal	\$663,000
GSNETX Capital Campaign Proceeds	\$10,187,932
Total Sources	\$14,117,382
Total Uses	
Land and Site Work	
Land Acquisition	\$140,940
Site Infrastructure	\$1,447,827
Outdoor Recreation/Educational Infrastructure	\$853,421
New Building Construction	
Welcome Center and Girl Program Center	\$1,778,277
Pool and Aquatic Center	\$1,584,216
Observation Tower and Courtyard	\$1,382,850
Girl Exploration Center	\$1,194,437
Leadership Center/Health Lodge	\$1,159,646
Templeton Lodge	\$747,669
Innovation Center	\$366,293
Pavilion/studio/program spaces	\$350,000
Building Renovations	\$1,136,654
STEM Equipment	\$198,514
P&P Bonds	\$49,819
Estimated Base Project Costs	\$12,390,562
NMTC Costs (2016 deal)	\$1,146,071
Estimated NMTC Closings Costs (2019 deal)	\$350,000
Reserve for DDF Ongoing Fees (2019 deal)	\$230,750
Total Uses	\$14,117,382