

Exhibit A

Cedars TIF District FY 2018-2019 Annual Report



Four Corners Brewery Co.
(Source: City of Dallas-Office of Economic Development)



City of Dallas

Office of Economic Development
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http://www.dallas-ecodev.org/area_redevelopment.html/

October 1, 2018 to September 30, 2019

Cedars Tax Increment Financing District



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Mission Statement

The mission of the Cedars TIF District is to attract new residential and commercial development, facilitate growth and increase its tax base, capitalizing on the District's proximity to Downtown Dallas and major transportation arteries.

The Dallas City Council established the Cedars TIF District and the Board of Directors by Ordinance No. 21492, on December 9, 1992, as amended. The TIF District took effect on January 1, 1993 and is scheduled to terminate on December 31, 2022 (including collection of the 2022 increment in calendar year 2023 and any related matters to be concluded in 2023).

The District's participating taxing jurisdictions are the City of Dallas, Dallas County, Dallas County Hospital District (DCHD) and Dallas Independent School District (DISD). The annual participation rates for the taxing jurisdictions are as follows:

- The City's annual participation rate was 100% in 1993 through 2012. Its participation rate decreased to 90% in 2013 and thereafter.
- Dallas County's participation rate was 65% in 1993 through 2012. The County's annual participation rate increased to 75% in 2013 and thereafter.
- Dallas County Hospital District's (DCHD) participation rate was 65% in 1993 through 2012.
- Dallas Independent School District's (DISD) participation rate was 50% in 1993 through 2012.

District Projects

Projects Within the TIF District Utilizing TIF Funding ¹							
Project	Location	Calendar Year Complete	Status	Units/SF ²	Approx. Value ³	TIF Investment	
Metroplex Greenhaven Landscaping Service	1919 S Harwood St	2002	Complete	11,368 sf commercial	\$775,630	\$12,089	
McKee Row Homes I	1500-1510 McKee St	2005	Complete	6 row homes	\$1,824,660	\$143,350	
McKee Row II	1512-1516 McKee St	2006	Complete	3 row homes	\$939,750	\$10,045	
Seegar Row Homes	1525-1603 Seegar St	2006	Complete	7 row homes	\$1,872,130	\$25,000	
Buzz Condos	1111 S Akard St	2007	Complete	49 condos	\$10,416,780	\$459,061	
Millers Ferry Row	1803-1823 S Ervay St 1602 Beaumont St 1817 Millers Ferry Row	2007	Complete	13 row homes	\$2,801,000	\$185,490	
The Beat at South Side Station	1001 Belleview St	2009	Complete	75 condos	\$24,640,160	\$798,257	
The Belleview (aka 1400 Belleview)	1400 Belleview St	2015	Complete	164 apts 5,000 sf retail/flex space	\$5,351,000	\$1,657,916	
Belleview Browder District-wide Improvements	Belleview St from Browder St to S Akard St; Gould St from Belleview St to Sullivan Dr; Browder St from Belleview St to Sullivan Dr; Sullivan Dr from Browder St to S Ervay St	2015	Complete	N/A	-	\$441,225	
Lorenzo Hotel	1011 S. Akard St	2017	Complete	237 hotel rooms 1,800 sf retail	\$15,213,730	\$2,285,071	
Dallas Heritage Village ⁴	1515 S. Harwood St.	2021	In progress	5,180 sf comm/flex	N/A	\$650,000	
				Subtotal	317 res. units 237 hotel rooms 6,800 sf retail 16,548 sf comm/flex space	\$63,834,840	\$6,667,504
Projects Within the TIF District Not Utilizing TIF Funding ¹							
Project	Location	Calendar Year Complete	Status	Units/SF ²	Approx. Value ³	TIF Investment	
1519 Beaumont St	1519 Beaumont St	1995 and 2010	Complete	6 apts	\$1,381,880	\$0	

Cedars Corner	1108 S Akard St	1998	Complete	20 apts	\$845,520	\$0
Dallas Police Assoc. Headquarters	1412 N Griffin St	2003	Complete	11,150 sf office	\$1,063,120	\$0
Resource One Credit Union expansion ⁴	1200 Belleview Street	2003	Complete	13,430 sf office	\$929,140	\$0
Dallas Police Headquarters ⁴	1400 S Lamar St	2003	Complete	358,758 sf office	\$20,017,580	\$0
Monicas Mex Tex Cantina (formerly Cedars Social)	1326 S Lamar St	2005	Complete	3,000 sf restaurant	\$150,000	\$0
Urban Lofts – Akard	1203-1223, 1204-1218 Urban Lofts Dr	2008	Complete	15 townhomes	\$4,637,270	\$0
Off the Bone BBQ	1734 S Lamar St	2008	Complete	829 sf restaurant	\$349,350	\$0
Edison's	1724 Cockrell Ave	2008	Complete	15,000 sf comm	\$748,740	\$0
Buzzworks	2001 Gould St	2016	Complete	2,100 sf flex space	\$743,400	\$0
Browder Park Place	1815 Browder Street	2017	Complete	6 townhomes	\$2,658,680	\$0
Four Corners Brewery	1311 S Ervay St	2017	Complete	47,358 sf retail/rest.	\$3,200,000	\$0
Digit 1919	1919 S Akard St	2017	Complete	102 apts	\$15,500,000	\$0
Sandwich Hag	1902 S. Lamar St.	2017	Complete	630 sf restaurant	\$130,000	\$0
Gould Green	1708-1712 Gould St	2017	Complete	2 res units	\$967,100	\$0
Wall Street Lofts	1204-1235 Hyde Crt 1203-1213 Silver Mill Crt	2018	Complete	14 townhomes	\$6,401,470	\$0
7-Eleven	913 Powhattan	2018	Complete	3,500 sf retail	\$2,808,870	\$0
Southside Place David Weekly Homes	1310-1380 Fitts Pl 1304-1374 Romano Pl 1310-1395 Branchwood Pl 1308-1393 Arch Pl	2019	Under Construction	41 detached homes	\$19,284,760	\$0
Lamar Loft Conversion (former Lamar School)	1403 Corinth Street	TBD	Under Construction	30 apts	\$3,200,000	\$0
Destination Residences	1112 Peters St.	TBD	Under Construction	62 condos	\$7,000,000	\$0
Galleries on Hickory	1509-1527 Hickory St 1814-1820 Browder St	TBD	Under Construction	24 res. units (for sale)	\$8,900,000	\$0
Texas InTown Homes	1700 Cockrell St	2023	Planned	82 townhomes	\$20,000,000	\$0

				404 res. units 55,317 sf retail/rest. 400,438 sf comm/office/flex space	\$120,916,880	\$0	
Subtotal							
Projects Within the TIF District Utilizing Tax Abatements ¹							
Project	Location	Calendar Year Complete	Status	Units/SF ²	Approx. Value ³	Est. Tax Abatement	
South Side Flats	1210 S Lamar St	\$39,270,000	\$39,270,000	\$39,270,000	\$39,270,000	\$1,938,897	
Subtotal				290 res. units 6,560 sf retail	\$39,270,000	\$1,938,897	
				Total	1,011 res. units 237 hotel rooms 68,677 sf retail/rest. 416,986 comm/office/flex space	\$224,021,720	\$8,606,401
¹ All information updated as of September 30, 2019. ² Based upon information from developer, news articles and/or project announcements for projects under construction, announced or planned. For completed projects, information is actual unit mix and square footage. ³ Based upon 1) DCAD market value for completed projects (unless project has not yet been assessed and 2) estimated DCAD value for projects under construction, planned or announced. ⁴ Tax exempt property, DCAD market value shown if available.							

TIF District Initiatives				
Activity	Scope	Status	Investment	Source
Cedars Traffic Study	Whole District	Complete	\$88,149	Cedars TIF funds
South Side Pedestrian Improvement Project (funded through a Sustainable Development Grant from NCTCOG using federal Congestion Mitigation and Air Quality funds (CMAQ))	South Lamar Street and Belleview Street	Complete	\$4,532,170	Federal grant
			\$500,000	1995 Bond funds (local match)
			\$66,521	Cedars TIF funds (approved in FY 2007)
			\$566,521	Matthews Southwest
			\$230,000	1998 Bond funds
			\$207,830	Cedars TIF funds / District-wide Improvements Set-aside (approved in FY 2012)
			\$207,830	Matthew Southwest (additional match)
Total:			\$6,399,021	

Mixed-Income Housing Summary

Successful development efforts support a variety of housing options. In 1992, when the Cedars TIF District was originally created, the City’s TIF Policy did not require Mixed-Income Housing as part of residential development. In 2005, the TIF Policy was amended to require a percentage of units in TIF-supported residential projects to be set aside as affordable. When the term of the District was extended in 2011, mixed-income housing became a requirement. Twenty percent (20%) of all housing units in projects using direct, site-specific TIF funding assistance, after 2011, are subject to the City’s and County’s established criteria for mixed income housing. In the Cedars TIF District, a total of 317 units were constructed with the support of TIF funding and, of these units, 164 (52%) are currently set-aside as affordable.

Mixed Income Housing Summary for Cedars TIF District	
Residential Units Created <i>(supported by TIF funds)</i>	317
Affordable Units Created by TIF Projects	164
Residential Units Created, Under Construction or Planned <i>(not supported by TIF funds)</i>	694
Total new units	1011

Value and Increment Revenue Summary

The Cedars TIF District’s 1992 assessed taxable value was \$35,300,760. The District’s 2019 taxable value is \$250,585,066, as determined by the Dallas Central Appraisal District. This represents an increase of \$215,284,306 (610%) over the 1992 base year value.

The District’s value increased by \$60,453,802 (32%) from the previous year’s value (\$190,131,264). This increase in District value will result in the collection of approximately \$1,897,225 (City - \$1,504,708; County - \$392,517) in incremental revenue for the District.

Objectives, Programs and Success Indicators

The Cedars Final Project Plan and Reinvestment Zone Financing Plan was approved on April 9, 1997. The Plan has been amended three times, most recently on June 22, 2011. The defined development goals are summarized below:

- Improve the infrastructure within and adjacent to the District to promote new investment.

Projects that have contributed to the fulfillment of this goal are as follows:

- *On September 25, 2013, City Council approved up to \$441,225 in TIF Funding for the Belleview Browder District-wide Improvements project. The project, which was completed during that fiscal year, included the construction of several needed public improvements (franchise utility relocation, street lighting, street improvements, streetscape improvements and water-wastewater/drainage improvements) that were not included in the 1400 Belleview project's original scope of work. These improvements replaced sub-standard public infrastructure and provided much of the needed infrastructure to allow the redevelopment of approximately 6.05 acres of property that is adjacent to the project.*
- *On June 27, 2012, City Council approved up to \$207,830 in additional TIF funding to match up to \$207,830 in additional funding from Matthew Southwest for cost overruns related to the Southside Pedestrian Improvement project. City Council had previously approved \$66,521 in TIF funding for the project on May 23, 2007. This leveraged approximately \$5,098,691 in private and federal funds for sidewalk and streetscape improvements on South Lamar Street and along Belleview Street from the Convention Center to the Cedars DART station. The project was completed during FY 2013.*
- *On June 22, 2011, City Council approved up to \$1,657,916 in TIF funding for the 1400 Belleview project which included infrastructure improvements along Belleview Street from Browder Street to Akard Street, Gould Street from Belleview Street to Sullivan Street, and Browder Street from Belleview Street to Sullivan Street. The project was completed in 2015.*
- *On April 11, 2007, City Council approved up to \$192,000 in TIF funding for the Millers Ferry Row Town Homes project which included streetscape improvements along South Ervay Street. The project was completed during 2007.*
- *On August 9, 2006, City Council approved up to \$1,500,000 in TIF funding for The Beat at South Side Station project which included street and streetscape improvements on Belleview Street, Lamar Street, and Powhattan Street. The project was completed during 2009.*

- *On September 14, 2005, City Council approved up to \$564,462 in TIF funding for the Buzz Condominiums project which included street and streetscape improvements on South Akard Street and West Griffin Street. The project was completed during 2007.*

- Add 700 residential units

To date 772 residential units have been added to the District, exceeding the goal. An additional 239 residential units are either under construction or planned for the District.

- Add 400 hotel/motel rooms

To date, 237 hotel rooms have been added to the District (59% of the goal).

- Add 55,000 square feet of retail space

To date, approximately 68,677 square feet of retail/restaurant space has been added to the Cedars TIF District, exceeding the goal.

Recent projects that contributed to the fulfillment of this goal are listed below:

- *In August 2017, Sandwich Hag opened at 1902 Lamar Street, a Vietnamese kitchen specializing in BÁNH MÌ sandwiches, adding approximately 630 square feet of restaurant space within in the District.*
- *In September 2017, Four Corners Brewery relocated to the Cedars area, adding approximately 47,358 square feet of entertainment and restaurant space within the District.*
- *7Eleven on South Lamar Street added approximately 3,500 square feet of retail within the District.*

- Add 300,000 square feet of service center/flex office space

To date, approximately 416,986 square feet of service center/flex office space has been added to the District, far exceeding the goal.

Significant projects that contributed to the fulfillment of this goal are listed below:

- *Dallas Police Association Headquarters added 11,150 square feet of office space.*
- *Resource One Credit Union's expansion added 13,430 square feet of office space.*
- *Dallas Police Headquarters added 358,758 square feet of office space.*

Year-End Summary of Meetings and Council Items

The Cedars TIF District Board of Directors met twice during the 2019 fiscal year: October 18, 2018 and January 16, 2019.

The Board of Directors consists of nine (9) members, including six (6) City of Dallas appointees, one (1) Dallas County appointee, one (1) Dallas Independent School District (DISD) appointee and one (1) Dallas County Hospital District (DCHD) appointee. The TIF Board consisted of the following members during the fiscal year:

Michael J. Barrett, Chair and City appointee (attended 2 of 2 meetings)
Kendra Ramick, City appointee (attended 1 of 2 meetings)
Philip T. Robinson, City appointee (attended 2 of 2 meetings)
Darlene Schneider, City appointee (attended 2 of 2 meetings)
Veronica Simmons, City appointee (attended 2 of 2 meetings)
Mark R. Stephens, City appointee (attended 1 of 2 meetings)
Orlando Alameda, DISD appointee (attended 1 of 2 meetings)
Rick Loessberg, Dallas County appointee (attended 2 of 2 meetings)
Joe Mayer, DCHD appointee (attended 1 of 2 meetings)

The Dallas City Council approved two (2) items during the fiscal year related to the District:

On February 27, 2019, City Council approved Resolution No. 19-0362 accepting the FY 2017-2018 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Four, (Cedars TIF District), submitted by the Cedars TIF District's Board of Directors, and authorizing the City Manager to submit the annual report to the Chief Executive Officer of each taxing jurisdiction that levies taxes on real property in the District, and to the State Comptroller, as required by state law.

On June 12, 2019, City Council approved Resolution No. 19-0918 authorizing (1) a development agreement with the Dallas County Heritage Society, Inc. in an amount not to exceed \$650,000.00 payable from existing and/or future Cedars TIF District Funds, to support restoration of the Park Avenue House and Rall House to be used as co-working office space at the Dallas Heritage Village located at 1515 South Harwood Street; and (2) an increase in appropriations in an amount not to exceed \$650,000.00 in the Cedars TIF District Fund.

Budget and Spending Status

The Cedars TIF District's Project Plan and Reinvestment Zone Financing Plan established a budget for the public improvement expenditures that are necessary to support private investment. The District's budget and spending to date are provided on the following charts:

Cedars TIF District Projected Increment Revenues to Retire TIF Fund Obligations*			
Category	TIF Budget (Total Dollars)	Allocated	Balance
Infrastructure Improvements - Street Construction/Streetscape/Water/Wastewater/Drainage Improvements/East-West Corridor Construction/Public Open Spaces/ Economic Development Grants	\$9,155,813	\$6,380,004	\$2,775,809
Environmental Remediation	\$3,059,572	\$0	\$3,059,572
Education/Educational Facility Improvements/Public Improvements Adjacent to Educational Facilities	\$4,589,358	\$0	\$4,589,358
Administration and Implementation**	\$1,101,446	\$967,752	\$133,694
Total Project Costs	\$17,906,189	\$7,347,756	\$10,558,433

*Budget shown in current dollars as of September 30, 2019. TIF Project Plan shows the budget in 1992 NPV.
**Administration and Implementation costs for FY 2019 are not included in the above allocation.

Cedars TIF District Project Plan Budget	
Category	TIF Budget (NPV)
Infrastructure Improvements – Street Construction/Streetscape/Water/Wastewater/Drainage Improvements/East-West Corridor Construction/Public Open Spaces/Economic Development Grants	\$4,356,097
Environmental Remediation	\$1,000,000
Education/Educational Facility Improvements/Public Improvements Adjacent to Educational Facilities	\$1,500,000
Administration and Implementation	\$360,000
Total Project Costs	\$7,216,097

All values discounted to 1992 dollars at 5.00% annually. Actual expenditures will depend on the timing of project costs.

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 of completed public improvements.

Cedars TIF District M/WBE Participation			
Project	Contractor	Total Contract Award Amount	Percentage Minority Participation
The Beat	Varies	\$14,269,586	17.21%
1400 Belleview – Public (Goal – 25%)	Varies	\$1,657,916	69.55%
1400 Belleview – Private (Goal – 10%)	Varies	\$17,000,000	10.40%
Total		\$32,927,502	16.33%

FY 2019-2020 Work Program

The FY 2019-2020 Work Program for the Cedars TIF District includes:

- Adoption of FY 2018-2019 Annual Report
- Complete audit of TIF projects completed within the District and make TIF payments to eligible projects in 2020
- Work with the TIF Board to assess public infrastructure needs throughout the District and develop a plan for completing as many improvement projects that can be supported by funds in the District-Wide Improvements Set-Aside

Appendix A: Financials

City of Dallas, Texas
Cedars Tax Increment Financing District Fund
Balance Sheet as of September 30, 2019 (Unaudited)
With Comparative Totals for September 30, 2018, 2017, 2016, and 2015 (Audited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:					
Pooled cash and cash equivalents	\$3,381,176	\$3,109,387	\$2,383,947	\$2,344,223	\$1,767,116
Interest receivable	\$3,667	\$7,139	\$5,882	\$3,185	\$2,848
Total assets	<u>\$3,384,843</u>	<u>\$3,116,526</u>	<u>\$2,389,829</u>	<u>\$2,347,408</u>	<u>\$1,769,964</u>
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$0	\$0	\$0	\$0
Due to general fund	\$26,313	\$0	\$12,770	\$12,770	\$12,770
Accrued liability	\$0	\$0	\$0	\$0	\$0
Total liabilities	<u>\$26,313</u>	<u>\$0</u>	<u>\$12,770</u>	<u>\$12,770</u>	<u>\$12,770</u>
Fund Balance (Deficit):					
Fund Balance - Restricted	<u>\$3,358,529</u>	<u>\$3,116,525</u>	<u>\$2,377,058</u>	<u>\$2,334,637</u>	<u>\$1,757,194</u>
Total Liabilities and Fund Equity	<u>\$3,384,842</u>	<u>\$3,116,525</u>	<u>\$2,389,829</u>	<u>\$2,347,407</u>	<u>\$1,769,964</u>

City of Dallas, Texas
Cedars Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
For the Period September 30, 2019 (Unaudited)
With Comparative Totals for September 30, 2018, 2017, 2016, and 2015 (Audited)

	<u>ITD</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Tax increment-Governmental	\$6,315,449	\$1,064,886	\$701,950	\$528,406	\$482,036	\$352,698
Tax increment-Intergovernmental	\$3,404,842	\$282,553	\$161,506	\$166,819	\$104,125	\$78,506
Interest income	\$313,968	\$55,377	\$34,624	\$25,467	\$16,143	\$9,501
Grant from City	\$125,000	\$0	\$0	\$0	\$0	\$0
Net increase (decrease) in fair value of investments	\$842	\$16,943	(\$8,473)	(\$7,362)	(\$408)	\$3,860
Total revenues	<u>\$10,160,101</u>	<u>\$1,419,760</u>	<u>\$889,606</u>	<u>\$713,330</u>	<u>\$601,897</u>	<u>\$444,566</u>
Expenditures:						
Administrative expenses	\$969,253	\$27,815	\$0	\$57,683	\$24,454	\$50,171
Non-Capital Outlay	\$2,122,615	\$1,149,940	\$150,139	\$613,226	\$0	\$0
Capital outlay	\$3,706,503	\$0	\$0	\$0	\$0	\$24,728
Interest and fiscal charges	\$3,472	\$0	\$0	\$0	\$0	\$0
Total expenditures	<u>\$6,801,844</u>	<u>\$1,177,756</u>	<u>\$150,139</u>	<u>\$670,909</u>	<u>\$24,454</u>	<u>\$74,899</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$3,358,257</u>	<u>\$242,004</u>	<u>\$739,467</u>	<u>\$42,421</u>	<u>\$577,444</u>	<u>\$369,666</u>
Fund balance (Deficit) at beginning of year						
as previously reported	\$0	\$3,116,525	\$2,377,058	\$2,334,637	\$1,757,194	\$1,387,527
Prior period restatement	\$272	\$0	\$0	\$0	\$0	\$0
Fund balance (Deficit) at beginning of year, as restated	<u>\$272</u>	<u>\$3,116,525</u>	<u>\$2,377,058</u>	<u>\$2,334,637</u>	<u>\$1,757,194</u>	<u>\$1,387,527</u>
Fund balance (deficit) at end of year	<u>\$3,358,529</u>	<u>\$3,358,529</u>	<u>\$3,116,525</u>	<u>\$2,377,058</u>	<u>\$2,334,637</u>	<u>\$1,757,194</u>

Note: Fiscal year 2018-19 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
 Cedars Tax Increment Financing
 Reinvestment Zone Number Five
 As of September 30, 2019

Chapter 311.016 of V.C.T.A. requires the following 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:

\$72,320	Interest Income
\$1,347,439	Ad Valorem Taxes (Collected in FY'2018-19 based on 2018 Final Tax Roll)
<u>\$1,419,760</u>	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$27,815	Administrative Expense - TIF admin costs for fiscal year 2018.
\$1,149,940	Non-Capital outlay
\$0	Capital outlay
\$0	Additional Subsidy in Form of Grant (in lieu of interest expense)
<u>\$1,177,756</u>	Total Expenditures

TIF Admin is \$26,313.22 and PNV costs are \$1,502.02 for a combined total admin cost of \$27,815. Actual FY 2018- 2019 (in Process) Admin costs will be reflected in the FY 2019- 2020 Financial Statements.

Non-Capital Outlay expenditures includes:

Partial reimbursement of grant to TEOF Plaza Hotel \$514,028.

Principal and Interest payment transfer to Housing for the payment of Section 108 HUD loan for the TEOF Project \$635,912.35.

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

Cedars TIF District has incurred no bonded indebtedness as of September 30, 2019.

b. The Zone has entered into an agreement with CMAQ for the sustainable development on Lamar street under a grant of \$66,521 with anticipated completion in 2017.

c. The Zone entered into an agreement with 1400 Belleview GP, LLC to dedicate an amount not to exceed \$441,225 for the Belleview Browder District-wide Improvements project. Reimbursement of its TIF-eligible project costs began in fiscal year 2014 and was fully reimbursed during fiscal year 2015 from available TIF funds.

d. The Zone entered into an agreement with TEOF Hotel LLC to dedicate an amount not to exceed \$2,285,071 for the Plaza Hotel project. Reimbursement of up to \$1,000,000 for the project's public infrastructure improvements will be made pursuant to an approved monthly draw schedule and/or submission of invoices for completed work, subject to the availability of TIF funds. After the project's completion, the reimbursement of \$1,285,071 for TIF-eligible project costs will be made in five annual payments of \$257,014, subject to the availability of TIF funds. The Project payments as of September 30, 2019 are as follows:

Project	Accrued		Less	Total
	Principal	Add'l Subsidy ¹	Payments	Outstanding
TEOF Plaza Hotel	\$2,285,071	\$0	\$1,912,244	\$372,827
Total	<u>\$2,285,071</u>	<u>\$0</u>	<u>\$1,912,244</u>	<u>\$372,827</u>

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

e. The Zone entered into a development agreement with Dig It! Development, LLC to dedicate an amount not to exceed \$490,700 for the Galleries on Hickory project. Reimbursement of the project's TIF-eligible project costs will begin after its completion, subject to the availability of TIF funds.

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

Taxing Jurisdiction	Taxable Value 2019	Base Year 1992 Value	Est. Captured Value 2019*
City of Dallas	\$250,585,066	\$35,300,760	\$215,284,306
Dallas County	\$256,711,695	\$35,300,760	\$221,410,935

* Based on Certified Tax Values. Final values will be determined on February 1, 2020.

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	Amount of
		Estimated 2019 Increment
City of Dallas	0.69894	\$1,504,708
Dallas County	0.18233	\$403,687
Total (All Jurisdictions)	<u>\$0.88127</u>	<u>\$1,908,396</u>

b. The total amount of estimated tax increment to be billed for the 2019 tax year is \$1,908,396. For the 2018 tax year, the zone collected \$1,347,439 in increment.

Notes to Financials

City of Dallas, Texas
Cedars Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2019
(Unaudited)

1. The measurement focus used for the TIF Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred.
2. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
3. The TIF's cash balances are invested in the City's investment pool and include amounts in demand deposits as well as short-term investments. Pooled investments and short-term non-pooled investments are treated as cash equivalents. Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.
4. The Zone's Financial Plan provides for staffing and other administrative expenses by the City of Dallas not to exceed \$1,187,237 (in current \$) over the life of the TIF. The City began billing the Zone for administrative costs in FY 1999. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.
5. The Zone has no advances outstanding as of September 30, 2018.
6. "Due to general fund" amount of \$26,313 at September 30, 2019 represents the TIF administration costs for the fiscal year 2018 that have been earned but will be reimbursed to the General Fund in future years based on the availability of TIF funds.
7. Actual FY 2018-2019 (in Process) administration costs will be reflected in the FY 2019-2020 Financial Statements.
8. 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 Lorenzo Hotel project is the only outstanding developer obligation for the District. The obligation will be reimbursed with available TIF funds upon completion of the City’s post-construction audit and in accordance with the project’s development agreement.

Cedars TIF Obligations			
Developer	Project Name	TIF Award	Pay-Off Date
TEOF Hotel LP	Lorenzo Hotel	\$2,285,071	2020

Appendix C – District-wide Set Aside Funds

The TIF Increment Allocation Policy adopted by the TIF Board for the Cedars TIF District currently provides for 10% of annual district increment, after administrative expenses, to be set aside for District-Wide Improvements. To date, approximately \$1,066,692 has been collected and is available for expenditure.

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 original intent was to use these cash reserves to leverage other funding (grants, bonds, private) to meet TIF objectives. Potential uses of the funds based on stakeholder and TIF Board over the last several years include:

- Completion of Belleview Extension
- Heritage Village streetscape improvements
- Park and open space improvements
- Streetscape – sidewalk, pedestrian lighting, landscape/irrigation