

Exhibit A

**Grand Park South TIF District
FY 2018-2019
Annual Report**



City of Dallas

Office of Economic Development
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October 1, 2018 to September 30, 2019

Reinvestment Zone Number Thirteen Tax Increment Financing District

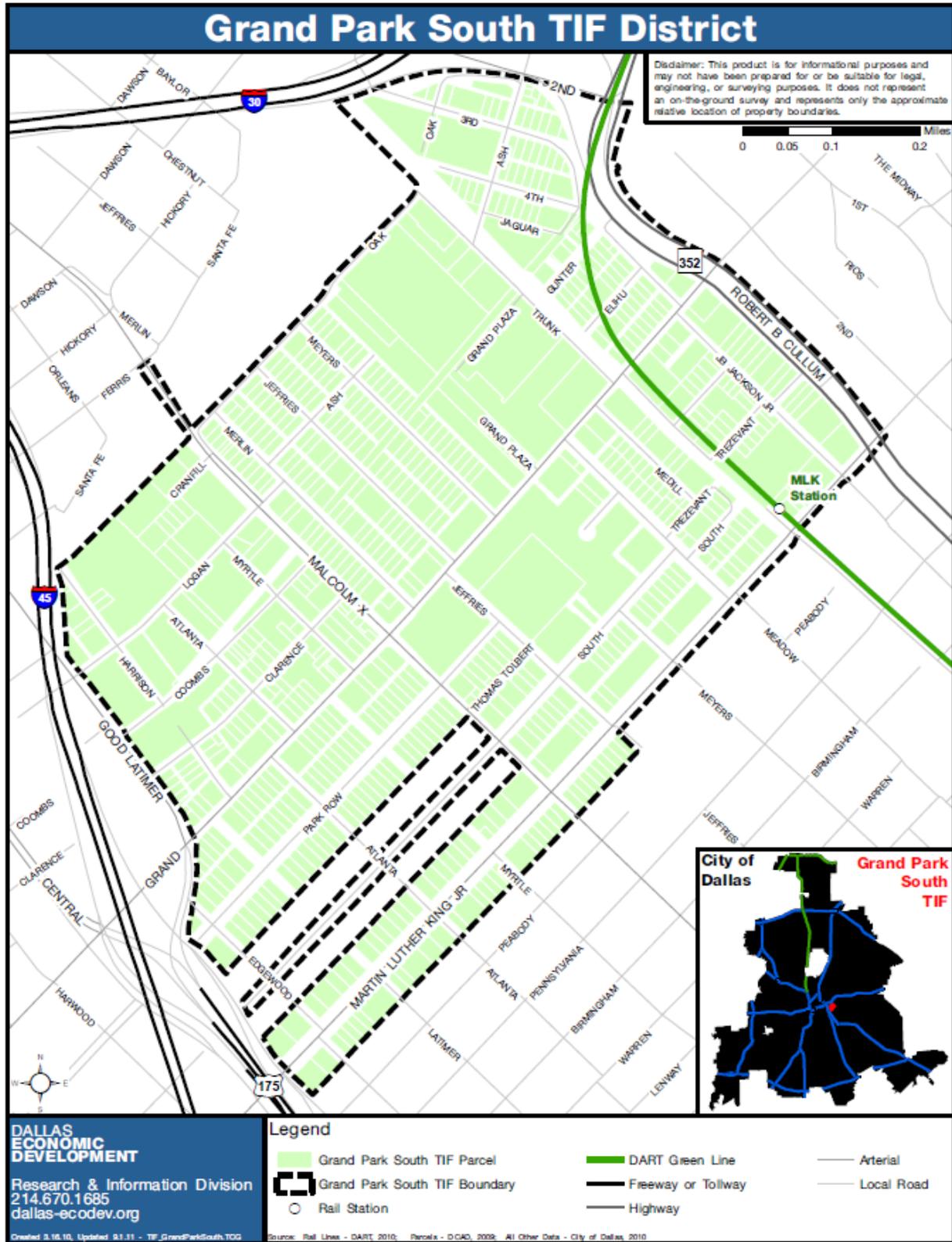


Table of Contents

Mission Statement.....	4
District Accomplishments	4
Current Development Status	5
Mixed Income Housing Summary	6
Value and Increment Revenue Summary.....	6
Objectives, Programs and Success Indicators	6
Year-End Summary of Meetings	10
Budget and Spending Status.....	11
FY 2020 Work Program.....	12
Appendix A: Financials.....	13
Appendix B: Financial Obligations Estimated Payoff	17
Appendix C: District-Wide Set Aside Funds	18

Front cover shows the 3221 Flats (built by Urban Mixed-Use, LLC) completed 2014.

Mission Statement

The mission of the Grand Park South TIF District is to provide a source of funding for public infrastructure improvements necessary to enhance the real estate market for the Grand Park South TIF District area. The Grand Park South TIF District represents the outgrowth of the City of Dallas' effort to provide a model for redeveloping a former residential area in decline to take full advantage of the expanding DART light rail system, to promote transit oriented development in the historical context of the neighborhood, to implement appropriate urban design standards, and to improve the quality of development south of downtown.

The Dallas City Council established the Grand Park South TIF District by Ordinance Number 26147 on October 26, 2005. The Grand Park South District took effect on January 1, 2006 and is scheduled to terminate on December 31, 2035 (including collection of the 2035 increment in calendar year 2036 and any related matters to be concluded in 2036) or when the budget of \$29.8 million (2006 dollars) has been collected. The City of Dallas and Dallas County are the two participating jurisdictions. The City's participation is 90%, and the County's participation is 65%.

District Accomplishments

The Grand Park South TIF District is composed of neighborhoods to the south of Fair Park including the Al Lipscomb Way, Martin Luther King, Jr. Boulevard, and Malcolm X Boulevard corridors. The District exhibits deteriorated structures, inadequate sidewalks and streets, faulty lot layouts, unsanitary or unsafe conditions, and deteriorated site improvements. These conditions substantially arrest or impair the sound growth of the City and property within the area. The District's strengths include the following:

- Proximity to downtown
- Adjacency to Fair Park
- J.B. Jackson Transit Center which includes DART's Green Line MLK Station
- South Boulevard – Park Row Historic District
- Includes the intersection of Malcolm X and Martin Luther King, Jr. Boulevards, one of only a few such intersections in the country.

Although the pace of new development has been slower than originally anticipated, some development activity has occurred in the District as noted in the chart below. Staff will continue to explore options to encourage more development.

Current Development Status in the District Grand Park South TIF District Projects

Grand Park South TIF District – Past, Current and Anticipated Projects¹						
Projects Within TIF District Utilizing TIF Funding						
Project	Location	Units ²	Status	Year Complete	Approx. Investment ³	TIF Investment ⁴
<i>There are currently no projects utilizing TIF funds</i>						
Grand Park South TIF District – Past, Current and Anticipated Projects¹						
Projects Within TIF District Not Utilizing TIF Funding						
Project	Location	Units and/or size ²	Status	Year Complete	Approx. Investment ³	TIF Investment ⁴
Fair Park Estates, Phase I	Malcolm X Blvd. & Park Row Avenue; South Blvd. & Jefferies St.	30 Houses	Completed	2014	\$3,533,030	\$0
Fair Park Estates, Phase II		8 Houses, 4 Townhomes	6 Single Family Homes and 4 townhomes completed; 2 units planned	2017-2018	\$1,237,410	\$0
Urban Mixed-Use, LLC Ph I Project (3221 Flats)	3221 Elihu Street	38 apartments	Complete	2014	\$3,600,000	\$0
O'Reilly Auto Parts	3109 MLK Jr. Boulevard	6,000 sf	Complete	2013	\$1,126,180	\$0
Billy Earl Dade Middle School	2727 Al Lipscomb Way	213,616 sf	Complete	2013	\$32,182,840 (Non-Taxable)	\$0
Office Building (Social Security Admin – tenant)	2530 Malcom X Blvd.	12,288 sf	Complete	2014	\$4,100,000	\$0
Total (TIF and Non TIF)					\$13,596,620	
38 Apartments, 36 residential single-family houses, and 4 Townhomes					Completed	
2 single family houses					Planned	
12,288 square feet office					Completed	
213,616 SF Middle School					\$32,182,840 (Non-Taxable)	
<p>¹ All information updated as of September 30, 2019.</p> <p>² 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.</p> <p>³ Based upon 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) DCAD market value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF district for redevelopment projects once pre-existing value and/or the demolition of structures is netted out.</p> <p>⁴ TBD indicates that development agreement has not yet been executed and TIF investment is yet to be determined.</p>						

Mixed Income Housing Summary

Successful development efforts support a variety of housing options. Accordingly, twenty percent (20%) of all housing units in projects using direct site-specific TIF funding assistance are subject to the City's and County's established criteria for mixed income housing. In this District, there are no TIF-funded residential projects.

A total of 38 apartments, 36 residential single-family houses, and 4 townhomes have been completed overall. Another 2 units are planned without any TIF subsidy or affordable units anticipated. However, the current market rents may be affordable relative to area median family income levels. Additional units with other incentives may be under development in the area.

Value and Increment Revenue Summary

The Grand Park South TIF District's City 2019 taxable value was \$69,278,383 and varies for other taxing jurisdictions due to exemption levels. This represents an increase of \$24,428,364 (54%) from the 2005 base year value of \$44,850,019 and an increase of \$497,707 (1%) from the previous year. The TIF District anticipates collecting approximately \$210,081 in incremental tax revenue for tax year 2019.

Objectives, Programs and Success Indicators

The Grand Park South Final Project Plan and Reinvestment Zone Financing Plan was adopted on October 26, 2005 by City Ordinance Number 26773. The plan's defined development goals are provided below:

- Create additional taxable value attributed to new private investment in projects in the Grand Park South TIF District totaling approximately \$579 million.

Property values in the District have begun to increase slowly, just \$24 million in growth since its creation. The pace of new development has been slower than originally envisioned.

DISD's acquisition of property for the new Billy Earl Dade Middle School in the District resulted in a loss of taxable value for the District. The school opened during the 2013-2014 school year.

Positive contributions to the growth in the District include new offices occupied by the Social Security Administration at 2530 Malcom X Boulevard, the Hall Family Phase I 38-unit apartment development and new single-family homes build by Southfair Community Development Corporation. New retail developments include the O'Reilly's Auto Parts at 3109 Martin Luther King Boulevard and the expansion of the Two Podners existing restaurant on Robert B. Cullum Boulevard.

- Encourage transit-oriented development within the District. This includes the creation of a new town center in proximity to DART's MLK Green Line station while providing access and connections to the station that will allow ridership to exceed over 2,400 per day by 2015.

The Green Line's MLK and Fair Park stations opened in September 2009 with an aim toward setting the stage for transit-oriented development throughout the District.

The annualized ridership for FY 2019 for the MLK station is 411,846, according to DART. This represents a 73% increase over the base year (FY 2010) and 7.5% increase from last year. Average daily ridership is 1,312; a 20% increase from last year.

The annualized ridership for FY 2019 for the Fair Park station is 321,668, according to DART. This represents a 18% decline over the base year (FY 2010) and 11% decline from last year. Average daily ridership is 912; a 27% increase from last year. Staff will continue to monitor ridership trends.



MLK station

- Attract new private development in the District totaling approximately 2,400 residential units by 2035, including development of new single-family homes, mid-rise residential, such as town homes, and higher density residential near the MLK Green Line station, while preserving and restoring historic single-family residences.

Upon its completion, the Fair Park Estates project, located along Park Row, Malcolm X Boulevard, South Boulevard, and Jeffries Street will result in 42 residential units. To date, 40 of the project's units have been completed.

An additional two units are planned. Urban Mixed Use LLC also completed in 2016 the first phase of a mixed-use project, constructing 38 multifamily residential units (3.00%). In addition taxable development includes a 12,288 square foot office building and 6,000 square feet of retail.

- Diversify housing options within the District by providing various types of housing, including town home, multi-family, and single-family projects, at a range of price points including approximately 20% of new units at or below 80% of Area Median Income (AMI), 60% of new units at market rate, and 20% of new units above market rate. Replace existing multi-family housing stock in substandard condition (approximately 500 units) with new residential development at 60% of Area Median Income. Expand homeownership opportunities in the district.

There is an ongoing effort to provide a variety of housing options within the Grand Park South TIF District, especially needed market rate housing.

On January 11, 2012, the City approved 2006 bond funding and the use of CDBG grant funds for the Urban Mixed Use LLC. Phase 1 located at 3221 Elihu Street (now called 3221 Flats) with 38 units, completed in 2014.

In Spring 2018, City Council adopted a new Citywide comprehensive housing policy. Future development in the Grand Park South area has the potential to support goals for expanding housing opportunities.



Fair Park Estates
single-family homes

- Grow and diversify retail and commercial uses within the District. Consolidate new retail and other commercial activities to support a new town center in proximity to the MLK Green Line station; create a neighborhood retail center in proximity to the Al Lipscomb Way and Malcolm X Boulevard intersection; enhance retailing opportunities and design through infill development along Martin Luther King, Jr. Boulevard, and, in some cases, convert existing retail and commercial buildings to residential uses. Attract 300,000 square feet of retail space and 150,000 square feet of office or other commercial space in new private development by 2035.

In 2013, O'Reilly Auto Parts opened at 3109 MLK Jr. Boulevard. In 2016, Two Podners expanded their restaurant at 1441 Robert B. Cullum, adding a new retail strip for additional tenants. This reflects the city's goal of retail and commercial activity along Malcolm X Boulevard. The city still aims to increase retail opportunities as the area still suffers from the need for more commercial and retail activity. Also, the City's Complete Streets Initiative has identified Al Lipscomb Way for early implementation of streetscape enhancements such as shared bicycle lanes, enhanced sidewalks and upgraded crosswalks. The Initiative identifies Martin Luther King Jr. Boulevard and Robert B. Cullum Boulevard as mixed-use corridors. South of Martin Luther King, Jr., Robert B. Cullum and Malcolm X Boulevards should transition to residential corridors. Recent improvements to these corridors include Al Lipscomb Way from Malcom X Boulevard to R.B. Cullum Boulevard with paving, drainage, water, streetscape, and pedestrian lighting was completed. Improvements to JB Jackson Jr. Blvd from Al Lipscomb Way to Martin Luther King, Jr. Boulevard, included paving, drainage, water, wastewater, streetscape, and pedestrian lighting.

- Expand parks and open space within the District by encouraging the development of both private and public parks and open space, such as pocket parks, plazas, courtyards, and recreation areas, within walking distance (1/4 mile) of new residential development, especially new mid- and high-density residential development.

The 2012 bond program included \$2,449,000 for Complete Streets improvements on Al Lipscomb Way from Robert B. Cullum to Good Latimer Expressway. The project will include enhanced sidewalks and crosswalks, pedestrian lighting, and landscape and irrigation. Engineering design was completed in Winter 2015. Construction was scheduled to be completed in 2019.

The 2012 bond program included \$468,900, and the Fair Park Area is contributing \$508,000, for improvements on Martin Luther King, Jr. Boulevard from Robert B. Cullum to S.M. Wright Freeway. The project will include bike route improvements, enhanced sidewalks and crosswalks, pedestrian lighting, landscape and irrigation, and mid-block pedestrian

crossings. Engineering design was completed in Winter 2015. Construction was completed Summer 2018.

During FY 2012, the City installed shared lane markings to encourage bicycling on Martin Luther King, Jr. Boulevard from Fair Park to Julius Schepps Freeway. The long term plan is for this shared lane to connect to future bicycle facilities on the Cedar Crest Bridge.

- Generate approximately \$28.1 million (net present value) in increment over 25 years of collection.

The District's assessed property value has increased from its 2005 base year value. It has to date increased 54% from the base year value.

Year-End Summary of Meetings

Effective September 1, 2011, only those taxing units that have approved the payment of all or a portion of the tax increment produced by the unit into the TIF fund for that district may appoint one member to the board. Currently only the City and Dallas County participate financially in the Grand Park South District.

The board now consists of places for seven directors: six to be appointed by the City Council and one appointed by Dallas County.

After a period of inactivity, a full Board of Directors was appointed in 2018 and met once in December 2018.

During FY 2019 the Board members were (FY 2019 Board meetings attended): Kenneth Martin, Chair – City Representative (1 of 1 meeting), Paul Otubu - City Representative (1 of 1 meeting), Pierre-Jamar Moton – City Representative (1 of 1 meeting), Jason Brown – City Representative (1 of 1 meetings), Cassandra Renee Elder – City Representative (1 of 1 meeting), Charles English – City Representative (1 of 1 meeting), and Rick Loessberg – Dallas County Representative (1 of 1 meeting).

The Dallas City Council approved one item during the fiscal year related to the District. This item is summarized below:

- On February 27, 2019, Resolution No. 19-0371 accepting the FY 2017-2018 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Thirteen, (Grand Park South 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, as required by state law - Financing: No cost consideration to the City.

Budget and Spending Status

The District's budget and spending to date are provided below:

Grand Park South TIF District Project Plan Budget (NPV Values)	
Category	TIF Budget (NPV)
Infrastructure Improvements	\$15,219,872
Environmental Remediation	\$7,192,554
Façade Restoration	\$2,226,746
Parks, Open Space, and Signature Entries	\$2,412,308
Grant or Loan Programs	\$1,670,060
Administration and Implementation	\$1,577,279
Total Project Costs (excluding interest)	\$30,298,818
<i>All values discounted to 2006 dollars at 5% annually. Actual expenditure value will depend on timing of the project costs</i>	

Grand Park South TIF District Project Plan Budget Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget*	Allocated**	Balance
Infrastructure Improvements	\$68,291,207	\$0	\$68,291,207
Environmental Remediation	\$6,780,686	\$0	\$6,780,686
Façade Restoration	\$5,085,516	\$0	\$5,085,516
Parks, Open Space, and Signature Entries	\$9,686,697	\$0	\$9,686,697
Grant or Loan Programs	\$1,453,004	\$0	\$1,453,004
Administration and Implementation	\$5,569,850	\$259,670	\$5,310,180
Total Project Costs (excluding interest)	\$96,866,959	\$259,670	\$96,607,289
<i>** TIF administration costs shown are expended through FY 2017-2018; actual FY 2018-2019 (in process) administration costs will be reflected in the FY 2019-2020 financial statements</i>			
<i>**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 or receipts</i>			

FY 2020 Work Program

The FY 2020 work program for the Grand Park South TIF District includes:

- Encourage development projects within the District.
- Approval of the City of Dallas Tax Increment Finance Districts Mixed Income Housing Guidelines.
- Approval of the City of Dallas Urban Design Guidelines for TIF districts.
- Approval of an Increment Allocation Policy for the Grand Park South TIF District.
- Evaluate potential TIF district boundary amendments to support potential development and promote growth for the District.

Appendix A: Financials

City of Dallas, Texas
Grand Park South Tax Increment Financing District Fund
Reinvestment Zone Number Thirteen
As of September 30, 2019

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:

\$9,232 Interest Income	
<u>\$172,275</u> Ad Valorem Taxes (Collected in FY'2018-19 based on 2018 Final Tax Roll)	
<u>\$181,508</u>	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$17,832 Administrative Expense. TIF admin cost is for FY 2017-2018.*	
\$45 Non-Capital Outlay - PNV reimbursement.	
\$0 Capital outlay	
<u>\$0</u> Additional Subsidy in Form of Grant (in lieu of interest expense)	
<u>\$17,876</u>	Total Expenditures

*Actual FY 2018-2019 (in Process) administration costs will be reflected in the FY 2019-2020 Financial Statements.

3. The Zone began reimbursing the General Fund for administrative costs incurred through fiscal year 2008-09.

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

Grand Park South TIF District has incurred no bonded indebtedness as of September 30, 2019.

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

Taxing Jurisdiction	Taxable Value 2019*	Base Year 2005 Value	Est. Captured Value 2019**
City of Dallas	\$69,278,383	\$44,850,019	\$24,428,364
Dallas County	\$69,747,000	\$44,850,019	\$24,896,981

*2019 taxable value shown for participating taxing jurisdictions. County values are approximate and will vary slightly from the City value due to different exemption levels.

**Based on Certified Taxable Value. The final values will be determined on February 01, 2020.

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

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

Taxing Jurisdiction	Assessment Per \$100***	Amount of Estimated 2019 Increment
City of Dallas	0.69894	\$170,740
Dallas County	0.15802	\$39,341
Total for all Jurisdictions	\$0.85696	\$210,081

***Participation rates for City of Dallas and Dallas County are 90% for tax years 2007-2035 and 65% for tax years 2007-2026 respectively.

B. The total amount of estimated tax increment to be billed for the 2019 tax year is \$210,081. For the 2018 tax year, increment in the amount of \$172,275 was received.

City of Dallas, Texas
Grand Park South 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	\$525,784	\$344,091	\$159,707	\$91,793	\$27,924
Interest receivable	\$570	\$800	\$411	\$151	\$42
Total assets	\$526,354	\$344,891	\$160,118	\$91,944	\$27,966
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$0	\$0	\$0	\$0
Advances from developers	\$0	\$0	\$0	\$0	\$0
Deferred tax revenue	\$0	\$0	\$0	\$0	\$0
Due to general fund	\$17,832	\$0	\$5,822	\$5,822	\$5,822
Total liabilities	\$17,832	\$0	\$5,822	\$5,822	\$5,822
Fund Balance (Deficit):					
Fund Balance (Deficit)	\$508,522	\$344,891	\$154,296	\$86,122	\$22,143
Total Liabilities and Fund Equity	\$526,354	\$344,891	\$160,118	\$91,944	\$27,966
	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)

Grand Park South 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	\$630,742	\$141,243	\$157,925	\$61,123	\$72,966	\$20,586
Tax increment-Intergovernmental	\$121,963	\$31,032	\$30,612	\$17,120	\$10,871	\$1,984
Interest income	\$15,060	\$7,195	\$3,350	\$1,409	\$656	(\$22)
Net increase (decrease) in fair value of invest	\$649	\$2,038	(\$1,114)	(\$438)	\$91	\$74
Total revenues	\$768,414	\$181,508	\$190,773	\$79,215	\$84,584	\$22,622
Expenditures:						
Administrative expenses	\$259,670	\$17,832	\$0	\$11,041	\$20,605	\$7,211
Non-Capital Outlay	\$222	\$45	\$178	\$0	\$0	\$0
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0	\$0
Total expenditures	\$259,892	\$17,876	\$178	\$11,041	\$20,605	\$7,211
Excess (Deficiency) of Revenues over Expenditures	\$508,522	\$163,631	\$190,595	\$68,174	\$63,978	\$15,411
Fund balance (Deficit) at beginning of year as previously reported						
	\$0	\$344,891	\$154,296	\$86,122	\$22,143	\$6,732
Fund balance (Deficit) at beginning of year, as restated						
	\$0	\$344,891	\$154,296	\$86,122	\$22,143	\$6,732
Fund balance (deficit) at end of year	\$508,522	\$508,522	\$344,891	\$154,296	\$86,122	\$22,143

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
Grand Park South Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2019

1. The measurement focus used for the TIF Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred.
2. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
3. The Zone's cash balances are invested in the City's investment pool and include amounts in demand deposits as well as short-term investments. Pooled investments and short-term non-pooled investments are treated as cash equivalents. Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.
4. The Zone's Financial Plan permits expenditures not to exceed \$5,569,850 over the life of the TIF to reimburse the City for administrative costs. The Zone began reimbursing the General Fund for costs incurred through fiscal year 2008-09. 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 \$17,832 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.
6. Actual FY 2018-2019 (in Process) administration costs will be reflected in the FY 2019-2020 Financial Statements.
7. All project costs resulting in capital improvements that are owned by the City are capitalized by the City.

Appendix B – Financial Obligations Estimated Payoff

The District currently has no outstanding obligations.

Appendix C – District-Wide Set Aside Funds

The District currently has no Increment Allocation Policy. A policy is required to establish District-wide Set Aside Funds.