

Memorandum



DATE June 17, 2016

TO Members of the Economic Development Committee:
Rickey D. Callahan (Chair), Casey Thomas, II (Vice Chair), Adam Medrano, Lee M. Kleinman,
Carolyn King Arnold, B. Adam McGough

SUBJECT **Mall Area Redevelopment TIF and Dallas Midtown Phase 1 Development**

On Monday, June 20, 2016, you will be briefed on Dallas Midtown Phase 1 located in the Mall Area Redevelopment TIF District. The briefing materials are attached for your review.

Please let me know if you have any questions.



Ryan S. Evans
First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Christopher D. Bowers, Interim City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Eric D. Campbell, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Karl Zavitskovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Mall Area Redevelopment TIF and Dallas Midtown Phase 1 Development

Economic Development Committee
June 20, 2016



Purpose

- Review Dallas Midtown Phase 1 project proposal for TIF funding in Mall Area Redevelopment TIF District.
- Obtain Economic Development Committee approval for consideration by City Council on June 22, 2016.

Valley View Center Mall area

Background

Existing Conditions

- Inadequate sidewalk & street layout
- Faulty lot layout
- Vacant land
- Vacant and/or deteriorated structures
- Deteriorating public infrastructure
- Lack of parks and open space



Valley View Center Mall area

Background (continued)

Existing Conditions

- Dating back to the late 1960's/early 1970's, this mall was created with a complex configuration involving a super-block of private land ownership, connected monolithic buildings, and a reciprocal easement agreement that bound multiple owners together.
- Over the last 10-15 years, as market conditions have changed drastically, this inflexible configuration has heavily burdened the mall and has significantly hindered market adaptation.
- As a result, this mall (and the area surrounding it) is challenged by ever-increasing obsolescence (economic and physical), and, without public participation, revitalization and redevelopment of this area is extremely difficult.

Valley View Center Mall area

Background (continued)

City Priority

- forwardDallas! Comprehensive Plan
- City Council Strategic Plans
 - “Megasite” redevelopment opportunity
 - Strategic Objective: “Ensure Dallas’ tax base grows faster than bordering suburbs” by “creating and implementing development plans for large commercial areas”

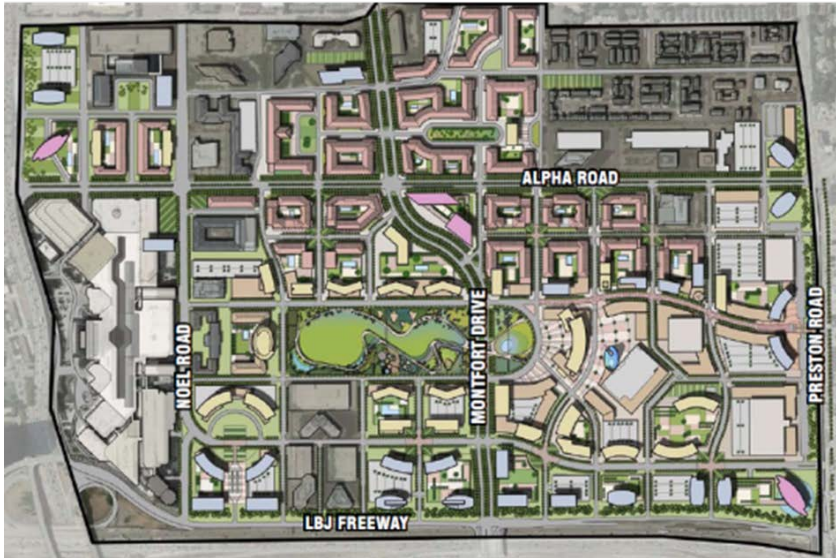
Over the past several years, the City of Dallas has supported key initiatives to encourage redevelopment in the Valley View Center Mall area to occur earlier, at a higher quality, in a more coordinated fashion, and to a much greater extent than would occur solely through market forces. Those efforts include the following:

- Valley View-Galleria Area Plan (partner with North Dallas Chamber of Commerce)
- PD 887: Valley View-Galleria Area Special Purpose Zoning District
- Thoroughfare Plan amendments
- Mall Area Redevelopment Tax Increment Financing District

Valley View Center Mall area

Background (continued)

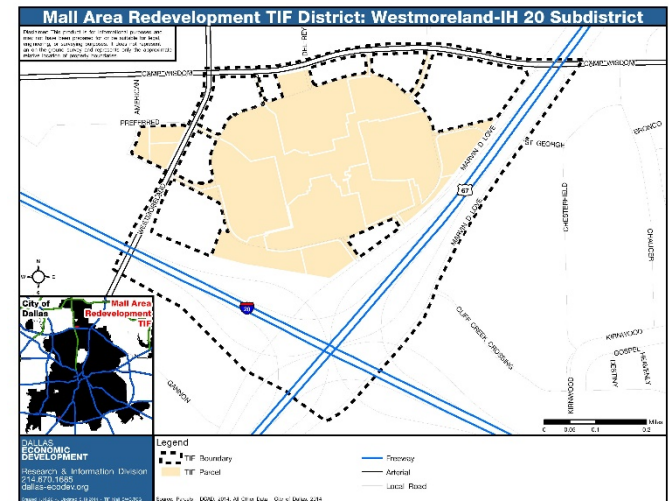
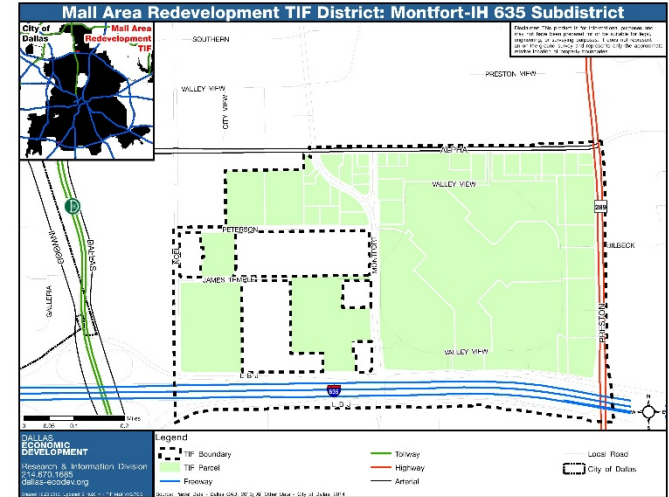
Illustrative Vision



Mall Area Redevelopment TIF District

Background

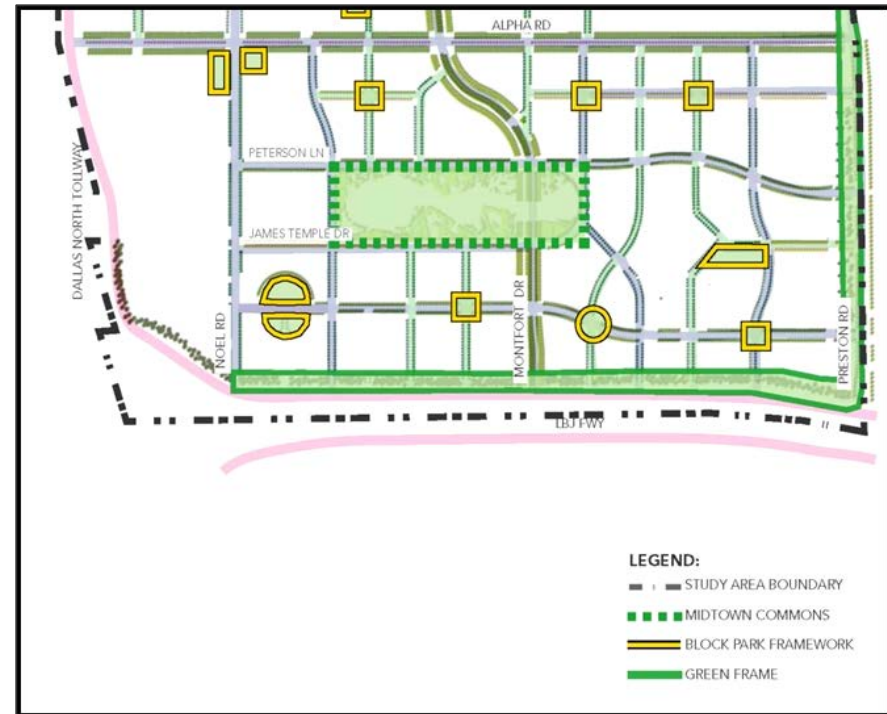
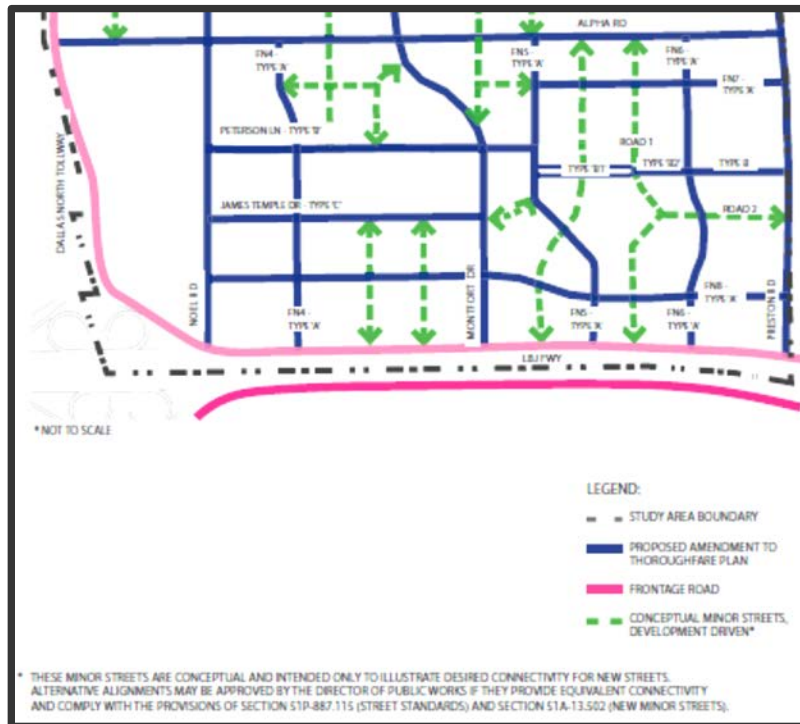
- Created in 2014 to stimulate private investment and sustain the orderly redevelopment of the Valley View Center Mall area and the Southwest Center Mall area, two commercial core assets of the City of Dallas.
- TIF District comprises 2 non-contiguous sub-districts:
 - Montfort-IH 635 Sub-District
 - Westmoreland-IH 20 Sub-District
- City participation: 0% in 2015; 90% from 2016 through 2042; 75% in 2043; and 55% in 2044.
- County participation: 55% from 2020 through 2039.
- The TIF District expires on December 31, 2044 or when approximately \$182.5 million (2014 dollars) or approximately \$431.4 million in total dollars has been collected.



Mall Area Redevelopment TIF District

Background (continued)

- With the assistance of the TIF District, the Montfort-IH 635 Sub-District is to be reconfigured into a traditional pattern of public streets, public open space, and smaller parcels of private land ownership, thereby setting the stage for incremental higher density redevelopment that is flexible to meet market demands and community needs.



Mall Area Redevelopment TIF District

Background (continued)

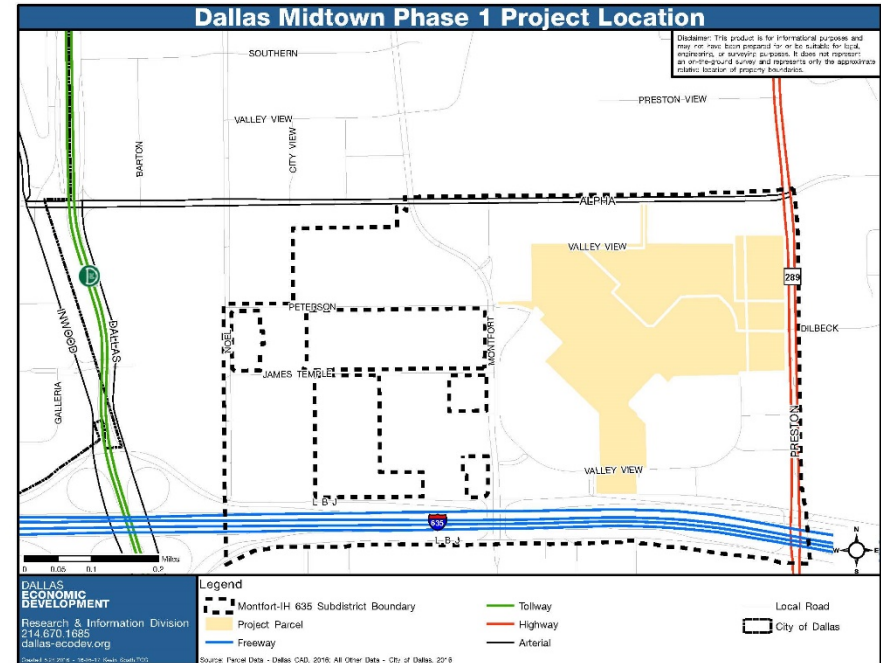
Increment Sharing Between Sub-Districts

- When the Mall Area Redevelopment TIF District was created by City Council in 2014, it was set up to facilitate tax increment revenue sharing from the Montfort-IH 635 Sub-District in order to help jump start redevelopment activity in the Westmoreland-IH 20 Sub-District.
- Per the District's Plan, ten percent (10%) of the annual tax increment generated by the Montfort-IH 635 Sub-District (less payment of annual administrative expenses) will be transferred to the Westmoreland-IH 20 Sub-District to help facilitate the revitalization and redevelopment of the Southwest Center Mall area.
- It is estimated that up to \$39.2 million will be cumulatively transferred to the Westmoreland-IH 20 Sub-District over the term of the District.
- It is estimated that approximately \$4.3 million will be cumulatively generated by the Dallas Midtown Phase 1 project and transferred to the Westmoreland-IH 20 Sub-District over the remaining 26 years of the District's term.

Dallas Midtown Phase 1 Project

Description

- During the process of creating the TIF District, the Midtown development was anticipated to be a primary catalyst. Staff has been in negotiations with Owner since that time.
- Owner/Developer – Midtown Development, Inc. (Beck Ventures-see Appendix I for details)
- Generally bounded by LBJ Fwy, Preston Rd, Alpha Rd, and Montfort Dr
- Total investment: \$290M (not including land)
- Minimum required investment: \$200M
- TIF funding: \$36M
- The Dallas Midtown Phase 1 project will not occur without TIF funding support.
- Investment of TIF funding in this catalyst project will secure, among other public benefits, the construction of quality mixed income housing, the initial assembly of public open space, significant horizontal construction of new public roads/utilities and vertical construction of new buildings in conformance with urban design standards, minority/women-owned business enterprise inclusion, and the demolition of obsolete facilities to prepare the way for comprehensive redevelopment in the Valley View Center mall area.



Dallas Midtown Phase 1 Project

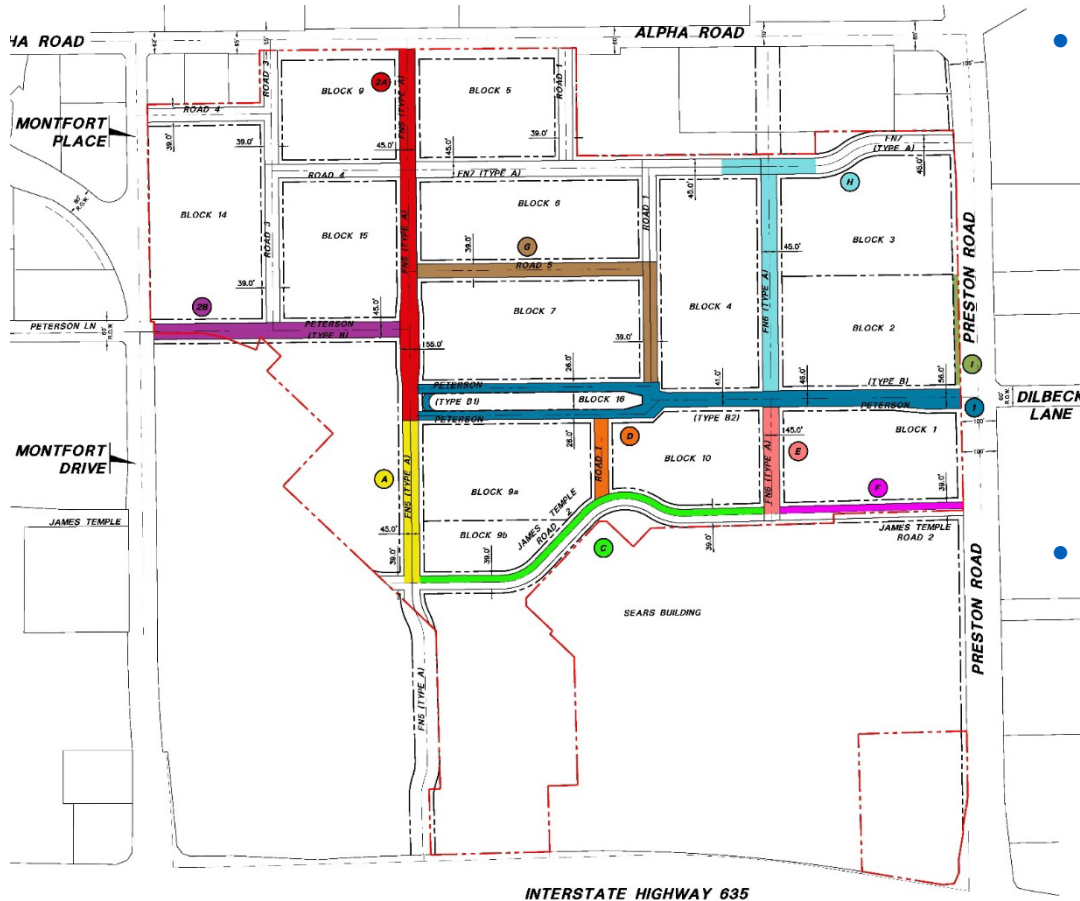
Description (continued)

The Dallas Midtown Phase 1 project is planned to include:

- unencumberance, vacation, environmental remediation, and demolition of the existing in-line mall (including the AMC theater), the former JC Penney anchor building, the former Dillard's anchor building, and the appurtenant parking structure;
- extensive site work (e.g. excavation; placement of fill; grading);
- infrastructure improvements (e.g. construction of new roads and utilities) necessary to prepare four (4) new blocks for the construction of new vertical improvements on those blocks;
- construction of new vertical improvements totaling approximately 897,550 gross square feet (excluding parking structures) of space in a mixed use configuration, including:
 - movie theater (approximately 48,900 gross square feet; approximately 10 screens; approximately 1,000 seats)
 - retail/restaurant/entertainment space (approximately 251,700 gross square feet)
 - office space (approximately 76,900 gross square feet)
 - multi-family rental residential units (approximately 359,910 gross square feet; approximately 310 units, 20% of which will be restricted as affordable according to the District's mixed income housing requirements)
 - full-service hotel (approximately 160,140 gross square feet; approximately 204 rooms)
- construction of integrated parking structures (4 multi-level structures totaling approximately 2,400 spaces);
- construction of open space totaling approximately 30,000 square feet (privately owned; privately maintained; publicly accessible); and
- conveyance by dedication to the City of two (2) tracts of real property (totaling approximately 4,134 square feet) for potential future use as public open space, subject to City securing additional real property for potential future use as public open space from the adjacent land owner to the west.

Dallas Midtown Phase 1 Project

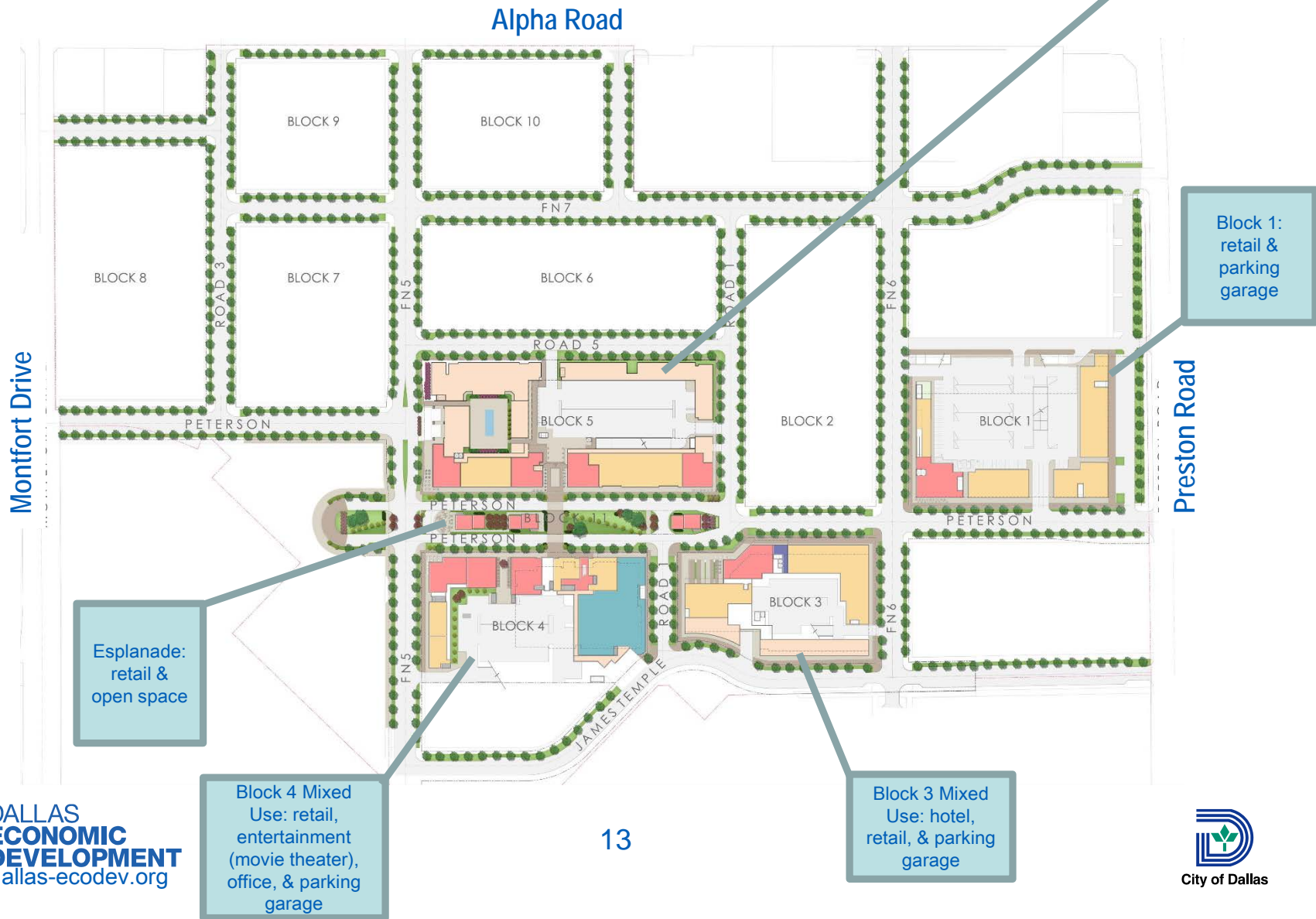
Site Plan: New Horizontal Infrastructure



- The road segments depicted in colors are anticipated to be necessary to support the required minimum of new vertical improvements included with Dallas Midtown Phase 1; however, specific road segments and/or portions of segments are subject to change based on final plan review during the permitting process.
- The road segments depicted in colors are also assumed to include associated infrastructure elements (e.g. demolition of existing paving; grading; new paving; storm sewer; water; sanitary sewer; gas; electric/telecomm duct bank; and streetscape (landscape, hardscape, irrigation)).

Dallas Midtown Phase 1 Project

Site Plan: New Vertical Improvements



Block 5 Mixed Use: MF residential, retail, & parking garage

Block 1: retail & parking garage

Esplanade: retail & open space

Block 4 Mixed Use: retail, entertainment (movie theater), office, & parking garage

Block 3 Mixed Use: hotel, retail, & parking garage

Dallas Midtown Phase 1 Project

Design Review

- The project has undergone extensive design review with the City Design Studio/Urban Design Peer Review Panel (“UDPRP”). Following reviews on March 20, May 8, and October 23, 2015, the UDPRP made design recommendations for various components of the project.
- On November 9, 2015, Owner provided an UDPRP response and revised drawings to the City Design Studio. On November 12, 2015, City Design Studio indicated that the materials provided by the Owner satisfied the requirement for design review.
- For each component of Dallas Midtown Phase 1, Owner shall also be required to submit a set of permit drawings to the City Design Studio for internal review at or before the time of permit submittal to ensure substantial conformance with the UDPRP recommendations and responses.

Dallas Midtown Phase 1 Project

Conceptual Renderings



Looking southeasterly from the intersection of Peterson Lane and Unnamed FN 5 (Block 4 and Esplanade in foreground and Block 3 in background)

Dallas Midtown Phase 1 Project

Conceptual Renderings (continued)



Looking westerly down Peterson Lane (Esplanade in the middle; Block 4 on the left; Block 5 on the right)

Summary: Dallas Midtown Phase 1 Project

Dallas Midtown Phase 1 Project	
Minimum Required Floor Area of New Vertical (not including parking structures)	775,000 gross sq. ft.
Minimum Required Number of Structured Parking Spaces	2,200
Minimum Required Investment	\$200,000,000
Estimated Total Project Cost (not including land)	\$290,000,000
TIF funding	\$36,000,000
% TIF funds to Total Project Cost	12.4%
Owner's deadline to commence demolition	December 31, 2016
Owner's deadline to secure construction funds/financing for the Project	March 31, 2017
Owner's deadline to obtain all necessary building permits	June 30, 2017
Owner's deadline to complete construction and obtain COs for minimum required vertical improvements of the Project	December 31, 2019

Dallas Midtown Phase 1 Project

Proposed TIF Funding

Montfort-IH 635 Sub-District	
Category	Amount
Environmental remediation & demolition	\$1,000,000
Public infrastructure improvements	\$19,000,000
Economic development grant (public benefits of high density development in an urban form; public open space; and affordable housing)	\$16,000,000
Total	\$36,000,000

- TIF funding is recommended for the Dallas Midtown Phase 1 project in an amount not to exceed \$36,000,000 (unadjusted) to be available under the “Montfort-IH 635 Sub-District” TIF budget category with anticipated items including: (i) environmental remediation and demolition (net of salvage value)--\$1,000,000; (ii) public infrastructure improvements (e.g. roads, utilities, and streetscape)--\$19,000,000; (iii) economic development grant to secure the public benefit that arises from accommodating high density development in an urban form and providing public open space, both of which have a sub-district-wide benefit--\$4,000,000; and (iv) economic development grant to secure the public benefit of including high quality affordable housing in an area of opportunity--\$12,000,000.
- Expenditures may be shifted from one category to another as long as the total amount of TIF funding does not exceed \$36,000,000 and as long as the total amount of the grant portion does not exceed \$18,000,000. No interest shall accrue on any portion of the TIF funding (see Appendix E for funding conditions).
- Grant portion of proposed TIF funding is pursuant to the adopted Grant Program Guidelines for the Mall Area Redevelopment TIF District and is necessary to make the project financially viable.

Dallas Midtown Phase 1 Project

TIF Board Recommendation

- On June 8, 2016, the Mall Area Redevelopment TIF Board of Directors reviewed and recommended TIF funding for the Dallas Midtown Phase 1 Project in an amount not to exceed \$36,000,000.

Recommendation

- Economic Development Committee recommendation for City Council consideration of a development agreement for TIF funding not to exceed \$36,000,000.
- City Council consideration on June 22, 2016.

APPENDICES

Appendix A: Mall Area Redevelopment TIF District

District Budget

Mall Area Redevelopment TIF District			
Projected Increment Revenues to Retire TIF Fund Obligations			
Category	B TIF Budget**	C Allocated	B - C TIF Balance
Montfort-IH 635 Sub-District			
Public Infrastructure Improvements; Environmental Remediation & Demolition; Grants for Economic Development	\$257,932,879	\$28,000,000	\$229,932,879
Set Aside for Land Acquisition for Sub-District-Wide Central Open Space***	\$70,928,332	\$0	\$70,928,332
Set Aside for Sub-District-Wide Infrastructure Improvements	\$23,642,777	\$8,000,000	\$15,642,777
Westmoreland-IH 20 Sub-District			
Public Infrastructure Improvements; Environmental Remediation & Demolition; Parks, Open Space, Trails, Gateways; Grants for Economic Development	\$71,203,156	\$0	\$71,203,156
Administration and Implementation*	\$7,683,903	\$401,601	\$7,282,302
Total Project Costs	\$431,391,047	\$36,401,601	\$394,989,446
<p>* TIF Administration costs are pending until collection of sufficient tax increment to reimburse the City. Collection is scheduled to begin with tax year 2016.</p> <p>** TIF Budget shown above is in total dollars, updated yearly. The TIF Project Plan shows the budget in net present value.</p> <p>*** For land acquisition and associated costs; not for design, construction, maintenance, or operating/programming costs.</p>			

Budget above reflects pending City Council approval of the Dallas Midtown Phase 1 Project TIF funding allocation in the Montfort-IH 635 Sub-District

Appendix B: Mall Area Redevelopment TIF District

District Increment Chart

Tax Year	Captured Appraised Value Montfort-IH 635 Sub-District	Captured Appraised Value Westmoreland-IH 20 Sub-District	Captured Appraised Value Sub-Districts Combined	City of Dallas				Dallas County				TOTAL Tax Increment Revenue to City and County	CUMULATIVE Tax Increment Revenue to TIF Fund		
				City Real Property Tax Increment	% of City Tax Increment to TIF Fund	City Tax Increment to TIF Fund	Cumulative to TIF Fund NPV (2014 dollars)	County Real Property Tax Increment	% of County Tax Increment to TIF Fund	County Tax Increment to TIF Fund	Cumulative to TIF Fund NPV (2014 dollars)		Net Present Value (2014 dollars)	4%	
															Annual Discount Rate
Base 2014	\$0	\$0	\$0	\$0	0%	\$0	\$0	\$0	0%	\$0	\$0	\$0	\$0	\$0	\$0
1 2015	\$1,121,760	\$605,100	\$1,726,860	\$13,763	0%	\$0	\$0	\$4,198	0%	\$0	\$0	\$0	\$0	\$0	\$0
2 2016	\$2,618,895	\$808,810	\$3,427,705	\$27,319	90%	\$24,587	\$21,856	\$8,333	0%	\$0	\$0	\$0	\$0	\$24,587	\$21,856
3 2017	\$79,250,450	\$1,014,557	\$80,265,006	\$639,712	90%	\$575,741	\$514,003	\$195,124	0%	\$0	\$0	\$0	\$0	\$575,741	\$514,003
4 2018	\$170,702,105	\$1,222,361	\$171,924,466	\$1,370,238	90%	\$1,233,214	\$1,527,616	\$417,948	0%	\$0	\$0	\$0	\$0	\$1,233,214	\$1,527,616
5 2019	\$267,359,311	\$1,432,244	\$268,791,555	\$2,142,269	90%	\$1,928,042	\$3,051,375	\$653,432	0%	\$0	\$0	\$0	\$0	\$1,928,042	\$3,051,375
6 2020	\$271,518,822	\$1,644,225	\$273,163,047	\$2,177,109	90%	\$1,959,399	\$4,540,357	\$664,059	55%	\$365,233	\$277,547	\$2,324,631	\$4,817,904	\$2,324,631	\$4,817,904
7 2021	\$343,779,821	\$2,946,841	\$346,726,662	\$3,938,751	90%	\$2,644,876	\$6,472,942	\$896,375	55%	\$493,006	\$637,781	\$3,137,682	\$7,110,724	\$3,137,682	\$7,110,724
8 2022	\$350,573,822	\$25,393,968	\$375,967,790	\$2,996,463	90%	\$2,696,817	\$8,367,690	\$913,978	55%	\$502,688	\$990,963	\$3,199,505	\$9,358,653	\$3,199,505	\$9,358,653
9 2023	\$523,018,148	\$28,408,782	\$551,426,930	\$4,394,873	90%	\$3,955,385	\$11,039,807	\$1,340,519	55%	\$737,285	\$1,489,047	\$4,692,671	\$12,528,853	\$4,692,671	\$12,528,853
10 2024	\$590,520,874	\$38,573,538	\$629,094,412	\$4,974,032	90%	\$4,476,629	\$13,947,740	\$1,517,174	55%	\$834,445	\$2,031,087	\$5,311,075	\$15,978,826	\$5,311,075	\$15,978,826
11 2025	\$597,912,001	\$69,272,445	\$667,184,446	\$5,317,460	90%	\$4,785,714	\$16,936,882	\$1,621,925	55%	\$892,059	\$2,588,264	\$5,677,773	\$19,525,146	\$5,677,773	\$19,525,146
12 2026	\$605,377,038	\$71,894,912	\$677,271,950	\$5,397,857	90%	\$4,858,072	\$19,854,514	\$1,646,448	55%	\$905,546	\$3,132,112	\$5,763,618	\$22,986,626	\$5,763,618	\$22,986,626
13 2027	\$862,774,244	\$78,993,763	\$941,768,007	\$7,505,891	90%	\$6,755,302	\$23,755,533	\$2,289,438	55%	\$1,259,191	\$4,869,047	\$8,014,493	\$27,614,796	\$8,014,493	\$27,614,796
14 2028	\$1,190,351,358	\$85,249,403	\$1,275,600,761	\$10,166,538	90%	\$9,149,884	\$28,836,139	\$3,100,985	55%	\$1,705,542	\$3,859,263	\$10,855,426	\$33,642,429	\$10,855,426	\$33,642,429
15 2029	\$1,401,021,398	\$132,823,308	\$1,533,844,705	\$12,224,742	90%	\$11,002,268	\$34,710,340	\$3,728,776	55%	\$2,050,827	\$5,901,243	\$13,053,095	\$40,611,583	\$13,053,095	\$40,611,583
16 2030	\$1,797,161,993	\$139,996,003	\$1,937,157,996	\$15,439,149	90%	\$13,895,234	\$41,843,781	\$4,709,231	55%	\$2,590,077	\$7,230,920	\$16,485,311	\$49,074,701	\$16,485,311	\$49,074,701
17 2031	\$1,880,561,060	\$167,387,468	\$2,047,948,528	\$16,481,550	90%	\$14,833,395	\$49,165,962	\$5,027,183	55%	\$2,764,951	\$8,595,777	\$17,598,345	\$57,761,739	\$17,598,345	\$57,761,739
18 2032	\$2,107,004,427	\$191,778,425	\$2,298,782,853	\$18,321,299	90%	\$16,489,169	\$56,992,421	\$5,588,341	55%	\$3,073,588	\$10,054,632	\$19,562,757	\$67,047,054	\$19,562,757	\$67,047,054
19 2033	\$2,208,988,243	\$223,263,116	\$2,432,251,359	\$19,385,043	90%	\$17,446,539	\$64,954,794	\$5,912,803	55%	\$3,252,042	\$11,538,821	\$20,698,581	\$76,493,616	\$20,698,581	\$76,493,616
20 2034	\$2,549,488,744	\$225,693,406	\$2,775,182,150	\$22,118,202	90%	\$19,906,382	\$73,690,383	\$6,746,468	55%	\$3,710,557	\$13,167,139	\$23,616,939	\$86,857,522	\$23,616,939	\$86,857,522
21 2035	\$2,679,074,244	\$228,147,999	\$2,907,222,243	\$23,170,561	90%	\$20,853,505	\$82,489,632	\$7,067,457	55%	\$3,887,101	\$14,807,322	\$24,740,637	\$97,296,954	\$24,740,637	\$97,296,954
22 2036	\$2,862,287,865	\$234,837,766	\$3,097,125,630	\$24,684,091	90%	\$22,215,682	\$91,503,119	\$7,529,112	55%	\$4,141,102	\$16,487,440	\$26,356,694	\$107,990,559	\$26,356,694	\$107,990,559
23 2037	\$2,981,402,916	\$237,383,802	\$3,218,786,719	\$25,653,730	90%	\$23,088,357	\$100,510,383	\$7,824,871	55%	\$4,303,679	\$18,166,397	\$27,392,036	\$118,676,780	\$27,392,036	\$118,676,780
24 2038	\$3,177,491,814	\$274,163,886	\$3,451,655,700	\$27,509,696	90%	\$24,758,726	\$109,797,797	\$8,390,975	55%	\$4,615,036	\$19,897,575	\$29,373,763	\$129,695,372	\$29,373,763	\$129,695,372
25 2039	\$3,212,868,608	\$277,103,184	\$3,489,971,791	\$27,815,075	90%	\$25,033,568	\$118,827,136	\$8,484,121	55%	\$4,664,298	\$21,579,937	\$29,697,865	\$140,407,073	\$29,697,865	\$140,407,073
26 2040	\$3,576,165,658	\$281,706,643	\$3,857,872,301	\$30,763,182	90%	\$27,686,864	\$128,429,399	\$9,383,350	0%	\$0	\$21,579,937	\$27,686,864	\$150,009,336	\$27,686,864	\$150,009,336
27 2041	\$3,802,953,762	\$284,721,368	\$4,087,675,130	\$32,578,771	90%	\$29,320,894	\$138,207,256	\$9,937,138	0%	\$0	\$21,579,937	\$29,320,894	\$159,787,193	\$29,320,894	\$159,787,193
28 2042	\$3,842,469,217	\$289,565,851	\$4,132,035,068	\$32,932,319	90%	\$29,639,088	\$147,711,072	\$10,044,977	0%	\$0	\$21,579,937	\$29,639,088	\$169,291,009	\$29,639,088	\$169,291,009
29 2043	\$3,882,379,826	\$292,659,169	\$4,175,038,995	\$33,275,061	75%	\$24,956,296	\$155,405,564	\$10,149,520	0%	\$0	\$21,579,937	\$24,956,296	\$176,985,500	\$24,956,296	\$176,985,500
30 2044	\$3,922,689,542	\$295,763,419	\$4,218,472,961	\$33,621,230	55%	\$18,473,259	\$160,882,151	\$10,255,108	0%	\$0	\$21,579,937	\$18,473,259	\$182,462,088	\$18,473,259	\$182,462,088
Total for years 1-30				\$446,035,979		\$384,642,887		\$136,049,368		\$46,748,163		\$431,391,050		\$431,391,050	
NPV @ 4%						\$160,882,151				\$21,579,937		\$182,462,088		\$182,462,088	

Appendix C: Dallas Midtown Phase 1 Project Project Increment Chart

								Cumulative
								Revenue to TIF Fund
								Net Present Value
								(2014 dollars)
TIF Zone	Appraised Value for Jan. 1, Year	Tax Deposited to TIF Fund by May 1,	% of City Real Property Tax Increment to TIF Fund	% of County Real Property Tax Increment to TIF Fund		Total Revenue to TIF Fund	4.0%	
				From City	From County		Annual Discount Rate	
Base	2014	2015	0%	\$0	0%	\$0	\$0	
1	2015	2016	0%	\$0	0%	\$0	\$0	
2	2016	2017	90%	\$1,788	0%	\$0	\$1,590	
3	2017	2018	90%	\$3,617	0%	\$0	\$4,681	
4	2018	2019	90%	\$5,486	0%	\$0	\$9,190	
5	2019	2020	90%	\$1,106,242	0%	\$0	\$883,470	
6	2020	2021	90%	\$1,132,921	55%	\$211,177	\$1,904,873	
7	2021	2022	90%	\$1,160,200	55%	\$216,262	\$2,910,640	
8	2022	2023	90%	\$1,188,092	55%	\$221,461	\$3,900,974	
9	2023	2024	90%	\$1,216,613	55%	\$226,777	\$4,876,076	
10	2024	2025	90%	\$1,245,775	55%	\$232,213	\$5,836,149	
11	2025	2026	90%	\$1,275,593	55%	\$237,771	\$6,781,391	
12	2026	2027	90%	\$1,306,082	55%	\$243,454	\$7,712,002	
13	2027	2028	90%	\$1,337,257	55%	\$249,265	\$8,628,179	
14	2028	2029	90%	\$1,369,133	55%	\$255,207	\$9,530,117	
15	2029	2030	90%	\$1,401,727	55%	\$261,282	\$10,418,012	
16	2030	2031	90%	\$1,435,054	55%	\$267,495	\$11,292,054	
17	2031	2032	90%	\$1,469,131	55%	\$273,847	\$12,152,437	
18	2032	2033	90%	\$1,503,974	55%	\$280,341	\$12,999,349	
19	2033	2034	90%	\$1,539,602	55%	\$286,982	\$13,832,978	
20	2034	2035	90%	\$1,576,031	55%	\$293,773	\$14,653,511	
21	2035	2036	90%	\$1,613,280	55%	\$300,716	\$15,461,132	
22	2036	2037	90%	\$1,651,367	55%	\$307,815	\$16,256,023	
23	2037	2038	90%	\$1,690,311	55%	\$315,075	\$17,038,367	
24	2038	2039	90%	\$1,730,131	55%	\$322,497	\$17,808,343	
25	2039	2040	90%	\$1,770,847	55%	\$330,087	\$18,566,127	
26	2040	2041	90%	\$1,812,479	0%	\$0	\$19,194,725	
27	2041	2042	90%	\$1,855,048	0%	\$0	\$19,813,341	
28	2042	2043	90%	\$1,898,575	0%	\$0	\$20,422,122	
29	2043	2044	75%	\$1,619,234	0%	\$0	\$20,921,362	
30	2044	2045	55%	\$1,215,249	0%	\$0	\$21,281,635	
Total				\$38,130,837	\$5,333,496	\$43,464,333		

Appendix D: Dallas Midtown Phase 1 Project

Increment Prioritization

Pursuant to the Increment Allocation Policy for the Mall Area Redevelopment TIF District, this Dallas Midtown Phase 1 Project will be eligible for TIF funding upon completion of the Project and all development agreement obligations based on the following provisions:

- a. Annually, after (1) payment of the Montfort-IH 635 Sub-District's portion of Administrative Expenses, (2) the Transfer to the Westmoreland-IH 20 Sub-District, (3) the Set Aside for Sub-District-Wide Public Infrastructure Improvements, and (4) the Set Aside for Land Acquisition for Sub-District-Wide Central Open Space, Owner will receive the balance of the increment (i.e. proportional Individual Increment) generated by:
 - (i) this Dallas Midtown Phase 1 Project,
 - (ii) any appreciation of values of property located within the Dallas Midtown Development Area prior to the completion of any future development projects, and
 - (iii) any future development projects (commercial components only) within the Dallas Midtown Development Area that do not receive their own TIF funding through separate stand-alone TIF development agreements.
- b. Additionally, Owner annually will receive 75% of the Set Aside for Sub-District-Wide Public Infrastructure Improvements in the Montfort-IH 635 Sub-District (up to a total not to exceed \$8,000,000).
- c. Additionally, Owner annually will receive up to the first \$750,000 of the Montfort-IH 635 Sub-District Shared Increment (if any) and a pro-rata portion of any remaining amount above \$750,000.

Appendix E: Dallas Midtown Phase 1 Project

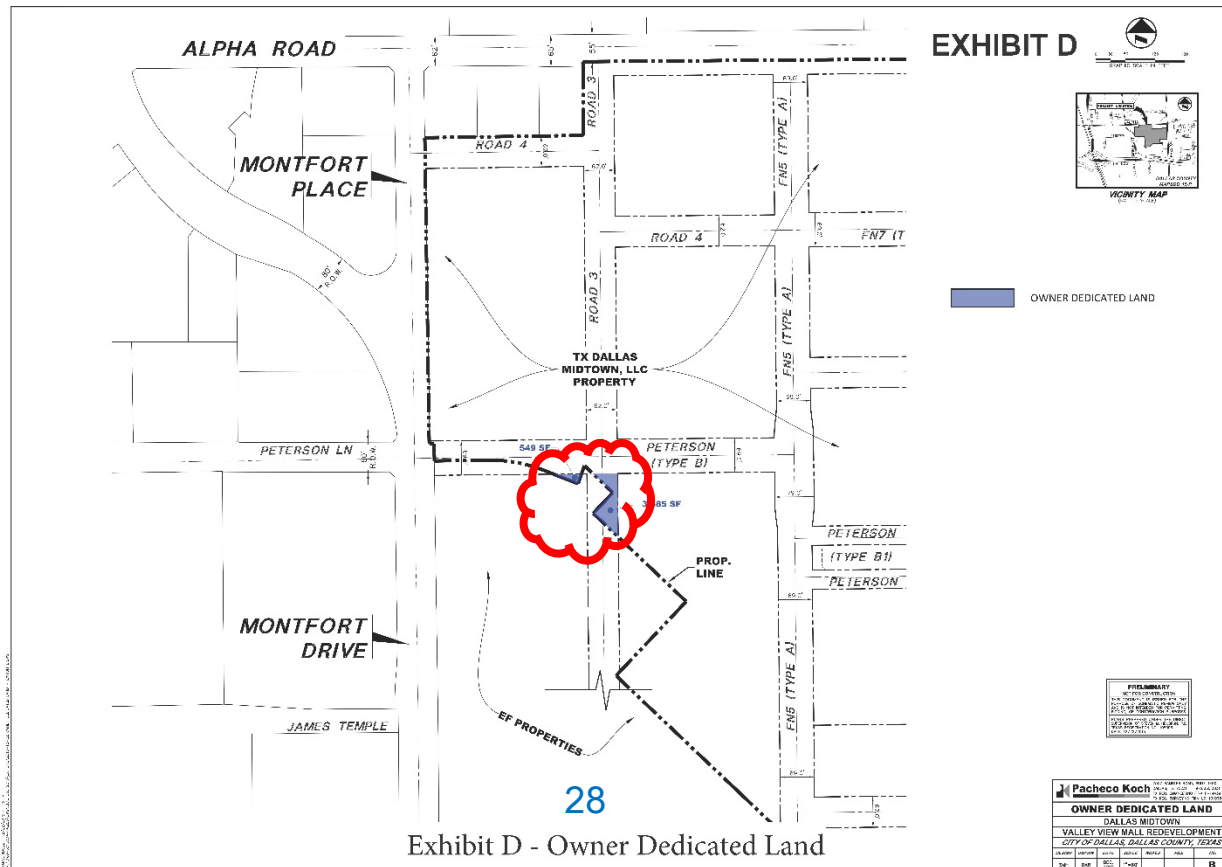
Conditions of TIF Funding

- Minimum private investment of \$200,000,000 for Project (including environmental remediation (if any), demolition, site preparation, construction of horizontal infrastructure and vertical building improvements, and construction related soft costs)
 - Demolition shall include the existing in-line mall (including AMC theater), the former JC Penney anchor building, the former Dillard's anchor building, and the appurtenant parking structure.
 - All necessary site work (e.g. excavation, placement of fill, grading) to prepare site.
 - Construction of infrastructure improvements (e.g. new roads, utilities, and streetscape) necessary to support the required minimum of new vertical improvements included with the Project.
 - Construction of a total minimum of 775,000 gross square feet of floor area (excluding parking structures) of new vertical improvements, which shall include the following required components:
 - Movie theater (minimum 40,000 gross square feet);
 - Retail/restaurant/entertainment space (minimum 175,000 gross square feet);
 - Office space (minimum 70,000 gross square feet);
 - Multi-family rental residential units (minimum 300 units);
 - Hotel (minimum 200 rooms);
 - Integrated parking structures (minimum total 2,200 spaces); and
 - Open space (minimum total 17,500 square feet; privately owned; privately maintained; publicly accessible).

Appendix E: Dallas Midtown Phase 1 Project

Conditions of TIF Funding (continued)

- Owner shall convey by dedication to the City two (2) tracts of real property (totaling approximately 4,134 square feet) for potential future use as public open space, subject to City securing additional real property for potential future use as public open space from the adjacent land owner to the west. This dedication shall not be used to satisfy the requirement in the zoning (PD 887) for additional open space.



Appendix E: Dallas Midtown Phase 1 Project

Conditions of TIF Funding (continued)

- On or before December 31, 2016, the Owner shall commence demolition.
- On or before March 31, 2017, the Owner shall secure and provide evidence of construction funds or financing for the Project.
- On or before June 30, 2017, the Owner shall obtain all necessary permits for the construction of the Project. Demolition permits and/or foundation permits alone will not fulfill this requirement.
- On or before December 31, 2019, the Owner shall complete construction of the Project and obtain certificates of occupancy, with or without tenant finish out, for the minimum required vertical improvements associated with the Project.
- On or before December 31, 2019, the Owner shall obtain the City's written final acceptance of all public infrastructure improvements associated with the Project.
- On or before December 31, 2019, the Owner shall execute and fund an Operating and Maintenance Agreement for all non-standard public infrastructure improvements associated with the Project.
- Owner shall provide public access easements, deed restrictions, or other instruments if any street and utility infrastructure improvements as part of the Project remain privately owned in order to be considered for TIF funding.

Appendix E: Dallas Midtown Phase 1 Project

Conditions of TIF Funding (continued)

- Owner shall reserve 20% (approximately 62 units) of the approximately 310 units in the multi-family residential component of the Project as affordable according to the District's Mixed Income Housing Policy Guidelines:
 - 15-year affordability period
 - Affordable rent maximum 30% of 80% of AMFI, including a utility allowance
 - Affordable units shall be of identical finish-out and materials as market rate units; shall be spatially dispersed within the multi-family residential component; and shall be dispersed pro-rata by unit type as defined by the number of bedrooms in the unit.
- Owner shall market the multi-family residential component of the Project pursuant to City's Affirmative Fair Housing Marketing Plan requirements.
- Owners shall submit annual compliance reports after completion and final CO of the multi-family residential component of the Project.
- If (a) any portion of the Project on which affordable housing units are constructed is sold, and (b) the buyer of such sold portion of the Project is not an affiliate of Owner, or (c) the development agreement is terminated prior to the conclusion of the 15-year affordability period, then Owner shall execute deed restrictions prior to the closing of the sale to ensure that the sold property will comply with the District's Mixed Income Housing Policy Guidelines for the remainder of the 15-year affordability period, and any default not timely cured shall entitle City to recapture any TIF funding disbursed to subsidize Dallas Midtown Phase 1.

Appendix E: Dallas Midtown Phase 1 Project

Conditions of TIF Funding (continued)

- Owner shall make good faith efforts to comply with a Business Inclusion and Development (“BID”) goal of 25% certified minority/women-owned business enterprise (M/WBE) participation for the TIF reimbursable public improvements (hard construction costs only) and 15% M/WBE participation for the private expenditures (hard construction costs only).
- Owner shall submit quarterly status reports for ongoing work on the Project (including all public improvements associated with Project) until the Owner has received certificates of occupancy for the minimum required vertical improvements associated with the Project and until all required paperwork for TIF funding has been submitted.
- Owner shall provide evidence that reasonable efforts were made to promote the hiring of neighborhood and City of Dallas residents for any new jobs created by the Project.
- The Director of the Office of Economic Development, after approval and recommendation of the Mall Area Redevelopment TIF District Board of Directors, may authorize minor modifications to the Project consistent with the Plan’s goals, including development mix, design elements, and/or an extension of the Project deadlines up to six (6) months.

Appendix E: Dallas Midtown Phase 1 Project

Conditions of TIF Funding (continued)

- The TIF funding could be less if adequate increment does not accrue to the TIF fund. No funds will be disbursed until all conditions of the development agreement have been satisfied by Owner and only if and when TIF funds are available. Dallas County funds can only be used for public infrastructure and other TIF-eligible costs (not for grant disbursements). The TIF funding could also be less if the actual costs of TIF-eligible improvements (i.e. environmental remediation, demolition, public infrastructure, etc.) related to the Project total less than \$18,000,000.
- The TIF funding is contingent on collection of adequate TIF increment and does not represent a funding commitment backed by the full faith and credit of the City of Dallas.
- A minimum of 50% of the ground floor non-residential space in the Project must be occupied prior to the release of any TIF funding and must continue to be occupied throughout the term of the agreement in order to be eligible for TIF funding. Owner shall promptly notify the City if occupancy falls below this threshold, and the City will allow Owner a period of ninety (90) days to cure any such occupancy deficit.

Appendix F: Dallas Midtown Phase 1 Project

Project Proforma

PROJECT DESCRIPTION:		Dallas Midtown Phase 1		
SITE AREA:		14 acres (613,877 SF)		
CONSTRUCTION PERIOD:		3 years		
ANTICIPATED CONSTR START DATE:		December 2016		
Income (Annual)			Total Project Cost (Private + Public)	\$351,148,241
Net Rental Income	\$18,444,335		TIF ASSISTANCE (current \$)	\$36,000,000
Total Operating Expenses	\$7,552,559		Total Project Cost (with TIF)	\$315,148,241
NOI (without TIF \$)	\$10,891,776		Return on Cost Analysis	
Project Costs			NOI/Total Project Costs	
Net Private Costs for each Block (i.e. land costs; hard construction costs; soft construction costs)	\$209,692,576		Return on Cost (without TIF \$)	3.10%
Land Allocation Costs (post Phase 1)	\$114,472,976		Return on Cost (with TIF \$)	3.46%
Public Costs	\$26,982,689			
Total Project Cost (Private + Public)	\$351,148,241			

Appendix G: Dallas Midtown Phase 1 Project

Anticipated Funding Sources and Uses

Funding Source	Amount	Use
Private Equity	\$160,971,917	Land and Construction
Construction Loan	\$151,809,421	Construction
Total	\$312,781,338	

- Funding sources are still being finalized.
- Assumes that the Owner sells hotel rights to a hotel developer and does not retain any equity in the hotel portion of Block 3.
- Assumes \$36,000,000 TIF funding.
- Private equity includes land for Phase 1 as well as land allocation post Phase 1.

Appendix H: Dallas Midtown Phase 1 Project

Other Public Funding

- To help support the provision of the substantial amount of new public infrastructure required in the Montfort-IH 635 Sub-District, Owner and City acknowledge that other sources of public funding are being considered (e.g. for a segment of future unnamed road FN5 and/or a segment of future Peterson Lane), including: (a) approximately \$3.5 million in 2006 City bond program funding and (b) approximately \$1.9 million in Dallas County funding.
- Owner acknowledges that any additional City funding is subject to approval by City Council.
- Owner acknowledges that the TIF funding proposed for this Dallas Midtown Phase 1 Project is a fixed, not to exceed amount, regardless of the outcome of other contemplated public funding.
- Owner acknowledges that any future request for additional TIF funding for this Dallas Midtown Phase 1 Project would be evaluated based on the Project having additional private development and on the overall financial status of the District.

Appendix I: Dallas Midtown Phase 1 Project

Development Team

Midtown Development, Inc. (Beck Ventures)

- Dallas family
- 40 years experience with a variety of businesses, including real estate acquisition, development, and management as well as other diversified ventures—Quantum Holdings, LP; Capital Senior Living Inc. (NYSE: CSU); United Texas Bank
- Master developer in Trophy Club, TX

Appendix I: Dallas Midtown Phase 1 Project

Development Team (continued)

Leadership:

- **Jeffrey Beck**, involved in all aspects of the company. Earlier in career, was Regional Controller with Trammel Crow Company before founding/leading several real estate companies (e.g. Trophy Club master developer) as well as several other business interests (e.g. Capital Senior Living; Quantum Holdings; United Texas Bank).
- **Scott Beck**, President/CEO, leading the Dallas Midtown Phase 1 Project. Previously with JP Morgan Chase; SG Cowen; and Ernst & Young.
- **George Burchlaw**, Executive Vice President, joined team in October 2015. Was previously with Forest City Enterprises, managing over \$275 million of complex, urban, large-scale development projects.