

Memorandum



CITY OF DALLAS

DATE April 30, 2010

TO Members of the Economic Development & Housing Committee: (Chair), Ron Natinsky, (Vice-Chair), Tennell Atkins, Jerry Allen, Dwaine Caraway, Sheffie Kadane, Linda Koop, Ann Margolin, Steve Salazar

SUBJECT **Authorize an amendment to Article IV Section 4.10a of the Chapter 380 loan agreement with City Wide Community Development Corporation dated August 1, 2008 approved by CR 08 1583 dated May 28, 2008 to extend the deadline to commence construction of multi family housing, mixed use retail and a skills training facility for the Dallas Urban League on sites located at 4343 Lancaster Road and 4411 Lancaster Road in the Lancaster Corridor from 2 years from the date of the loan agreement to 30 months from the date of the loan agreement.**

On May 12, 2010, the City Council will consider authorizing an amendment to Article IV Section 4.10a of the Chapter 380 loan agreement with City Wide Community Development Corporation dated August 1, 2008 approved by CR 08 1583 dated May 28, 2008 to extend the deadline to commence construction of multi family housing, mixed use retail and a skills training facility for the Dallas Urban League on sites located at 4343 Lancaster Road and 4411 Lancaster Road in the Lancaster Corridor from 2 years from the date of the loan agreement to 30 months from the date of the loan agreement.

BACKGROUND

City Wide Community Development Corporation, (CWCDC) is a 501 (c) 3 non-profit corporation engaged in development and redevelopment activity throughout the city with a focus on Southeast Oak Cliff, primarily zip code 75216. CWCDC has joined the Urban League of Greater Dallas N/C. Texas, Inc. (Urban League) in working to redevelop land in the Lancaster Corridor.

The Lancaster Corridor is a vital main street for South Central Dallas and is a high City Council priority for development and redevelopment options that will improve communities all along the corridor. The Sunset Motel and the Southern Comfort Motel were purchased by CWCDC in August 2008 and subsequently demolished to make way for a collaborative development project with the Dallas Urban League. Both motel sites are across the street from the North Texas Veterans Administration Medical Center (VA). The VA continues to expand and has expressed a need for additional administrative space.

Acquisition of the motels removed properties that were undesirable and operating nuisance businesses to make way for development that will be more in line with the vision for the Lancaster Corridor

Delays in acquiring properties needed for the development has caused the project to fall behind the planned schedule to commence construction.

All properties needed for the development have been purchased or are under contract for purchase which will allow construction to begin by 30 months from the date of the forgivable loan agreement.

City Wide Community Development Corporation has developed numerous multi-family and single family projects in Dallas. The Urban League is a long time national institution that addresses challenges facing disadvantaged groups in many areas, including employment, education, housing, health, community and economic development.

PRIOR ACTION / REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 3, 2010 a memo was submitted to the Economic Development Committee regarding the amendment to extend the terms of Section 2a of CR 08 1583 regarding the commencement of construction from 24 months to 30 months.

FISCAL INFORMATION

No cost consideration to the City

OWNER

City Wide Community
Development Corporation

Sherman Roberts
President/CEO

DEVELOPER

City Wide Community
Development Corporation

Sherman Roberts
President/CEO

MAP

Attached

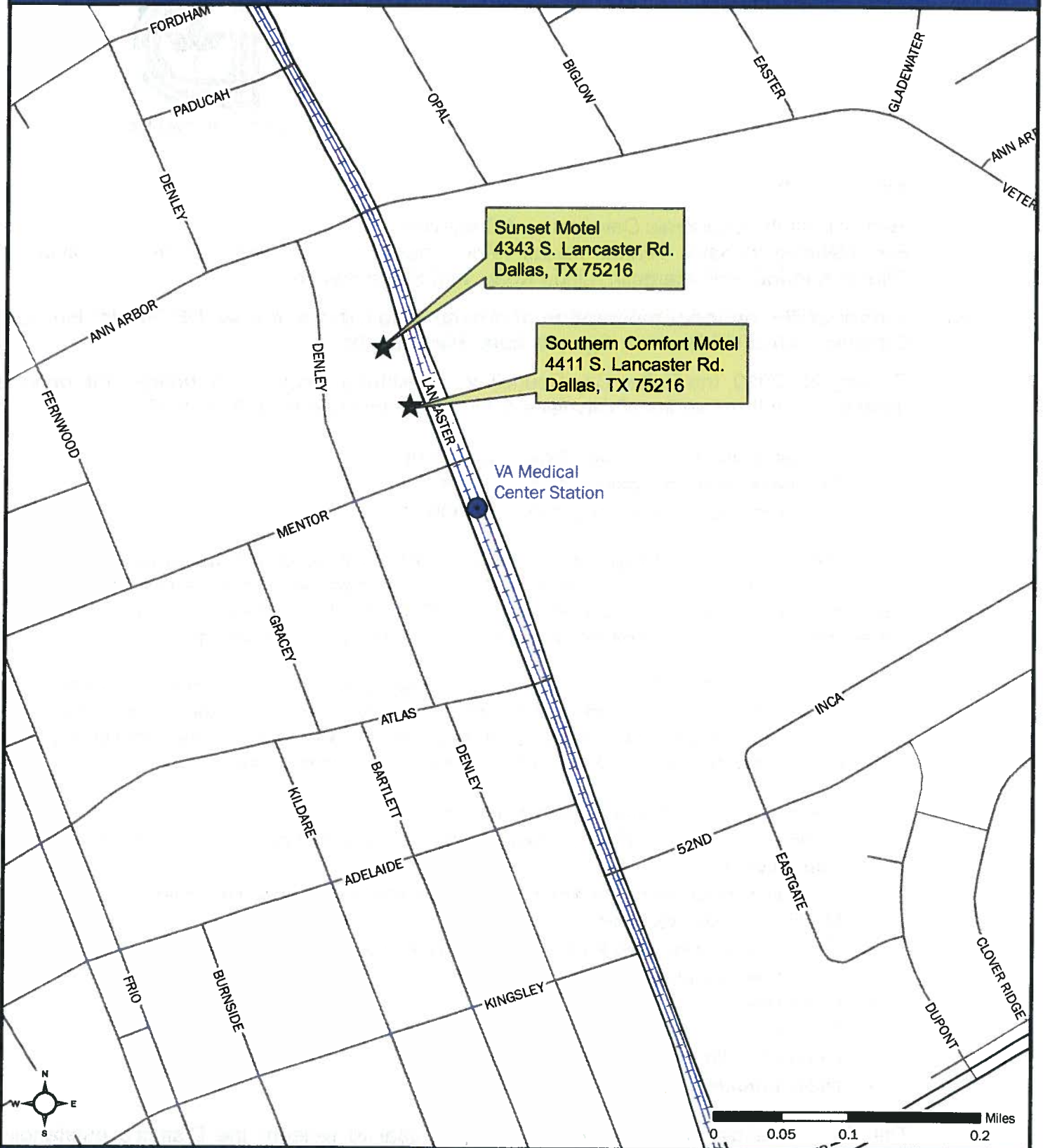
Should you have any questions concerning this information, please contact me at 214 670 3314.



A.C. Gonzalez
Assistant City Manager

- C: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
Tom Perkins, City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge Municipal Court
Forest Turner, Assistant City Manager
Jill Jordan, P.E. Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens – Thompson, Assistant to the City Manager

Lancaster Road Motels



City of Dallas
Office of Economic Development



Research & Information Division
(214) 670-1685
<http://www.Dallas-EcoDev.org>

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Source: City of Dallas, 2008

Memorandum



DATE: April 30, 2010

TO: Members of the Economic Development Committee
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwaine Caraway,
Sheffie Kadane, Ann Margolin, Linda Koop, and Steve Salazar

SUBJECT: **Authorize the optional redemption of outstanding Cityplace Area TIF District Bonds
Cityplace Area TIF District; Agenda Item, May 26, 2010**

On May 26, 2010, the Dallas City Council will consider a resolution authorizing the optional redemption of three series of Cityplace Area TIF District bonds on August 15, 2010.

- 1st series issued February 1998 - \$5,000,000
- 2nd series issued October 2000 - \$7,600,000
- 3rd series issued February 2004 - \$7,000,000

The Cityplace Area TIF District was created in 1992 with a termination date of December 31, 2012. In 2008, the District ceased collecting TIF increment as the entire TIF Budget of approximately \$42 million had been funded. Although the district no longer collects TIF increment, there are still outstanding bonds for the District, see Attachment A.

The City issued the TIF Bonds to reimburse developers for public infrastructure improvements costs incurred within the District. Through the use of the TIF increment and bond funds vital public infrastructure in the District was constructed spurring private investment within the District. Some of the public improvements include:

- Construction of Cityplace West Boulevard
- Construction of the Central Expressway Bridges at Haskell and Lemmon Avenues (partially funded)
- Extension of McKinney Avenue Trolley service to Cityplace Dart Station
- Medians in Blackburn Street
- District wide water and sewer system replacement
- Tree-lined boulevards
- Wide sidewalks
- Open Space
- Decorative lighting and paving
- Utility burial/relocation

The City's financial advisor reviewed the proposal to redeem the District's outstanding bonds and concluded that from an economic standpoint, it is best to call the outstanding bonds, given that the City would have to invest its funds at 4% in order to breakeven.

The Cityplace Area TIF District has sufficient funds on hand to redeem all outstanding bonds. As a result of calling the bonds, an estimated \$230,000 in future interest payments will be saved.

The TIF official statement outlining the rules for redemption of bonds states that the City has the right, at its option, to redeem bonds on August 15, 2010, at the par value plus accrued interest. Additionally, there is no call premium should the bonds be called on August 15, 2010.

Fiscal Information

\$5,508,086 – Cityplace Area TIF District Funds and/or Tax Increment Bonds Funds are requested to be dedicated to redeem the TIF District's outstanding bonds. The sources of funding are shown below.

Debt Service Reserve Fund Investment	\$2,233,698.18
Debt Service Reserve Fund Cash	\$200,004.38
Debt Service Fund Cash	\$168,135.05
Cityplace Area TIF District Fund	<u>\$2,906,248.39</u>
Total Amount for Full Redemption	\$5,508,086.00

STAFF

Karl Stundins, Manager, Area Redevelopment Division
Tamara L. Leak, Economic Development Analyst

RECOMMENDATION

Staff recommends approval of the subject item. Please contact me if you have any questions.


A. C. Gonzalez
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, Jr., City Attorney
Craig Kinton, City Auditor
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Helena Stevens-Thompson, Assistant to the City Manager

City of Dallas, Texas
 Tax Increment Bonds (TRZ #2), Series 1998, Series 2000 & Series 2004
 Outstanding Debt - FY 2010 Through FY 2012

	Series 1998				Series 2000				Series 2004				Total		
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Interest	Total
2/15/10	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
8/15/10	405,000	4.850%	31,714	436,714	465,000	4.875%	36,403	501,403	860,000	2.750%	39,969	899,969	1,730,000	108,086	1,838,086
2/15/11	-		21,893	21,893	-		25,069	25,069	-		28,144	28,144	-	75,105	75,105
8/15/11	430,000	4.950%	21,893	451,893	480,000	5.000%	25,069	505,069	885,000	3.000%	28,144	913,144	1,795,000	75,105	1,870,105
2/15/12	-		11,250	11,250	-		13,069	13,069	-		14,869	14,869	-	39,188	39,188
8/15/12	450,000	5.000%	11,250	461,250	510,000	5.125%	13,069	523,069	915,000	3.250%	14,869	929,869	1,875,000	39,188	1,914,188
	<u>\$ 1,285,000</u>		<u>\$ 97,999</u>	<u>\$ 1,382,999</u>	<u>\$ 1,455,000</u>		<u>\$ 112,678</u>	<u>\$ 1,567,678</u>	<u>\$ 2,660,000</u>		<u>\$ 125,994</u>	<u>\$ 2,785,994</u>	<u>\$ 5,400,000</u>	<u>\$ 336,671</u>	<u>\$ 5,736,671</u>

City of Dallas, Texas
 Tax Increment Bonds (TRZ #2), Series 1998, Series 2000 & Series 2004
 Bonds to be Paid/Redeemed on August 15, 2010

	Series 1998					Series 2000					Series 2004					Total			
	Principal	Coupon	Interest	Red Prem	Total	Principal	Coupon	Interest	Red Prem	Total	Principal	Coupon	Interest	Red Prem	Total	Principal	Interest	Red Prem	Total
2/15/10	\$ -		\$ -		\$ -	\$ -		\$ -		\$ -	\$ -		\$ -		\$ -	\$ -	\$ -		\$ -
8/15/10	405,000	4.850%	-	-	405,000	465,000	4.875%	-	-	465,000	860,000	2.750%	-	-	860,000	1,730,000	-	-	1,730,000
2/15/11	-		-	-	-	-		-	-	-	-		-	-	-	-	-	-	-
8/15/11	430,000	4.950%	-	-	430,000	480,000	5.000%	-	-	480,000	885,000	3.000%	-	-	885,000	1,795,000	-	-	1,795,000
2/15/12	-		-	-	-	-		-	-	-	-		-	-	-	-	-	-	-
8/15/12	450,000	5.000%	-	-	450,000	510,000	5.125%	-	-	510,000	915,000	3.250%	-	-	915,000	1,875,000	-	-	1,875,000
	<u>\$ 1,285,000</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,285,000</u>	<u>\$ 1,455,000</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,455,000</u>	<u>\$ 2,660,000</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,660,000</u>	<u>\$ 5,400,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,400,000</u>

Sources of Funds

Debt Service Reserve Fund Investment	\$ 2,233,688	(1)
Debt Service Reserve Fund Cash	200,004	(2)
Debt Service Fund Cash	168,135	(2)
E.D. Fund 0030	13,455,033	(2)
Total:	<u>\$ 16,056,870</u>	

Note:
 (1) Fund balance as of 3/31/2010. Provided by the City.
 (2) Fund balance as of 4/20/2010. Provided by the City.

Payoff Amount

Principal Due	\$ 5,400,000
Interest Due	108,086
Call Premium	-
Total Payoff Amount:	<u>\$ 5,508,086</u>
Additional Funds Required for Full Redemption:	<u>\$ -</u>