

Memorandum



DATE June 3, 2016

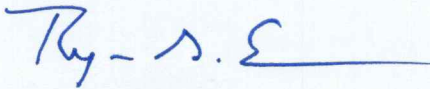
TO Members of the Economic Development Committee:
Rickey D. Callahan (Chair), Casey Thomas, II, (Vice Chair), Adam Medrano,
Lee M. Kleinman, Carolyn King Arnold, B. Adam McGough

SUBJECT **Dallas Development Fund: Upcoming NMTC Items**

On Monday, June 6, 2016 the Economic Development Committee will be briefed on Dallas Development Fund: Upcoming NMTC Items.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.



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 Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Dallas Development Fund: Upcoming NMTC Items

June 6, 2016

Economic Development Committee



Briefing Purpose

Provide overview of Girl Scouts of Northeast Texas (GSNETX) Camp Whispering Cedars STEM Center of Excellence as a potential NMTC projects

Provide overview of proposed changes to DDF's organizational documents

Request approval of Science Technology Engineering and Mathematics (STEM) Center of Excellence Project and DDF organizational documents changes

New Markets Tax Credit (NMTC)

Overview

The City created the Dallas Development Fund (DDF), a non-profit Community Development Entity (CDE) in 2009, to apply for a NMTC allocation from the U.S. Department of Treasury's Community Development Financial Institutions (CDFI)

- Per CDFI requirements, all CDE's must have Low-Income Community (LIC) accountability

DDF was awarded a \$55 million allocation under the 2009 cycle.

- Additional allocation awards of \$30 M in 2012 and \$45 M in 2014

The NMTC program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated CDEs.

- The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year credit allowance period.

These investments must be used by the CDE for projects and investments in LICs, as defined by the NMTC program.

To date, DDF and the City Council have authorized \$111 million in NMTC allocation to ten projects throughout the City.

DDF Previous Projects

	Project	Net NMTC Cash Benefit	Allocation Amount	Project Type	Total Project Cost	Council District (Current)	Date
First Allocation	NYLO	\$4.4 M	\$18.5 M	Hotel	\$19.1 M	2	7/11
	Kroger	\$3.2 M	\$12.5 M	Grocery store	\$12 M	2	7/11
	Lancaster Urban Village	\$2.9 M	\$11.5 M	Mixed-use housing	\$27.8 M	4	9/12
	CitySquare Opportunity Center	\$3.8 M	\$12.5 M	Community facilities	\$13.8 M	7	6/13
Second Allocation	Vogel Alcove	\$1.7 M	\$6 M	Community facilities	\$5.9 M	2	12/12
	Hatcher Station Clinic	\$4.3 M	\$15 M	Medical facility	\$19.8 M	7	7/14
	Serta/Dormae	\$2.5 M	\$9 M	Manufacturing facility	\$15.5 M	8	7/15
Third Allocation	Family Place	\$3.4 M	\$11.5	Community facilities	\$16.1 M	2	7/16
	Resource Center	\$1.8 M	\$6.5 M	Community facilities	\$8.2 M	2	7/16
	Pioneer Foods	\$2.3 M	\$8 M	Manufacturing facility	\$36.8 M	8	7/16

GSNETX - STEM Center of Excellence

Girl Scouts of Northeast Texas (GSNETX)

Regional council serving 32 counties across Northeast Texas

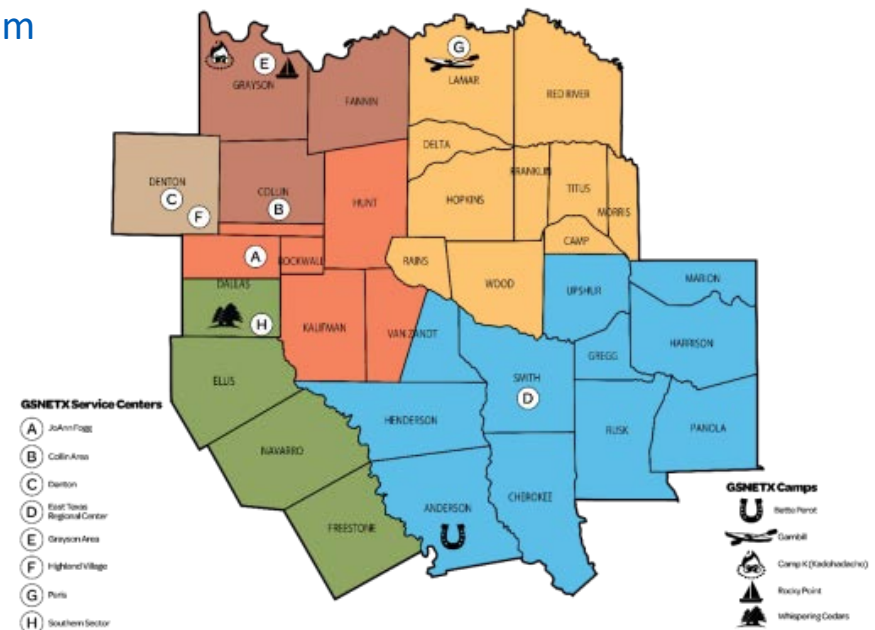
Operates 5 camps and 8 Service Centers

Serves over 27,000 girls annually; over 9,000 from Dallas



GSNETX Presence in City of Dallas

- Operates Southern Sector Service Center (Hampton Road and I-20) and Camp Whispering Cedars (Project site)
- 27% of GSNETX participants live in Dallas
- 2500+ minority/low-income from DISD Title 1 Schools through multiple programs offered for free to students



GSNETX Service Area

GSNETX – Project Overview

\$10.3MM transformation of Camp Whispering Cedars into a STEM Center of Excellence:

- Existing site: 88-acre camp established in 1926, is oldest and only urban GSNETX facility
- STEM Center of Excellence will promote STEM learning through hands-on training, exploration, and partnerships with employers
- Key project components:
 - New Welcome/Program Center, Aquatic Center, and Leadership Center
 - Rehabilitation of existing facilities
 - Site infrastructure/ landscaping/ equipment



The Rees-Jones Foundation Welcome Center Complex



Girl Exploration Center

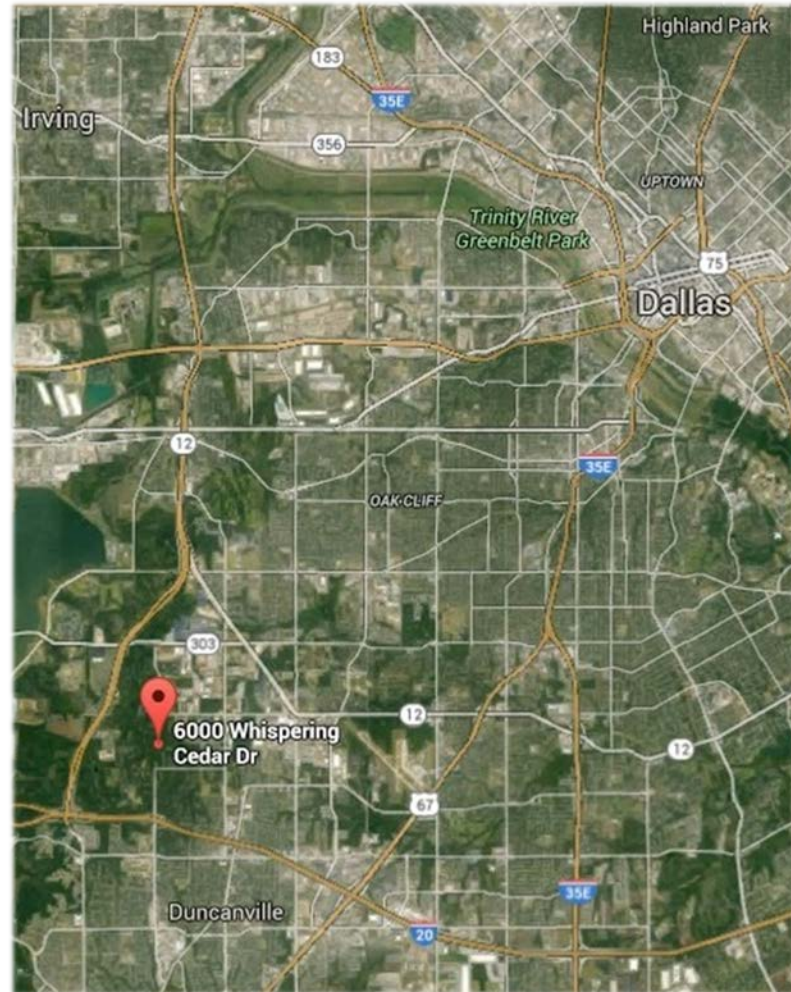
GSNETX – Location

Highly-Distressed Location:

6000 Whispering Cedar Drive

Southern Dallas

- Tract 48113016520
- Median Family Income 61.8% Area Median
- Located in FEMA Disaster Area
- Portion of site located in Enterprise Zone



GSNETX – Community Impacts

Increase Number of Girls Served

- Today, 2,200 girls served annually at Camp Whispering Cedars
 - 14% from Southern Dallas (27% from Dallas)
 - 96% have family incomes below \$55,300 and 61% are minorities;
- Future, 3,000+ girls served annually
 - Increase number from Dallas through community and DISD partnerships
- Increase annual adult volunteers served from 500 to 750

Enhanced and New STEM Education and Training

- Eco Adventure/Life Sciences
- Forces of Nature/Physical Sciences
- Tech Innovation/Design Studio/Math and Science
- Health Science and Technology

Strengthen Presence in Southern Dallas

- Enhance existing programs in DISD schools that serve 2,500+ annually:
 - Girl Scouting in the School Day, Las Mariposas, Girl Scouts Direct (after-school program)
- Maintain GSNETX's long-term presence in Southern Dallas with only GSNETX urban campsite
- Potential to open outdoor STEM programming to Southern Dallas schools for daylong fieldtrips

GSNETX – Financing Summary

Base Project Budget: \$10.3MM

Leverage Source: Fundraising; bridge loan on pledges

Investor: Capital One

DDF Allocation: Up to \$6MM

Capital One Allocation: Up to \$2MM

Expected Closing: Q3 2016

Sources	Total
Net NMTC Equity (Net of CDE Suballocation Fees)	\$ 2,412,000
Sponsor Equity (cash from capital campaign)	\$ 744,713
Sponsor Equity (expenditures prior to Closing)	\$ 4,540,000
Capital Campaign Bridge Loan (for leverage loan)	\$ 3,316,713
Capital Campaign Bridge Loan (for contribution to QALICB)	\$ 183,287
Total Sources	\$ 11,196,713
Uses	Total
Infrastructure and Safety	\$ 1,245,231
Welcome Center and Girl Program Center	\$ 1,625,000
Land Acquisition (2-4 acres)	\$ 87,953
STEM Furnishings/Equipment/Laptops/Kits	\$ 45,196
Trails/Activity Courses/Features	\$ 238,370
Music Garden/Energy in Motion/Archery	\$ 260,000
Old House/Pod Units/Site Manager House	\$ 1,061,850
Pecan Grove Lodge Units 1 and 2	\$ 1,285,000
Program Pavilion/Amphitheater	\$ 165,000
Observation Tower and Courtyard	\$ 750,000
Pool and Aquatic Center	\$ 1,496,000
Girl Exploration Center (former Kirby House site)	\$ 850,000
Leadership Center/Health Lodge	\$ 1,000,000
Soft Costs	\$ 214,713
NMTC Reserves	\$ 243,000
NMTC Estimated Closing Costs	\$ 412,500
NMTC Arranger Fee (consultant retained by GSNETX)	\$ 216,900
Total Uses	\$ 11,196,713

DDF Investment Criteria

Camp Whispering Cedars Project

Location	<i>Highly Distressed Community</i>		<i>Transit Accessible</i>		<i>Southern Dallas</i>	
	Yes, 61.8% AMI		No		Yes	
Anticipated community impacts	<i>Job Retention & Creation</i>	<i>Quality/ Accessible Jobs</i>	<i>M/WBE-Owned Business</i>	<i>Community Goods/Services</i>	<i>Environmental Sustainability</i>	
	Yes Retained: 2 FT, 1 PT, 12 seasonal Created: 2 FT, 16 PT, 100+ seasonal	Yes Seasonal jobs accessible to LIPs FT pay above living wage and has benefits	Yes Board is more than 50% women	Yes GSNETX provides youth enrichment for girls, with special programs for low-income	Yes New construction incl. energy efficient windows, HVAC, low-flow water use & recycling.	
Impact on Southern Dallas	<i>Clients Served</i>			<i>Employees</i>		
	Anticipated 400+ girls from Southern Dallas to be served by camp			4 FT, 17 PT, 115 seasonal positions with goals of hiring from Southern Dallas		
Local community need for project	Camp Whispering Cedars has seen few upgrades in decades; new project will enhance camp to provide STEM education to low-income girls in Southern Dallas					
Demonstrated need for NMTC	NMTC would allow GSNETX to ensure all project components can be built in a timely manner.					

DDF Organizational Document Changes

DDF last updated its organizational documents in 2013 in response to comments from the IRS related to its 501(c)3 non-profit status designation.

Since then, the CDFI Fund has increased the level of emphasis it places on the level and depth of Low Income Community (LIC) representation on CDE boards in its competitive scoring of NMTC applications

To comply with the CDFI Fund's preferences and remain competitive for future NMTC allocations, changes are recommended to DDF's bylaws related to LIC accountability. The other changes are related to DDF administration.

DDF Organizational Document Changes

Strengthens LIC accountability and broadens board eligibility

- Board members can either be City of Dallas residents (existing) or a Dallas County resident that works for a Dallas-officed LIC organization
- Requires that 4 board members are LIC accountable (currently 3)

Terms

- Extends maximum term limit to 4 terms (8 years) for members
- Staggers terms for existing class I members into “even” and “odd” terms to ensure board continuity (Class II members are already staggered because of year of appointment)
 - Two Class I members could serve until 2020 and two until 2021.
- Creates a universal term end date (February 25)

Other small changes

- Clarifies nominating and approval methods for Class II members
- Clarifies that a conflict of interests does not cause a loss of quorum
- Offices of Secretary and Treasurer must be either board members or City employees
- Roberts Rules of Order shall provide common rules and procedures unless otherwise specified in the bylaws

Next Steps

Request Economic Development Committee approval of Girl Scouts of Northeast Texas (GSNETX) Camp Whispering Cedars STEM Center of Excellence and DDF organizational document changes to full Council consideration on June 15th

DDF Board unanimously approved both items at board meeting on May 17, 2016