

Memorandum



CITY OF DALLAS

DATE May 31, 2019

TO Honorable Members of the Economic Development and Housing Committee
Tennell Atkins, (Chair), Rickey D. Callahan, (Vice-Chair), Casey Thomas, II,
Scott Griggs, Mark Clayton, Lee M. Kleinman, B. Adam McGough, Kevin Felder,
Omar Narvaez

SUBJECT **New Markets Tax Credit Transaction: Girl Scouts of Northeast Texas STEM Center of Excellence**

On Monday, June 3, 2019, the Committee will be briefed on an upcoming New Markets Tax Credit Transaction: Girl Scouts of Northeast Texas STEM Center of Excellence. The briefing material is attached for your review.

Please feel free to contact myself or Courtney Pogue, Director of the Department of Economic Development, if you have any questions or need additional information.

A handwritten signature in black ink, appearing to read 'Michael Mendoza'.

Michael Mendoza
Chief of Economic Development and Neighborhood Services

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swan, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizar Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Laila Aleqresh, Chief Innovation Officer
Directors and Assistant Directors

New Markets Tax Credit Transaction: Girl Scouts of Northeast Texas STEM Center of Excellence

**Economic Development and
Housing Committee
June 3, 2019**

**Courtney Pogue, Director
Office of Economic Development
City of Dallas**



Background

- New Market Tax Credits (NMTC) is a federal tax credit program to help attract private investment for developments in Low Income Neighborhoods (map of eligible areas in Appendix A).
- Tax credit allocations are made directly to local Community Development Entities (CDE). The City of Dallas created the Dallas Development Fund (DDF) in 2009 as a local CDE. DDF is a city-controlled 501c3 organization created for the purpose of applying for NMTC allocations to be used in Dallas.
- The tax credit is similar to a matching grant and provides approximately 20% subsidy to qualified projects.

Background

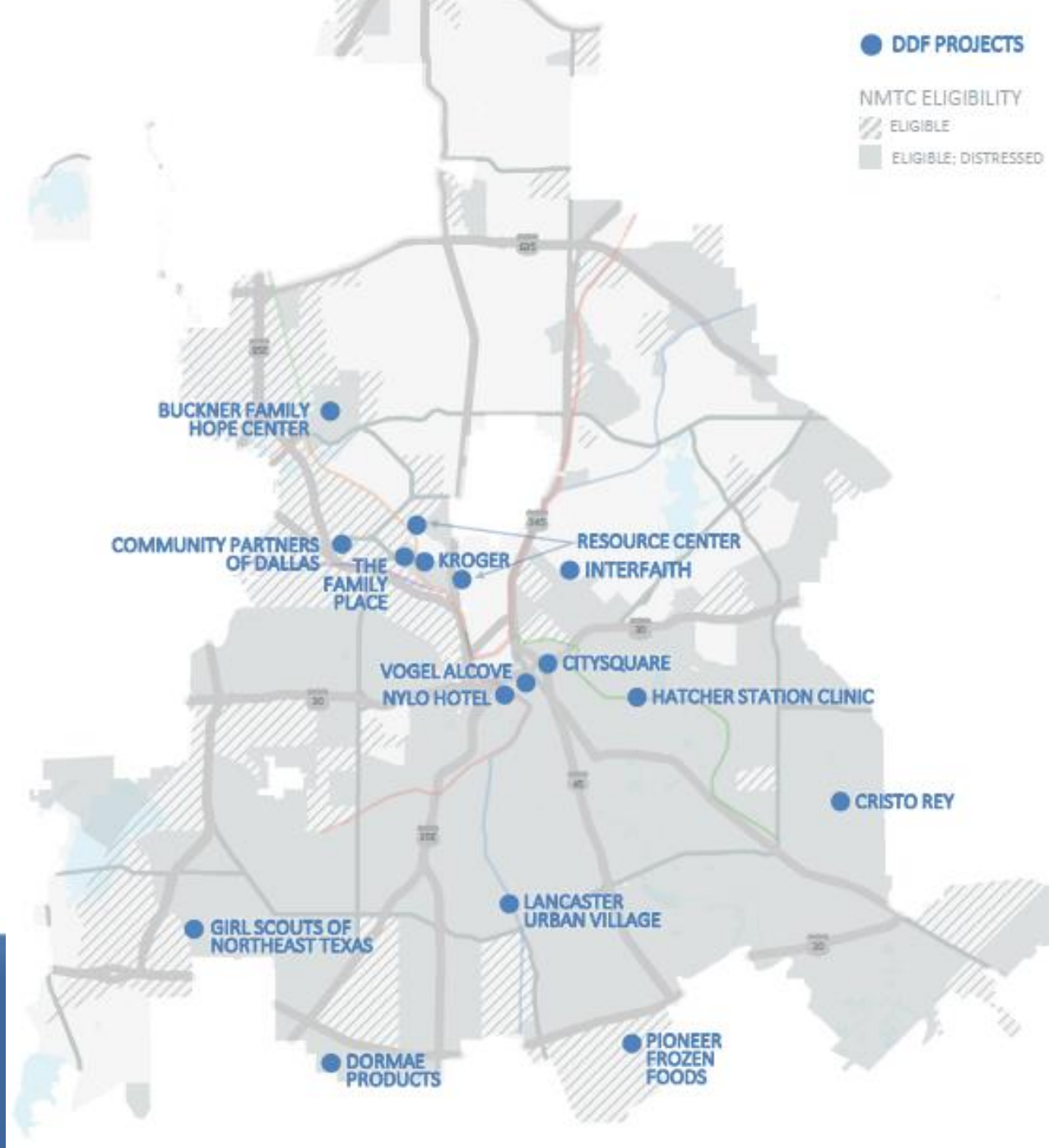
- DDF is the only municipal CDE in Texas to be awarded NMTC, and has been awarded a total of \$185M to date:
 - \$55M in 2009
 - \$30M in 2012
 - \$45M in 2014
 - \$55M in 2017
- To date, DDF and the City Council have authorized \$148 million in NMTC allocation to fifteen closed projects throughout the City (See Appendix C)

Projects

- 15 total projects supported, 9 in southern Dallas
- 1,026,000 square feet developed and/or rehabbed

2018 Impacts

- 80,026 individuals served through social services
- 1011 FTE jobs created/retained with an average wage of \$21.36



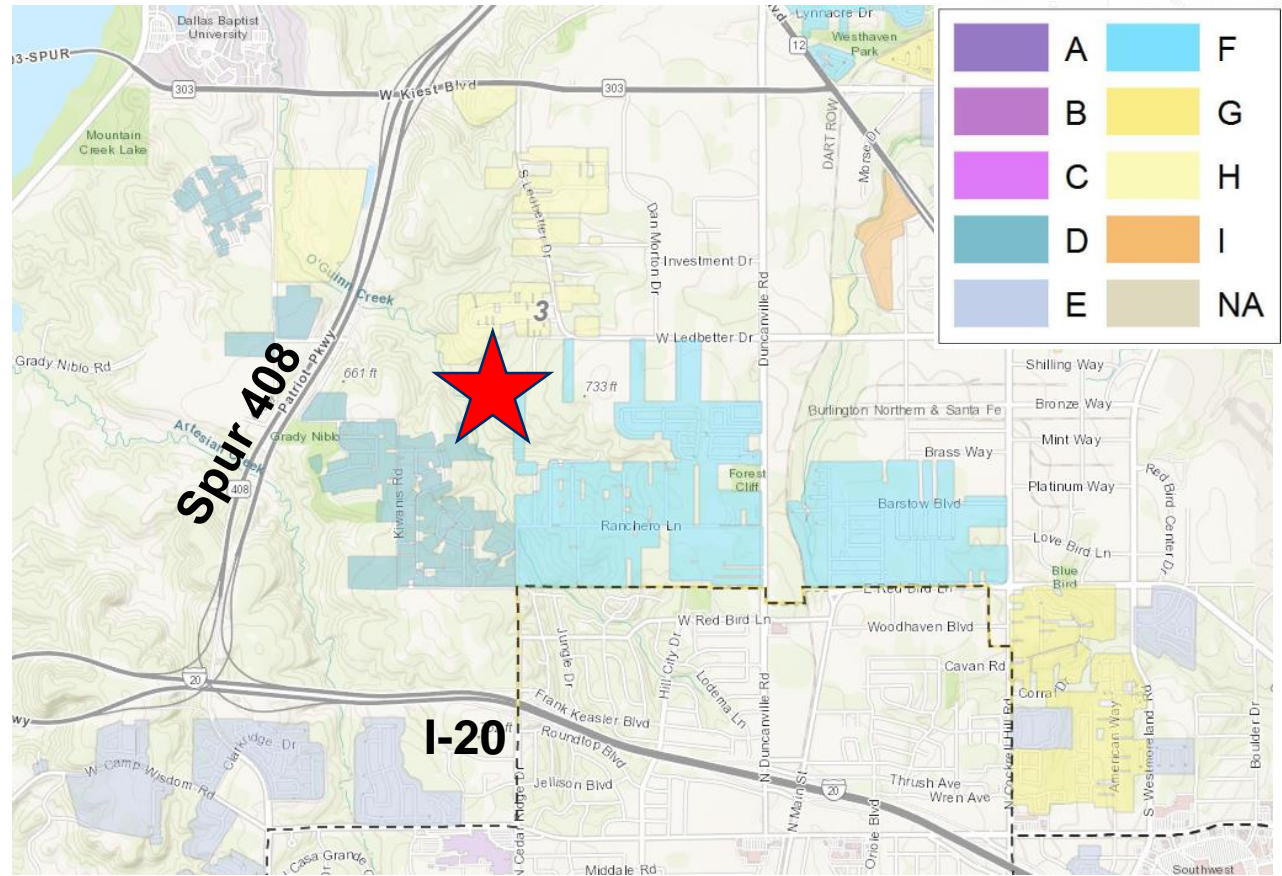
Girl Scouts of Northeast Texas

- Regional Girl Scout council serving over 25,000 girls in 32 counties across northeast Texas
- The council leads programs in 39 DISD schools, reaching more than 3,000 low/moderate income students



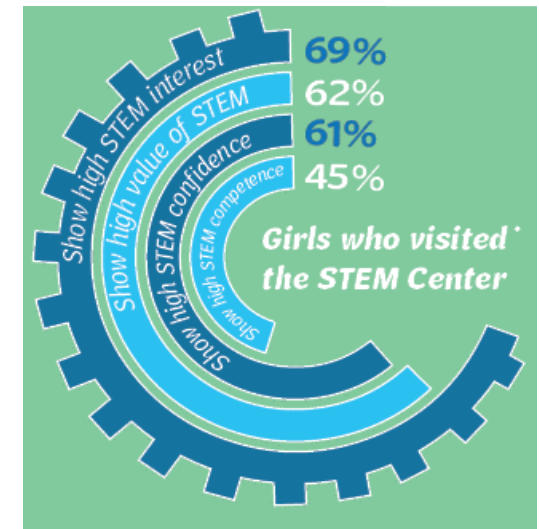
The STEM Center of Excellence

The STEM Center of Excellence is located at Camp Whispering Cedars in southwest Dallas, in a highly distressed census tract.



The STEM Center of Excellence

- The 92-acre, WWII-era urban camp has been redesigned into the STEM Center for Excellence to offer nation-leading STEM education opportunities. The facility includes classrooms, chemistry and computer labs, an observation tower for astronomy lessons, a nature trail with ecosystem educational signage, an obstacle course of machines and catapults to study scientific principals such as gravity and acceleration, an archery range, a geology trail, a ropes course, an outdoor soundscape, an aquatics center, and other amenities.
- Programs include:
 - K-12 outdoor field trips with local schools
 - In 2018, 60% of participants were Dallas residents, and 52% of participants were southern Dallas residents
 - After school and weekend STEM workshops
 - Day camps (summer and school vacations)
 - Overnight summer camps
 - STEM-related volunteer training and continuing education sessions for Dallas-area teachers



2016 NMTC Award

- In 2016, the Dallas Development Fund provided \$6 Million in NMTC as part of the initial redevelopment project to support the welcome center, aquatic facilities, leadership lodge, and observation tower.
- The 2016 redevelopment was expected to increase the number of girls served from 2,200 to 3,000+.
- The actual number of children served in 2018 was **14,932**. The facility has been wildly successful, and needs to accelerate additional renovations to accommodate the number of visitors.



2019 Project Summary

- Additional NMTC funds are needed to support new STEM enhancements and to add site and security upgrades required due to increased usage. STEM enhancements include:
 - Robotics and innovation center
 - STEM-focused Maker's Space
 - STEM equipment and technology
- These enhancements will allow the facility to serve even more children.
 - Actual: 14,932 unique individuals in 2018
 - Projected: 18,300 unique individuals served annually in 2025



Project Summary

Total Project Budget: \$12.4 million

DDF NMTC Allocation (2019): \$5.5 million

Leverage: Capital campaign proceeds;
bridge loan from Capital One for recent
expenditures

NMTC Investor: Capital One

Expected Closing: July 2019

Total Sources	
DDF Gross Subsidy ("B Note") - 2019 deal	\$1,538,900
DDF Gross Subsidy ("B Note") - 2016 deal	\$1,749,000
Capital One Gross Subsidy ("B Note") - 2016 deal	\$663,000
GSNETX Capital Campaign Proceeds	\$10,166,482
Total Sources	\$14,117,382
Total Uses	
Land and Site Work	
Land Acquisition	\$140,940
Site Infrastructure	\$1,447,827
Outdoor Recreation/Educational Infrastructure	\$853,421
New Building Construction	
Welcome Center and Girl Program Center	\$1,778,277
Pool and Aquatic Center	\$1,584,216
Observation Tower and Courtyard	\$1,382,850
Girl Exploration Center	\$1,194,437
Leadership Center/Health Lodge	\$1,159,646
Templeton Lodge	\$747,669
Innovation Center	\$366,293
Pavilion/studio/program spaces	\$350,000
Building Renovations	\$1,136,654
STEM Equipment	\$198,514
P&P Bonds	\$49,819
Base Project Costs	\$12,390,562
NMTC Costs (2016 deal)	\$1,146,071
Estimated NMTC Closings Costs (2019 deal)	\$350,000
Reserve for DDF Ongoing Fees (2019 deal)	\$230,750
Total Uses	\$14,117,382

DDF Investment Criteria

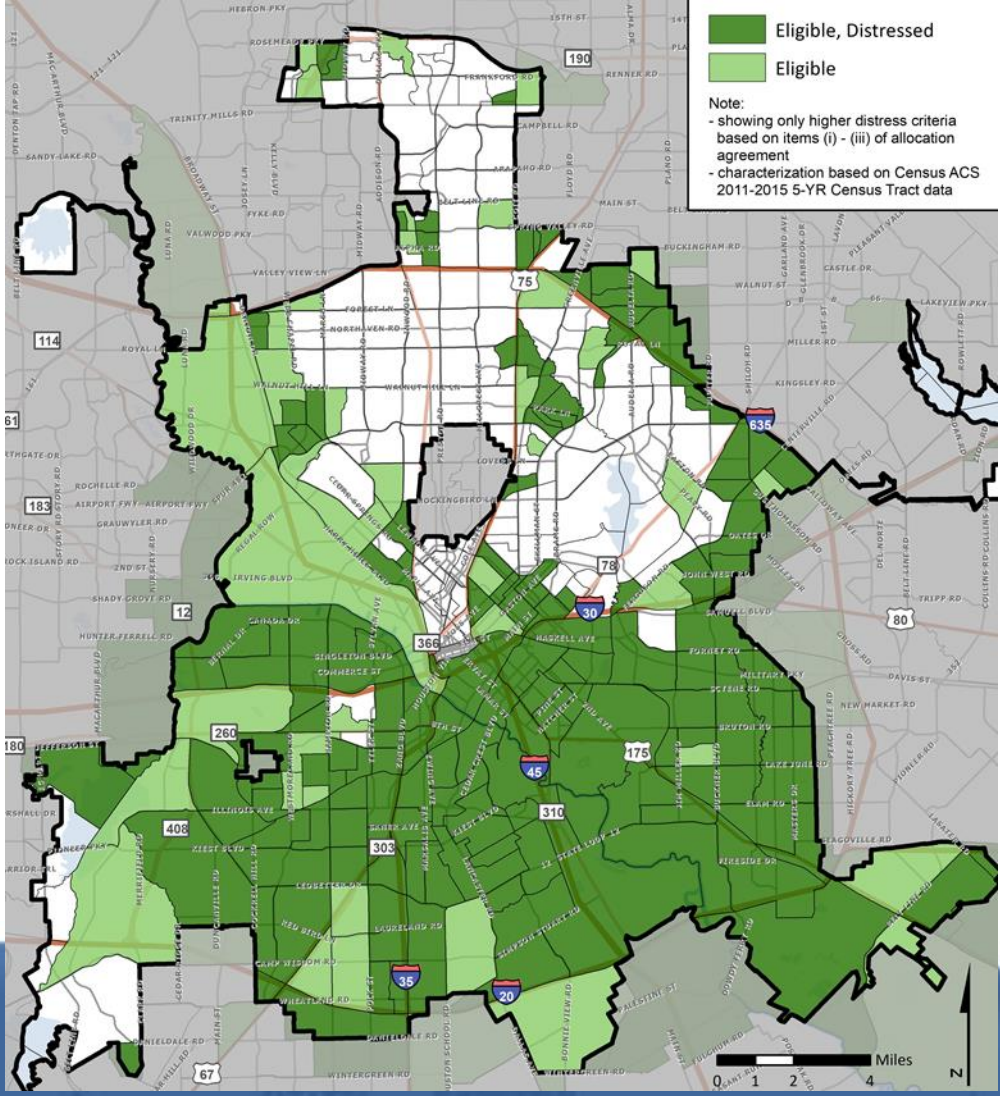
Location	Highly-Distressed Community		Transit Accessible	Southern Dallas	MVA Rating
	Poverty: 19.3% MFI: 59.6%		No	Yes	Near D & E areas
Anticipated community impacts	Job Retention & Creation	Quality/ Accessible Jobs	M/WBE-Owned Business	Community Goods/Services	Environmental Sustainability
	Retains 16 FT and 14 PT positions (includes 7 AmeriCorps positions) Anticipate hiring 8 additional FTE	All full-time staff receive benefits including employer-covered health insurance, a 403(b) plan with employer match, and paid vacation time	Female CEO; Senior leadership all women	In 2018, the STEM Center of Excellence served nearly 15,000 individuals; by 2025 expected to be over 18,000	Green Business Certified; green roof buildings, water recapture facilities, photovoltaic usage, LED lights
Impact on Southern Dallas	Clients Served			Employees	
	Over 5,000 visitors from Southern Dallas (more than half of field trip participants are)			3 current employees reside in southern Dallas; TBD for future employees	
Indirect Impacts	\$9.8MM in output during construction; \$4MM in annual output for ongoing operations Construction: 18 indirect and induced jobs; Operations: 9 indirect and induced jobs				
Local community need for project	Provides STEM and outdoor learning facilities to girls and youth in the City of Dallas, particularly those participating in the Girl Scout Academy program and other DISD in-school programs, and school field trips				
Demonstrated need for NMTC	Fills gap in capital campaign so sponsor doesn't have to borrow additional funds to complete project				

Next Steps

With the approval of this committee, this item will be placed on the June 26 City Council agenda for consideration.



Appendix A– NMTC eligible areas



Appendix B- Current Board Members

- Gilbert Gerst (President)
- Brentt Shropshire (Vice President)
- Zenetta Drew (Treasurer)
- Benjamin Salazar
- Dora Ramirez
- Edward Okpa
- Valerie Hawthorne



Appendix C – Approved Transactions

	Project	DDF Allocation Amount	Project Type	Total Project Cost	Council District	Closing Date
First Allocation	NYLO	\$18.5 M	Hotel	\$19.1 M	2	11-Jul
	Kroger	\$12.5 M	Grocery store	\$12 M	2	11-Jul
	Lancaster Urban Village	\$11.5 M	Mixed-use housing	\$27.8 M	4	12-Sep
	CitySquare Opportunity Center	\$12.5 M	Community facilities	\$13.8 M	7	13-Jun
Second Allocation	Vogel Alcove	\$6 M	Community facilities	\$5.9 M	2	12-Dec
	Hatcher Station Clinic	\$15 M	Medical facility	\$19.8 M	7	14-Jul
	Serta/Dormae	\$9 M	Manufacturing facility	\$15.5 M	8	15-Jul
Third Allocation	Family Place	\$11.5 M	Community facilities	\$16.1 M	2	16-Jul
	Resource Center	\$6.5 M	Community facilities	\$8.2 M	2	16-Jul
	Pioneer Foods	\$8 M	Manufacturing facility	\$36.8 M	8	16-Jul
	Girl Scouts STEM Center	\$6 M	Community facility	\$10.3 M	3	16-Dec
	Cristo Rey High School	\$7 M	Education facility	\$10.1 M	5	16-Dec
	Interfaith Family Services	\$6 M	Community facility	\$11.0 M	14	17-Jan
Fourth Allocation	Buckner Family Hope Center	\$11 M	Community facility	\$11.8 M	6	18-Oct
	Community Partners of Dallas	\$7 M	Community facility	\$8.5 M	6	18-Dec
	Maya Cinemas	\$9 M	Movie theater	\$29 M	1	TBD

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**Economic Development
and Housing Committee**

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Development**



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