

Increment Allocation Policy Mall Area Redevelopment TIF District (Tax Increment Reinvestment Zone Number Twenty)

It is important for the City of Dallas to encourage comprehensive, orderly, and sustainable redevelopment in the Mall Area Redevelopment TIF District (“District”) to achieve the goals outlined in the Project Plan and Reinvestment Zone Financing Plan (“Plan”). Among these goals is the provision of a large public open space and a network of new public infrastructure (roads and utilities) to attract higher density private development that includes new retail components, office components, lodging components, and residential units. In that spirit, District funds will be allocated to help Developers close the gaps needed to achieve a balanced redevelopment for the benefit of the District. Allocations will be made to Developers proportionally, based on the increment created by a Project (defined in a specific TIF development agreement) and potentially other Related Projects within the District by same Developer or affiliate (if not seeking separate additional District funds) and in accordance with sub-district-wide set asides and inter-sub-district increment transfer arrangements as described below.

Definitions

Administrative Expenses: necessary costs incurred each year by the City for administration and implementation of the Mall Area Redevelopment TIF District Project Plan and Reinvestment Zone Financing Plan. The Montfort-IH 635 Sub-District’s portion of the District’s Administrative Expenses will be based on the ratio of the Montfort-IH 635 Sub-District Gross Increment to the Total Gross Increment. The Westmoreland-IH 20 Sub-District’s portion of the District’s Administrative Expenses will be based on the ratio of the Westmoreland-IH 20 Sub-District Gross Increment to the Total Gross Increment.

Available Cash: money in the District fund that is not already allocated, encumbered, or otherwise set aside for other purposes pursuant to the District’s Project Plan and Reinvestment Zone Financing Plan and pursuant to fully executed TIF development agreements.

Developer: a person or entity that has completed all requirements for a Project as set out in the fully executed TIF development agreement for the Project.

Individual Increment: the portion of a sub-district’s gross increment that a Project (or Related Project) creates each year.

Project (TIF-eligible): development, redevelopment, or rehabilitation that adds taxable real property value at a particular site, or is a space or facility of public benefit such as mixed income housing, open space, a street, or a cultural facility. To be eligible, the Project must have been approved by City Council for District funds, and all requirements for payment set forth in the Project’s fully executed TIF development agreement must have been completed.

Related Project/Developer: if a Developer or a Developer’s affiliate(s) (as defined in a fully executed TIF development agreement) has ownership interest in other development or redevelopment projects in addition to an eligible Project, Developer may request that increment from those Related Project(s) be included in Individual Increment for TIF reimbursement of the eligible Project expenses. These requirements will be further specified in a TIF development agreement where applicable. Related Projects must create new taxable real property value for the District based on the following criteria:

- New development on previously vacant land or in replacement of demolished structures.
- Redevelopment, rehabilitation, or major modification of an existing building if resulting in an increase of 50% or more in the taxable value of the original building.

Sub-District-Wide Public Infrastructure Improvements: improvements not specific to a single development site such as gateways, trails, parks/open space, public facilities, or utility/streetscape improvements benefitting multiple parcels or blocks, regardless of ownership.

Land Acquisition for Sub-District-Wide Central Open Space: Pursuant to the City's Valley View-Galleria Area Plan, PD 887 zoning district, and Project Plan and Reinvestment Zone Financing Plan for the Mall Area Redevelopment TIF District, the long-term success of the Montfort-IH 635 Sub-District as a dense, walkable, livable, and sustainable place depends on a redevelopment pattern anchored by a large centrally located sub-district-wide public open space (ranging in size from 10-20 acres) that is envisioned to serve not only the surrounding Valley View-Galleria neighborhood but also the broader community.

Transfer to the Westmoreland-IH 20 Sub-District: In accordance with the District's Project Plan and Reinvestment Zone Financing Plan, ten percent (10%) of the Montfort-IH 635 Sub-District Net Increment will be annually transferred to the Westmoreland-IH 20 Sub-District to help facilitate the revitalization and redevelopment of the Southwest Center Mall area.

Total Gross Increment: the total annual amount of increment generated within the Montfort-IH 635 Sub-District and within the Westmoreland-IH 20 Sub-District and deposited into the District fund from the participating jurisdictions. Total Gross Increment includes increment attributed to new development as well as increment attributed to the appreciation of values of properties on which new development has not yet occurred.

Montfort-IH 635 Sub-District Gross Increment: the annual amount of increment generated within the Montfort-IH 635 Sub-District before the Montfort-IH 635 Sub-District's portion of Administrative Expenses has been deducted.

Westmoreland-IH 20 Sub-District Gross Increment: the annual amount of increment generated within the Westmoreland-IH 20 Sub-District before the Westmoreland-IH 20 Sub-District's portion of Administrative Expenses has been deducted.

Montfort-IH 635 Sub-District Net Increment: the annual amount of increment generated within the Montfort-IH 635 Sub-District after the Montfort-IH 635 Sub-District's portion of Administrative Expenses has been deducted.

Westmoreland-IH 20 Sub-District Net Increment: the annual amount of increment generated within the Westmoreland-IH 20 Sub-District after the Westmoreland-IH 20 Sub-District's portion of Administrative Expenses has been deducted.

Montfort-IH 635 Sub-District Shared Increment: the Montfort-IH 635 Sub-District Net Increment less (1) the Transfer to the Westmoreland-IH 20 Sub-District, (2) the Set Aside for Sub-District-Wide Public Infrastructure Improvements, (3) the Set Aside for Land Acquisition of Sub-District-Wide Central Open Space, and (4) the sum of the Individual Increments of all Developers of eligible Projects in the Montfort-IH 635 Sub-District.

Westmoreland-IH 20 Sub-District Shared Increment: the Westmoreland-IH 20 Sub-District Net Increment plus the amount transferred from the Montfort-IH 635 Sub-District less the sum of the

Individual Increments of all Developers of eligible Projects in the Westmoreland-IH 20 Sub-District.

Annual Process (Montfort-IH 635 Sub-District)

First, the Montfort-IH 635 Sub-District Gross Increment will pay:

- 1) Administrative Expenses: After the Total Gross Increment has been deposited into the District fund, the City's Administrative Expenses for the District will be reimbursed first in each year of the District. The Montfort-IH 635 Sub-District's portion of the District's Administrative Expenses will be paid from the Montfort-IH 635 Sub-District Gross Increment based on the ratio of the Montfort-IH 635 Sub-District Gross Increment to the Total Gross Increment.

Then, the Montfort-IH 635 Sub-District Net Increment will pay or set aside allocations as follows:

- 2) Transfer to the Westmoreland-IH 20 Sub-District: Ten percent (10%) of the Montfort-IH 635 Sub-District Net Increment will be annually transferred to the Westmoreland-IH 20 Sub-District.
- 3) Set Aside for Sub-District-Wide Public Infrastructure Improvements: Ten percent (10%) of the Montfort-IH 635 Sub-District Net Increment will be set aside annually for Sub-District-Wide Public Infrastructure Improvements. Anticipated priorities of this set aside include the replacement and upsizing of existing off-site wastewater lines as well as the establishment of roadway connections. Once these priorities are accomplished, this set aside will continue (until the authorized budget for this category has been reached) in order to help meet other area-wide infrastructure needs and leverage other non-TIF funding sources (e.g. grants from other governmental entities) for the Montfort-IH 635 Sub-District. Since the redevelopment potential of the area will be severely limited without sub-district-wide public infrastructure improvements, the increment allocation for Sub-District-Wide Public Infrastructure Improvements will represent a significant front-loading of the budget category during the first 20 years of the District. Any proposed use of the funds set aside for Sub-District-Wide Public Infrastructure Improvements will be reviewed by the TIF Board and City Council as needed. Once the authorized budget for this category has been reached, annual allocations to this set aside will cease.
- 4) Set Aside for Land Acquisition for Sub-District-Wide Central Open Space: Thirty percent (30%) of the Montfort-IH 635 Sub-District Net Increment will be set aside annually for Land Acquisition for Sub-District-Wide Central Open Space (until such time as all land for the central open space has been acquired or the authorized budget for this category has been reached, whichever occurs sooner). Since the long-term redevelopment potential of the area will be limited without a large central open space and since TIF funding assistance of land acquisition for the large central open space will be critical to making the Montfort-IH 635 Sub-District a dense, walkable, livable, and sustainable place, the increment allocation for Land Acquisition for Sub-District-Wide Central Open Space will represent a significant front-loading of the budget category during the first 20 years of the District. Any proposed use of the funds set aside for Land Acquisition for Sub-District-Wide Central Open Space will be reviewed by the TIF Board and City Council as needed. Once all land for the central open space has been acquired (as determined by the TIF Board) or once the authorized budget for this category has been reached, annual allocations to this set aside will cease.

- 5) Available to Reimburse Developers of Eligible Projects: After the Transfer to the Westmoreland-IH 20 Sub-District, the Set Aside for Sub-District-Wide Public Infrastructure Improvements, and the Set Aside for Acquisition of Sub-District-Wide Central Open Space are annually made, the remaining amount of the Montfort-IH 635 Sub-District Net Increment will be available to reimburse Developers of eligible Projects in proportion to their Individual Increments pursuant to fully executed TIF development agreements. Accordingly, since the Transfer to the Westmoreland-IH 20 Sub-District will be 10% of the Montfort-IH 635 Sub-District Net Increment, since the Set Aside for Sub-District-Wide Public Infrastructure Improvements will be 10% of the Montfort-IH 635 Sub-District Net Increment, and since the Set Aside for Acquisition of Sub-District-Wide Central Open Space will be 30% of the Montfort-IH 635 Sub-District Net Increment, the annual amount available to reimburse Developers of eligible Projects in proportion to their Individual Increments pursuant to fully executed TIF development agreements will be 50% of the Montfort-IH 635 Sub-District Net Increment. It should be noted that, after cessation of the 10% Set Aside for Sub-District-Wide Public Infrastructure Improvements, the annual amount of Montfort-IH 635 Sub-District Net Increment available to reimburse Developers of eligible Projects will increase to 60%. Similarly, after cessation of the 30% Set Aside for Acquisition of Sub-District-Wide Central Open Space, the annual amount of Montfort-IH 635 Sub-District Net Increment available to reimburse Developers of eligible Projects will increase to 90%.

Annual Process (Westmoreland-IH 20 Sub-District)

First, the Westmoreland-IH 20 Sub-District Gross Increment will pay:

- 1) Administrative Expenses: After the Total Gross Increment has been deposited into the District fund, the City's Administrative Expenses for the District will be reimbursed first in each year of the District. The Westmoreland-IH 20 Sub-District's portion of the District's Administrative Expenses will be paid from the Westmoreland-IH 20 Sub-District Gross Increment based on the ratio of the Westmoreland-IH 20 Sub-District Gross Increment to the Total Gross Increment.

Then, the sum of the Westmoreland-IH 20 Sub-District Net Increment and the amount transferred from the Montfort-IH 635 Sub-District will be available to reimburse Developers of eligible Projects in proportion to their Individual Increments pursuant to fully executed TIF development agreements.

General Notes

1. In support of the Plan's goals, any shared increment in each Sub-District may be made available each year first to those Developers entering TIF development agreements to construct catalyst priority projects or to construct residential projects that advance the District's mixed income housing goals.
2. Dallas Central Appraisal District ("DCAD") certified values for each tax year will be the data source used to determine values for the annual increment allocation procedure. In general, the allocation of increment will be done annually, after each participating jurisdiction has deposited its annual increment into the District fund. No increment allocation will be made unless a total Project (or specific phase) is completed and all contractual obligations of the fully executed TIF development agreement are fulfilled by June 1 of a given year, as evidenced by City approval of all supporting documents required in the TIF development agreement. The City's Director of Economic Development will

make the final determination in applying future available revenues in the District fund among Projects.

3. If the appraised value of the remaining property in the District decreases despite new development and as additional Projects are approved and completed, TIF funding assistance for Projects that year may be reduced or unpaid. Accrued Administrative Expenses will be reimbursed before increment allocations are made to the other categories. If there is no Montfort-IH 635 Sub-District Net Increment remaining after the Montfort-IH 635 Sub-District's portion of Administrative Expenses has been paid, then there will be no increment allocations in that sub-district in that year. If there is no Westmoreland-IH 20 Sub-District Net Increment remaining after the Westmoreland-IH 20 Sub-District's portion of Administrative Expenses has been paid, then there will be no increment allocations in that sub-district in that year.
4. At its discretion, the Mall Area Redevelopment TIF Board of Directors may make modifications or corrections to this Policy to increase its effectiveness.