

TIF Increment Allocation Policy
Cypress Waters TIF District
Approved by the TIF Board October 3, 2012

It is important for the City of Dallas to encourage as many projects as possible in the Cypress Waters TIF District (the "Cypress Waters TIF" or "District"). In that spirit, Cypress Waters TIF funds will be allocated to Developers proportionately, based on the increment created by the Project (as defined below) and Related Projects/Developers (as defined below) within the District, after payment of the Cypress Waters Phase I agreement.

Definitions:

Project (TIF-eligible) - development or redevelopment that adds taxable real property value at a particular site or is a space or facility of public benefit such as open space, trails or cultural facilities. The Project has been approved for TIF funds and all requirements set forth in the development agreement have been completed.

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

Related Project/Developer – if a Developer or a Developer's affiliates (as defined in a development agreement) has other development or redevelopment projects in addition to a TIF-eligible Project, increment from those Related Project(s) may be included in Individual Increment for reimbursement of the TIF-eligible Project expenses. A Developer of a TIF-eligible Project must have at least 50% ownership in any Related Project by direct or indirect means. These requirements will be further specified in a 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 demolished structures.
- Redevelopment or major modification of an existing building if this results in an increased taxable value of 50% or more of the original building or any increase in the floor area of an original building if the expansion is over 50% for residential projects, over 65% for mixed-use projects, and over 75% for office/showroom projects.

Total Increment – the annual amount of increment deposited into the TIF fund from the participating jurisdictions.

Individual Increment – the portion of the increment that a Project or Related Project creates each year.

Administrative Expenses – the City will take a share of TIF revenue from this District for the amount it bills to the District for costs necessary for administration of the TIF District program, which may include charges from other departments, each year.

Shared Increment – the Total Increment less (1) Administrative Expenses, (2) the sum of the Individual Increments of all eligible Developers.

Available Cash - cash in the Cypress Waters TIF fund that is not already allocated, encumbered, or otherwise set aside for other purposes.

Procedure:

Annually, after the Total Increment has been deposited in the TIF fund, the fund will pay or set aside Administrative Expenses and then debt service, if any. After Administrative Expenses and debt service, if any, have been paid or set aside, Developers approved for TIF funding from the Cypress Waters TIF will be eligible to receive their Individual Increment.

In addition to their Individual Increment, Developers will be eligible to receive a portion of any Shared Increment. The Shared Increment allotted to an eligible Developer shall be a ratio of an eligible Developer's unreimbursed balance under then existing development agreements to the sum of the aggregate unreimbursed balances under development agreements for all Projects eligible for reimbursement for that year.

The District's certified financial records for each Developer's unreimbursed development expenditures, will be the data source used to determine values for the increment allocation procedure. Shared Increment will be allocated only to Projects that have been completed by May 1st of a given year, as evidenced by City approval of all supporting documents required in the development agreement. The City's Director of Economic Development will make the final determination in applying future available revenues in the TIF Fund among Projects.

Projects completed after May 1 will be eligible for TIF funding upon completion of all supporting documents provided that 1) unallocated increment revenue (Cash Available) is available in the District fund and 2) no other projects are complete.

Pre-existing Agreements

The Cypress Waters TIF District has one pre-existing development agreement, and this Increment Allocation Policy does not affect the following Development Agreement:

- Development Agreement for Cypress Waters Phase I, approved by City Council on June 8, 2011, by Resolutions Nos. 11-1547 and 11-1548. This Project shall be reimbursed according to its Development Agreement, which states the Developer is first in priority after administrative expenses and prior Cypress Waters TIF District approved tax increment bond interest payments only. Reimbursement for this project will commence when the development agreement has been satisfied.

Each Development Agreement approved after the adoption of this increment policy will be eligible for its own Project's Individual Increment. Developers will be eligible to receive a portion of any Shared Increment after all pre-existing agreements are satisfied.

Please see Attachment A for examples of the increment allocation process for these pre-existing development agreements and future development projects receiving TIF funding in the future.

Notes:

In general, the assignment of increment will be done annually, after each participating jurisdiction has deposited its annual increment into the TIF fund. However, upon completion of a Project, developers are eligible to be reimbursed for TIF eligible expenditures from Available Cash currently in the TIF fund, if any.

If the appraised value of the remaining property in the TIF District decreases in value despite new development and as additional TIF Projects are approved and completed, the TIF subsidy for Projects that year may be reduced or unpaid. Similarly, if the sum of (1) Administrative Expenses and (2) the sum of the Individual Increments is greater than the Total Increment, then the Individual Increments shall be allotted on a proportional basis based on the ratio of each Developer's Individual Increment to the sum of the Individual Increments for that year. If there is no revenue available after Administrative Expenses and the District Wide Set Aside, there will be no increment payments that year.

At its discretion, the Cypress Waters TIF Board may make modifications or corrections to this Policy to increase its effectiveness.

Exhibit A

Example 1 – Cypress Waters Phase 1

Only Cypress Waters Phase 1 is complete, and it is responsible for most of the increment generated.

Total Increment	\$1,000,000
Administrative Expenses	\$75,000
Cypress Waters Phase 1	\$925,000

Example 2 – CW Ph 1 and Phase 2

CW Ph 1 is complete but not paid off, and Phase 2 generates a \$100M office project. The district has additional value from Phase 1, plus Phase 2's office, plus some additional overall growth.

Total Increment	\$3,000,000
Administrative Expenses	\$75,000
Phase 2 Individual Increment	\$820,000
Cypress Waters Phase 1	\$2,105,000

Example 3 - Only Phase 2

CW Ph 1 is complete and paid. No other development has finished. Only Phase 2 is getting paid.

Total Increment	\$3,000,000
Administrative Expenses	\$75,000
Phase 2's Individual Increment	\$820,000
Phase 2's portion of shared	\$2,105,000

Example 4 - Phase 2 and Project C

CW Ph 1 is complete and paid. Phase 2 is getting paid. Project C is a \$20M project developed by a non-Billingsley group, completes, and begins getting paid.

Total Increment	\$5,000,000
Administrative Expenses	\$75,000
Phase 2's Individual Increment	\$820,000
Project C's Individual Increment	\$164,000
Phase 2's portion of shared*	\$3,271,030
Project C's portion of shared*	\$669,970