

**TIF Increment Allocation Policy
Downtown Connection TIF District
As of September 30, 2009**

It is important for the City of Dallas to encourage as many projects as possible in the Downtown Connection TIF District (the “Downtown Connection TIF” or “District”). After satisfying all bond Downtown Dallas Development Authority (“DDDA”) obligations related to reserves and debt service coverage requirements, Downtown Connection TIF funds will be allocated to Developers based on the increment created by the Project (as defined below) and Related Projects/Developers (as defined below) within the District and the distribution of any remaining funds in accordance with the reimbursement queue policy.

Definitions

Accrued Priority Increment - The unpaid balance of the *Individual Increment* owed to a project.

Administrative Expenses – the City will take a share of the District’s annual TIF revenue to compensate for the amount billed to the District for costs related to the administration of its TIF program. This may include charges from the Office of Economic Development as well as other departments.

Available Funds – Total Increment less: (1) debt service on DDDA Bonds excluding Bonds issued pursuant to the Continental Building Improvements, (2) Bond trustee fees and expenses, (3) Administrative Expenses, (4) payment of any other DDDA obligations related to Bonds issuance, and (5) reimbursement to the City of Dallas for any grant of loan payments made to the DDDA.

Completed Projects – Projects which received City approval for satisfying all of its project obligations and approval on all supporting documentation required by their executed development agreements.

Cumulative Individual Increment – sum of all *Individual Increment* that a Project or Related Project produces in all years since its completion.

Developer/Owner – a person or entity that has completed all the requirements for a TIF-eligible Project as prescribed by the Project’s fully executed development agreement.

District-Wide Improvements – improvements that benefit multiple properties or blocks but are not specific to a single development site such as public parks, gateways, trails, public open space, public facilities, or utility/streetscape improvements.

Individual Increment – the annual amount of increment deposited into the District’s TIF fund by its participating jurisdictions that is generated by a Project eligible for TIF reimbursement. Dallas Central Appraisal District (DCAD) certified values for each tax year will be the data source used to determine values for the increment allocation procedure.

Performance Percentage – percentage of Individual Increments divided by the total Shared Increment.

Project (TIF-eligible) – development or redevelopment that increases the taxable value of real property at a particular site or a space or facility of public benefit such as improvements to City parks, 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.

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. 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 site of demolished structures.
- Redevelopment or major modification of an existing building that exceeds the building’s original taxable value by 50% or more, or any increase in a building’s original floor area if the expansion exceeds 50% for residential projects, 65% for mixed-use projects, and 75% for office/showroom projects

Remaining Funds – Funds leftover after distribution of all *Accrued Priority Increment* payments and all Individual Increment payments to *Completed Projects*.

Shared Increment – the sum of all Individual Increments generated by all Completed Projects in a given year.

Total Increment – the annual amount of increment deposited into the District’s TIF fund by its participating jurisdictions.

Procedure

Annually, after the *Total Increment* has been deposited in the TIF Fund, the funds shall be used to meet the financial obligations of the Downtown Connection TIF District in the following order:

1. Payment of all principal, interest, premium (if any) and fund any reserves necessary or desirable in connection with outstanding District Bonds (excluding Bonds issued pursuant to Section 2.07 of the Mercantile Development Agreement for the Continental Building Improvements) pursuant to Bonds issued by the DDDA and to pay any DDDA obligations which are on a parity with such Bonds;
2. Payment of any fees and expenses of the trustee and paying agent/registrars due and owing;
3. Reimbursement to the City for staff costs, administrative costs and other costs and expenses of the City and the Downtown Connection TIF District;
4. Payment of any other DDDA obligations which are subordinate to the Bonds, but are related to the DDDA's role in issuing the Bonds and administering contracts to be funded with Bond proceeds;
5. Reimbursement to the City for any grant or loan payments made to the DDDA to cover debt service on the Bonds or other DDDA obligations pursuant to the Chapter 380 Program as a result of any shortfalls in tax increment of the Downtown Connection TIF District;

Should for any reason the District fail to meet all of the above financial obligations and satisfying all DDDA bond obligations related to reserves and debt service coverage requirements, no funds shall be distributed to any projects

If, after meeting the above financial obligations and satisfying all DDDA bond obligations related to reserves and debt service coverage requirements, the remaining funds may be used as *Available Funds* to meet other TIF financial obligations including but not limited to the reimbursement of certain project costs for eligible projects.

A *Completed Project* shall be entitled to receive its *Individual Increment* each year if the total amount of *Available Funds* is greater than the total *Shared Increment* for all *Eligible Projects*. Should the amount of *Available Funds* be less than the total *Shared Increment* in a given year, a *Completed Project* shall be reimbursed based on their *Performance Percentage*. The unpaid balance of the *Individual Increment* owed to a project shall be deemed as "*Accrued Priority Increment*" and shall be paid in the following year(s) prior to the distribution of any Individual Increment payments.

Should any *Available Funds* remain after distribution of all *Accrued Priority Increment payments* and all *Individual Increment payments* to *Eligible projects*, the *Remaining Funds* shall be distributed in accordance to the Downtown Connection TIF District Modified Queue Reimbursement Policy approved by the Downtown Connection TIF District Board of Directors on September 30, 2009.

THE REIMBURSEMENT QUEUE

The *Reimbursement Queue* shall list all approved Downtown Connection TIF District projects in order of priority based upon the earlier date in which the developer submits evidence of an executed construction loan and receipt of a building permit. Projects, such as Stoneleigh Hotel and Santa Fe IV, which were completed prior to the adoption of this policy, shall be placed in the queue based on their date of completion.

Each year, City staff is required to verify the status of all approved Downtown Connection TIF District projects as of June 1st. Those projects which have been completed shall be eligible to receive their Individual Increment; and shall be eligible to receive all or a portion of those funds which remain after the distribution of all Individual Increment payments. Payments from the *Remaining Funds* shall be made to completed projects in order of their priority ranking.

The amount of *Remaining Funds* distributed to a project shall not exceed the project's Total TIF Award (including interest when applicable) less the amount of *Cumulative Individual Increment* paid to date for a project. After such payment(s) are made, any leftover funds shall be distributed to the next completed project in order of their priority ranking.

Should a project which has not been completed as of June 1st of a given year have priority ranking over a project which has been completed, the uncompleted project shall be deemed "bumped" and shall not receive any payments for that year. A project may be "bumped" by more than one project in a given year. However, a "bumped" project shall retain its priority ranking for subsequent years.

As projects are approved by City Council for funding from the Downtown Connection TIF Fund, they shall be given the lowest priority ranking until such time the developer submits evidence of: **(1) an executed construction loan and receipt of a building permit or (2) final certificate of occupancy.** At which time, the reimbursement queue shall be updated. Once a project has been completed, its priority ranking shall not be subject to change. The City's Director of Economic Development will make the final determination in applying future available revenues in the TIF Fund among Projects.

Downtown Connection TIF District
Reimbursement Queue
As of January 2017

Reimbursement Priority ¹	Project Name	Priority Date	Construction Status	Primary TIF Reimbursement	Maximum Interest	Total Eligible TIF Reimbursement	Project Generated Increment Only ⁴	Reimbursement Status
1	Stoneleigh Hotel	5/30/2010	Completed	\$2,500,000	\$0	\$2,500,000	Yes	In Progress
2	Hall Lone Star ²	5/30/2010	Completed	\$852,764	\$225,871	\$1,078,635	No	Paid In Full
3	Santa Fe IV - Aloft Hotel	5/30/2010	Completed	\$3,734,419	\$0	\$3,734,419	No	Paid In Full
4	Grand Ricchi Dallas - 1600 Pacific	10/26/2010	Completed	\$8,830,000	\$400,391	\$9,230,391	No	Paid In Full
5	Joule Hotel Expansion	1/19/2011	Completed	\$20,658,500	\$0	\$20,658,500	No	Paid In Full
6	Atmos Complex Phase I	6/20/2011	Completed	\$3,250,000	\$3,000,000	\$4,256,965	No	Paid In Full
7	Joule Hotel Expansion Amendment	8/10/2011	Completed	\$3,194,409	\$0	\$3,194,409	No	Paid In Full
8	Continental Building ³	9/16/2011	Completed	\$13,305,700	\$4,222,588	\$17,528,288	No	In Progress
	Continental Building Bonds			\$3,700,000	\$0	\$3,700,000		In Progress
9	Atmos Complex Phase II	5/21/2013	Completed	\$11,750,000	\$5,000,000	\$16,750,000	No	N/A
10	Hall Lone Star Project - Phase II ²	8/22/2013	Completed	\$5,000,000	\$1,774,129	\$6,774,129	No	In Progress
11	PetroCorrigan Project - Phase I (Saint Elm Hotel)	2/13/2014	Under Construction	\$10,300,000	\$0	\$10,300,000	No	N/A
12	LTV Tower Project	5/5/2014	Completed	\$17,500,000	\$0	\$17,500,000	No	N/A
13	The Olympic	10/24/2014	Under Construction	\$45,000,000	\$5,000,000	\$50,000,000	No	N/A
14	Statler/Library/Jackson Street	7/1/2015	Under Construction	\$46,500,000	\$0	\$46,500,000	No	N/A
15	Mayflower Building (411 N. Akard St.)	2/4/2016	Under Construction	\$10,000,000	\$0	\$9,000,000	No	N/A
16	PetroCorrigan Project - Phase II (Corrigan Tower)	10/10/2016	Under Construction	\$9,700,000	\$0	\$9,700,000	No	N/A
TBD	1712 Commerce	TBD	Under Construction	\$10,500,000	\$0	\$10,500,000	No	N/A
						\$242,905,736		

Notes:

¹The priority ranking of an approved project is established by the submittal of evidence to the City of an executed construction loan and building permit for the project.

²Hall Lone Star Project, Phases I and II, is eligible to receive up to \$2M in interest. The full \$2M in interest is shown in Phase I of the project.

³The Total TIF Reimbursement for the Continental Building project is \$22,028,288 (includes \$3.7M as required by development agreement and \$2M in affordable housing funds).

⁴Based on the development agreement for the project, reimbursement may take the form of project generated increment only or project generated increment plus shared increment.