

**Exhibit A  
Southwestern Medical TIF District  
FY 2019-2020  
Annual Report**

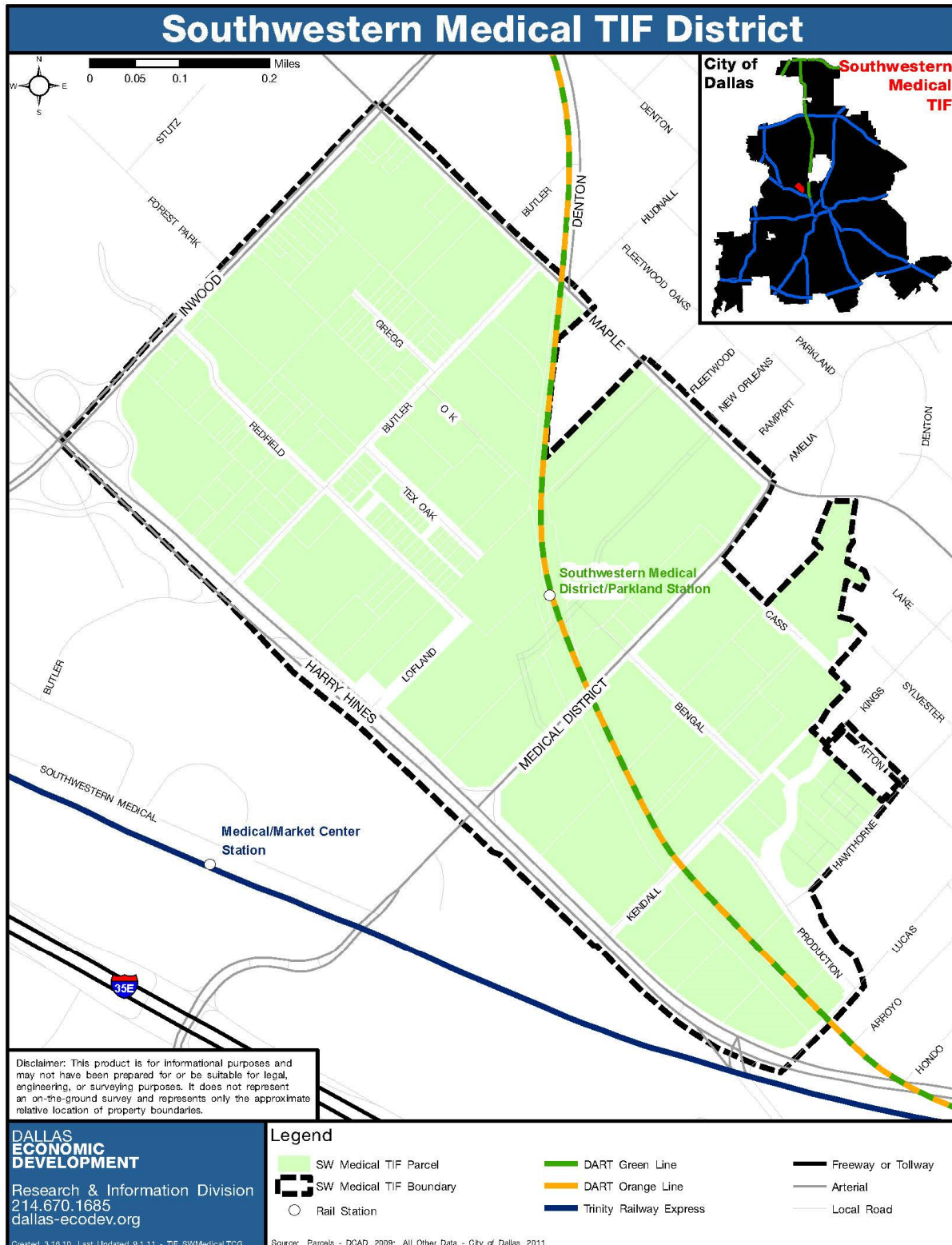


**City of Dallas**

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**October 1, 2019 to September 30, 2020**

## Reinvestment Zone Number Ten Southwestern Medical Tax Increment Financing District



## Table of Contents

Mission Statement .....	4
District Accomplishments.....	4
Southwestern Medical TIF District Projects .....	6
Mixed-Income Housing Summary.....	7
Value and Increment Revenue Summary.....	7
Objectives, Programs, and Success Indicators .....	7
Year-End Summary of Meetings.....	9
Budget and Spending Status .....	10
M/WBE Participation.....	11
FY 2020-2021 Work Program.....	11
Appendix A – Financials .....	12
Appendix B – Project Pay-off Estimates .....	15
Appendix C – District-Wide Set-Aside Funds .....	16

## Mission Statement

The mission of the Southwestern Medical Tax Increment Financing District is to provide a source of funding for public infrastructure improvements anticipated to enhance the real estate market for the Southwestern Medical TIF District area. The Southwestern Medical TIF District represents the outgrowth of the City of Dallas' effort to provide a model for redeveloping a former industrial and warehouse district to take full advantage of the expanding DART light rail system, to promote transit-oriented development, especially in areas that are major employment centers like the Medical District, and to implement appropriate urban design standards.

The Dallas City Council established the Southwestern Medical TIF District by Ordinance Number 25965 on April 27, 2005. The Southwestern Medical District took effect on January 1, 2006 and is scheduled to terminate on December 31, 2027 (including collection of the 2027 increment and any related matters to be concluded in 2028) or when the budget of \$31.1 million (2006 dollars) has been collected. The City of Dallas and Dallas County are the two participating jurisdictions. The City's participation is 80%, and the County's participation is 55% of incremental revenue collected.

On November 11, 2020, City Council approved Ordinance No. 31706 authorizing a reduction in the City's participation rate in the District. Beginning with fiscal year 2019-2020 through the remaining term of the District, the City's participation rate will decrease from 80% to 45%. City Council also authorized an amendment of Dallas County's participation agreement to reduce the County's participation from 55% to 30% for the remaining term of the District.

## District Accomplishments

The initial development project completed in the Southwestern Medical TIF District was the Colonial Reserve at Medical District (formerly Cityville Southwestern Medical District) in 2007. The Colonial Reserve provided 45,000 square feet of retail/office space and 278 apartment units near the Southwestern Medical District/Parkland light rail station.

Vibe Medical District Apartments (formerly The Alexan Southwestern, developed by TCR), a residential, transit-oriented development was completed in 2009 adding 396 luxury apartments to the TIF District. Adjacent to the Vibe Medical District Apartments at 4707 Bengal Street, the Ronald McDonald House constructed 60 units of low-cost, temporary lodging/dorm facilities for families with children receiving medical care in 2009.

The Link on Maple (formerly Maple Garden LP), a 120-apartment complex at 5219 Maple Avenue adjacent to Parkland East Parking Lot completed in summer.

Parkland Hospital continues to enhance patient care by adding satellite clinics to the communities they serve and by moving outpatient services from the old campus at 5201 Harry Hines to the new campus at 5200 Harry Hines. To accommodate the relocation of outpatient services, construction of a new 6-story, 500,000 square foot clinic began in

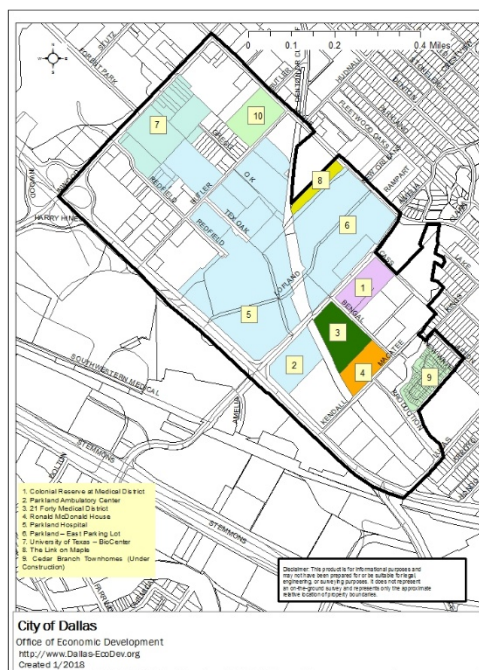
February of 2019 with a projected completion date of April of 2021. Oncology, diabetes, breast health, infusion, ophthalmology and HIV are included among the specialty clinics that will be housed in the new clinic. A new 1,400 space parking garage, located between Maple St. and the new clinic, is also being planned. Parkland anticipates to complete relocation from its old campus to the new campus by the summer of 2021.

UT Southwestern (UTSW) Medical Center continues expansion in the Medical District. In early April 2018, the Simmons Comprehensive Cancer Center opened a new Radiation Oncology Building, a \$66 million structure on the east campus, with three floors and 63,000 square feet of space. Its modern design and array of leading-edge technology has garnered multiple awards.

Construction also continues on UTSW's West Campus Master Plan. The Phase I building, opened summer 2018, adding 275,000 square feet of space over 11 floors. Approximately half will be used for academic and educational space, with the remainder for expansion of UTSW's Health System ambulatory clinics. Phase 1 also included the construction of a new thermal energy plant and a garage with 1,600 parking spaces to improve faculty, visitor, and patient access.

UTSW is also undertaking a \$480 million expansion of its flagship William P. Clements Jr. University Hospital. The 12-story, third tower continued construction during the 2019 fiscal year and is scheduled to open in January 2021. The tower will serve as the clinical home for the Peter O'Donnell Jr. Brain Institute, consolidate acute inpatient care services currently provided at Zale Lipshy University Hospital, and add operating rooms, interventional suites, a newly expanded Emergency Department and two new parking facilities.

With the completion of the DART Green Line expansion (NW corridor), the Southwestern Medical District/Parkland light rail station opened December 2010. The Orange Line, which opened in 2014, runs parallel to Green Line through the District.



<b>Southwestern Medical TIF District Projects<sup>1</sup></b>						
<b>Projects Within TIF District Utilizing TIF Funding</b>						
<b>Project</b>	<b>Location</b>	<b>Calendar Year Complete</b>	<b>Status</b>	<b>Units/ SF<sup>2</sup></b>	<b>Approx. Value<sup>3</sup></b>	<b>TIF Investment<sup>4</sup></b>
Cedar Branch Bridge <sup>6</sup>	Adj to Cedar Branch TH	2022	Under design	Bridge	\$826,500	\$826,500
Sub-Total					Non-Taxable Value \$826,500	\$826,500
<b>Projects Within TIF District Not Utilizing TIF Funding<sup>5</sup></b>						
<b>Project</b>	<b>Location</b>	<b>Calendar Year Complete</b>	<b>Status</b>	<b>Units/ SF<sup>2</sup></b>	<b>Approx. Value</b>	<b>TIF Investment<sup>4</sup></b>
Colonial Reserve	2222 Medical District Dr	2007	Complete	278 res. units 45,000 sf comm	\$52,415,850	\$0
Vibe Medical District Apts	2140 Medical District Dr	2009	Complete	396 res units	\$61,250,000	\$0
Parkland Ambulatory Cntr <sup>6</sup>	4900 Harry Hines Blvd	2006	Complete	62,267 sf medical space	\$20,487,430	\$0
Ronald McDonald House <sup>6</sup>	4707 Bengal St	2009	Complete	64,000 sf lodging	\$21,095,390	\$0
The Link on Maple	5219 Maple Ave	2012	Complete	120 res. units	\$16,300,000	\$0
Parkland Hospital <sup>6</sup>	5134 Harry Hines Blvd	2014	Complete	2,000,000 sf medical space	\$1,000,257,690	\$0
Maple Avenue Lofts	5415 Maple Ave	2015	Complete	342 res. units	\$49,900,000	\$0
W.P. Clements Jr. Hospital Expansion	6201 Harry Hines Blvd	2021	Under Construction	650,000 sf medical space	\$300,000,000	\$0
Cedar Branch Townhomes	4623 Hawthorne Ave	2027	Under Construction	112 res. units	\$41,398,336	\$0
Sub-Total				1,248 res. units 64,000 sf lodging 2,712,267 sf medical office 45,000 sf comm	Taxable Value \$221,264,186 Non-Taxable Value \$1,563,104,696	\$0
<b>Total</b>				<b>1,248 res. units 64,000 sf lodging 2,712,267 sf medical office 45,000 sf comm</b>	<b>Taxable Value \$221,264,186 Non-Taxable Value 1,563,931,196</b>	<b>\$826,500</b>
<sup>1</sup> All information updated as of September 30, 2020. <sup>2</sup> Based upon information from developer, news articles and/or project announcements. For completed projects, information is actual unit count and square footage. <sup>3</sup> Based upon 1) DCAD market value for complete projects (unless project has not yet been assessed) and 2) estimated DCAD value for projects under construction or announced. <sup>4</sup> Maximum TIF Subsidy amount per project's development agreement. <sup>5</sup> Include select significant projects within the District. <sup>6</sup> Tax-Exempt properties						

## Mixed-Income Housing Summary

Successful development efforts support a variety of housing options. Accordingly, twenty percent (20%) of all housing units in projects using direct, site-specific TIF funding assistance from the District are subject to the City's and County's established criteria for mixed-income housing. To date, all residential development within the District has occurred without TIF assistance.

## Value and Increment Revenue Summary

The Southwestern Medical District's 2006 adjusted base year value was \$67,411,054. The District's 2020 taxable value is \$311,573,782. This represents an increase of \$244,162,728 (362%) from the adjusted base year value.

The District's value increased by \$17,834,166 (6%) from the previous year's value (\$293,739,616). The reduction in participation rates for the City and County will result in the collection in 2021 of approximately \$1,028,575 (City - \$852,946; County - \$175,629) incremental revenue for the District.

## Objectives, Programs, and Success Indicators

The final Southwestern Medical Project Plan and Reinvestment Zone Financing Plan was approved in January 2006 and was amended in December 2008. The following objectives and action items set the framework for the planned improvements within the Downtown Connection TIF District:

- Additional taxable value attributed to new private investment in projects in the Southwestern Medical TIF District shall total approximately \$280 million.

*Total under construction and completed projects have added approximately \$221,264,186 (79% of goal) in new taxable value to the District.*

- New private development in the Southwestern Medical TIF District shall add a total of approximately 300,000 square feet of retail/office space and at least 3,000 new apartment units.

*Projects under construction or completed within the District have created 2,757,267 square feet of retail, medical office and commercial space (919% of goal) and 1,248 residential units (41.6% of goal).*

- Support the conversion of the Southwestern Medical area from industrial and warehousing land uses to a mixed-use, transit-oriented neighborhood that complements the Medical District.

*Staff and the Board continue to foster a working relationship with Parkland, DART, and potential developers to encourage transit-oriented development that complements the district. The Colonial Reserve at Southwestern Medical and Vibe Medical District Apartments projects have resulted in the conversion of former industrial and warehousing space to residential and retail uses.*

*The Stemmons Corridor - Southwestern Medical District Area Plan (Vision and Policy Plan) was adopted by the City Council in June 2010.*

- Increase recreational opportunities and improved connections to the City of Dallas trails and open space system in the Southwestern Medical Area.

*The TIF District will reimburse the cost to construct the Cedar Branch Bridge that will connect Hawthorne Avenue to the Parkland light rail station in the District.*

- Generate an NPV of \$27.5 million (2006 dollars) or approximately \$31 million in total dollars of project TIF revenues over the 20-year life of the District.

*To date, the District has collected \$9,694,986 in increment (31% of goal).*

- Develop a grant program to promote private medical industry and economic development in the District.

*In June of 2009 the District's Board of Directors adopted Southwestern Medical TIF District Loan or Grant Program. The purpose of the program is to provide grants from the District's tax increment fund to development projects that promote: (1) development and diversification of the economy; (2) public infrastructure improvements including improvements to pedestrian connections and utility burial within the Southwestern Medical TIF District; 3) development of the private bio-medical industry and applied research associated with UT Southwestern Medical Center; 4) new residential development to offset the cost of affordable housing requirement 5) retail or medical office development; 6) mixed-use, transit-oriented development, including development that provides additional linkages to existing transit services; and 7) high density development by offsetting costs associated with structured parking.*



## Year-End Summary of Meetings

The Southwestern Medical TIF District Board of Directors met once during the 2019-2020 fiscal year on January 30, 2020.

The Board of Directors consist of six members, including five (five) City of Dallas appointees and one (1) Dallas County appointee.

The TIF Board consisted of the following members during the fiscal year:

Rob Elmore, City Appointee (attended 1 of 1 meeting)  
John Wilson, City Appointee (attended 1 of 1 meeting)  
Mark Thompson, City Appointee (attended 1 of 1 meeting)  
Se-Gwen Tyler, City Appointee (attended 1 of 1 meeting)  
Derek Watson, City Appointee (attended 0 of 1 meeting)  
Rick Loessberg – Dallas County Appointee (attended 0 of 1 meeting)

During the fiscal year, the City Council approved one (1) item associated with the Southwestern Medical TIF District:

- On February 27, 2019, City Council approved Resolution 20-0339 accepting the FY 2018-2019 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Ten (Southwestern Medical TIF District or District) and authorizing the City Manager to submit the annual report to the Chief Executive Officer of each taxing jurisdiction that levies taxes on real property in the District, and to the State Comptroller, as required by state law.

## Budget and Spending Status

<b>Southwestern Medical TIF District Projected Increment Revenues to Retire TIF Fund Obligations</b>			
Category	TIF Budget*	Allocated	Balance
Paving, streetscape, utilities, public-use improvements, design & engineering	\$6,805,327	\$826,500	\$5,978,827
Environmental remediation and demolition	\$1,922,182	\$0	\$1,922,182
Utility burial	\$3,545,849	\$0	\$3,545,849
Economic Development Grant	\$5,546,974	\$0	\$5,546,974
Administration and implementation**	\$671,187	\$574,704	\$96,483
Total Project Costs	\$18,491,519	\$1,401,204	\$17,090,315
*Revenues shown above are estimated current dollars to be collected over the life of the District; TIF Project Plan shows the budget in net present value (2006 dollars)			
**Administration and Implementation costs for FY 2019-2020 are not included in the above allocation.			

<b>Southwestern Medical TIF District Project Plan Budget</b>	
Category	TIF Budget* (NPV)
Paving, streetscape, utilities, public-use improvements, design & engineering	\$10,139,247
Environmental remediation and demolition	\$2,863,856
Utility burial	\$5,282,956
Economic Development Grant	\$8,264,428
Administration and implementation**	\$1,000,000
Total Project Costs	\$27,550,485
*Budget shown above in 2006 dollars as approved in the District's Project Plan and Reinvestment Zone Financing Plan	

## M/WBE Participation

Public bidding is not required for TIF projects. All TIF-funded projects must follow the City’s adopted Business Inclusion and Development Plan and make a good faith effort to include certified Minority and Women-Owned Business (M/WBE) participation in TIF reimbursed projects. The BID Plan goal for TIF projects is 25 percent (25%) M/WBE participation in construction costs.

<b>M/WBE Participation</b>			
<b>Project</b>	<b>Contractor</b>	<b>Total Contract Award Amount</b>	<b>Percentage Minority Participation</b>
Colonial Reserve at Southwestern Medical <sup>1</sup>	Davis Excavation	\$1,376,916.70	27.71% (\$381,544)
<sup>1</sup> voluntarily participated in the M/WBE program			

## FY 2020-2021 Work Program

The work items for FY 2020-2021 for the Southwestern Medical TIF District include:

- Adoption of the FY 2019-2020 Annual Report.
- Increase recreational opportunities and improved connections to the City of Dallas trails and open space system in the Southwestern Medical Area.
- Assist with facility improvements included in Medical District Master Plan coordinated/adopted by Parkland Health and Hospital System, Children’s Medical Center, and UT Southwestern Medical Center.
- City Council approval of an expansion of the District’s boundary toward the Stemmons Freeway to capture and/or support new private development/redevelopment adjacent to the District.
- City Council approval of TIF funding to support redevelopment of the former Parkland Hospital Campus in the expanded District.

## Appendix A – Financials

**City of Dallas, Texas**  
**Southwestern Medical Tax Increment Financing District Fund**  
**Balance Sheet as of September 30, 2020 (Unaudited)**  
**With Comparative Totals for September 30, 2019, 2018, 2017, and 2016 (Audited)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Assets:</b>					
Pooled cash and cash equivalents	\$9,871,566	\$8,187,630	\$6,540,653	\$5,115,944	\$3,996,186
Interest receivable	\$7,646	\$8,877	\$14,964	\$12,445	\$5,435
<b>Total assets</b>	<b>\$9,879,212</b>	<b>\$8,196,506</b>	<b>\$6,555,616</b>	<b>\$5,128,390</b>	<b>\$4,001,621</b>
<b>Liabilities and Fund Balance (Deficit):</b>					
<b>Liabilities:</b>					
Accounts and contracts payable	\$0	\$0	\$0	\$0	\$0
Advances from developers	\$0	\$0	\$0	\$0	\$0
Due to general fund	\$126,476	\$46,417	\$0	\$5,764	\$5,764
Accrued liability	\$0	\$0	\$0	\$0	\$0
<b>Total liabilities</b>	<b>\$126,476</b>	<b>\$46,417</b>	<b>\$0</b>	<b>\$5,764</b>	<b>\$5,764</b>
<b>Fund Balance (Deficit):</b>					
Fund Balance (Deficit)	\$9,752,736	\$8,150,089	\$6,555,616	\$5,122,626	\$3,995,857
<b>Total Liabilities and Fund Equity</b>	<b>\$9,879,212</b>	<b>\$8,196,506</b>	<b>\$6,555,616</b>	<b>\$5,128,390</b>	<b>\$4,001,621</b>

**Southwestern Medical Tax Increment Financing District Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)**  
**For the Period September 30, 2020 (Unaudited)**  
**With Comparative Totals for September 30, 2019, 2018, 2017, and 2016 (Audited)**

	<u>ITD</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>						
Tax increment-Governmental	\$8,129,335	\$1,329,558	\$1,224,644	\$1,135,066	\$945,089	\$785,111
Tax increment-Intergovernmental	\$1,704,070	\$298,065	\$254,295	\$241,204	\$200,198	\$165,321
Interest income	\$455,631	\$80,730	\$126,826	\$74,407	\$46,404	\$27,619
Developer Participation & other revenue	\$1,481,970	\$0	\$0	\$0	\$0	\$0
Net increase (decrease) in fair value of investments	\$38,196	\$22,802	\$36,782	(\$17,687)	(\$14,182)	(\$703)
<b>Total revenues</b>	<b>\$11,809,202</b>	<b>\$1,731,155</b>	<b>\$1,642,548</b>	<b>\$1,432,990</b>	<b>\$1,177,508</b>	<b>\$977,348</b>
<b>Expenditures:</b>						
Administrative expenses	\$574,704	\$128,509	\$48,074	\$0	\$50,740	\$46,172
Non-Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0
Capital outlay	\$1,481,762	\$0	\$0	\$0	\$0	\$0
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total expenditures</b>	<b>\$2,056,466</b>	<b>\$128,509</b>	<b>\$48,074</b>	<b>\$0</b>	<b>\$50,740</b>	<b>\$46,172</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$9,752,736</b>	<b>\$1,602,647</b>	<b>\$1,594,473</b>	<b>\$1,432,990</b>	<b>\$1,126,768</b>	<b>\$931,175</b>
<b>Fund balance (Deficit) at beginning of year</b>						
as previously reported	\$0	\$8,150,089	\$6,555,616	\$5,122,626	\$3,995,857	\$3,064,682
<b>Fund balance (Deficit) at beginning of year,</b>						
as restated	\$0	\$8,150,089	\$6,555,616	\$5,122,626	\$3,995,857	\$3,064,682
<b>Fund balance (deficit) at end of year</b>	<b>\$9,752,736</b>	<b>\$9,752,736</b>	<b>\$8,150,089</b>	<b>\$6,555,616</b>	<b>\$5,122,626</b>	<b>\$3,995,857</b>

**Note:** Fiscal year 2019-20 unaudited financial statements are based on preliminary close numbers and are subject to review by the City Controller's Office prior to approval by the City Council. In case of any material changes, TIF board will be provided updated financial statements.

City of Dallas, Texas  
Southwestern Medical Tax Increment Financing District Fund  
Reinvestment Zone Number Ten  
As of September 30, 2020

Chapter 311.016 of V.C.T.A. requires the following information as part of the annual report on the status of the TIF District. Information is contained in detail on the attached financial statements.

1. Amount and source of revenue in the tax increment fund established for the zone:

\$103,532	Interest Income
\$1,627,624	Ad Valorem Taxes (Collected in FY'2019-20 based on 2019 Final Tax Roll)
\$0	Developer Contribution
<u>\$1,731,155</u>	<b>Total Revenue</b>

2. Amount and purpose of expenditures from the fund:

\$128,509	Administrative Expense - FY19 (\$45,707) & FY20 (\$82,802)
\$0	Non-Capital Outlay *
\$0	Capital outlay *
\$0	Additional Subsidy in Form of Grant (in lieu of interest expense)
<u>\$128,509</u>	<b>Total Expenditures</b>

3. The Zone began reimbursing the general fund for administrative costs in fiscal year 2008-09.

4. Amount of Principal and Interest due-on outstanding bonded indebtedness is as follows:

Southwestern Medical TIF District has incurred no bonded indebtedness as of September 30, 2020.

5. The Zone entered into a development agreement with Texas InTownHomes, LLC for the development of Cedars Branch Bridge project in an amount not to exceed \$826,500 with anticipated completion by 6/30/2022 and reimbursement to begin thereafter subject to availability of TIF funds.

5. Tax increment base and current captured appraised value retained by the zone:

Taxing Jurisdiction	Taxable Value 2020 <sup>1</sup>	Base Year 2005 Value	Est. Captured Value 2020 <sup>2</sup>
City of Dallas	\$311,573,782	\$67,411,054	\$244,162,728
Dallas County	\$311,604,782	\$67,411,354	\$244,193,428

<sup>1</sup>2020 taxable value shown for participating taxing jurisdictions. County values are approximate and will vary slightly from the City value due to different exemption levels.

<sup>2</sup>Based on DCAD Certified Taxable Value. The final values will be determined on February 1, 2021.

6. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality:

a. Estimated tax increment shared by the municipality and other participating taxing jurisdictions:

Taxing Jurisdiction	Amount of Assessment Estimated 2020	
	Per \$100	Increment
City of Dallas	0.34934	\$852,946
Dallas County	0.07192	\$175,629
<b>Total for all Jurisdictions</b>	<u>\$0.42126</u>	<u>\$1,028,575</u>

**Note:** According to City Ordinance No. 31706, the City reduced its participation rate from 80% to 45% and the County reduced its participation rate from 55% to 30% for 2020 to 2027.

b. The total amount of estimated tax increment to be billed for the 2020 tax year is \$1,028,575.

c. For the 2019 tax year, increment in the amount of \$1,627,624 was received.

## Notes to Financials

City of Dallas, Texas  
Southwestern Medical Tax Increment Financing District  
Notes to Financial Statements for the Year Ended September 30, 2020

1. The measurement focus used for the TIF Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred.
2. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
3. The TIF's cash balances are invested in the City's investment pool and include amounts in demand deposits as well as short-term investments. Pooled investments and short-term non-pooled investments are treated as cash equivalents. Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.
4. The Zone's Financial Plan permits expenditures not to exceed \$1,671,830 over the life of the TIF to reimburse the City for administrative costs. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.
5. "Due to general fund" amount of \$126,476 at September 30, 2020 represents the TIF administration costs for the fiscal year 2018-2019 (\$45,707) and fiscal year 2019-2020 (\$80,769) that have been earned but will be reimbursed to the General Fund in future years based on the availability of TIF funds. These administrative costs do not include billing by other City departments.
6. All project costs resulting in public improvements which are owned by the City are capitalized.

## Appendix B – Project Pay-off Estimates

<b>Project Name</b>	<b>TIF Award</b>	<b>Estimated Payoff</b>
Cedar Branch Bridge	826,500	2022
<i>*As of September 30, 2020, the District has enough TIF funds on hand to pay-off the project listed above.</i>		

## **Appendix C – District-Wide Set Aside Funds**

The TIF Increment Allocation Policy adopted by the TIF Board for the Southwestern Medical District TIF District currently provides for a 10% of annual district increment, after administrative expenses, to be set-aside for District-Wide Improvements. To date, approximately \$969,499 has been collected and is available for expenditure.

Potential uses as defined by the Increment Allocation Policy include:

- Gateways, trails, open space, public facilities, or utility/streetscape improvements benefiting multiple properties or blocks.

The Cedar Branch Bridge Project will be reimbursed from the District-Wide Improvement Set-Aside and will be given a payment priority until the \$826,500 TIF subsidy is paid.