

Exhibit P
TIF Increment Allocation Policy
Downtown Connection TIF District
Downtown Connection and Newpark Sub-districts
Adopted September 30, 2009
Amended April 29, 2022

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”) to achieve the goals outlined in the Project Plan and Reinvestment Zone Financing Plan (“Plan”). In that spirit, Downtown Connection TIF District funds will be allocated to Developers in accordance with the process and procedures described below.

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 – (a) Downtown Connection Sub-district 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.

(b) One Newpark Sub-district Increment less Administrative Expenses.

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,

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gateways, trails, public open space, public facilities, or utility/streetscape improvements within a Sub-district.

Downtown Connection Sub-district Increment – The annual amount of increment generated within the Downtown Connection Sub-district and deposited into the District’s TIF fund by its participating jurisdictions.

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.

Newpark Sub-district Increment – The annual amount of increment generated within the Newpark Sub-district and deposited into the District’s TIF fund by its participating jurisdictions.

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

Project (TIF-eligible) – development or redevelopment that increases the real property taxable value of a particular site or space or facility of public benefit such as improvements to City parks, open space, trails or cultural facilities that has been approved for TIF funds by City Council and all requirements set forth in the project’s development agreement have been completed.

Public Safety Building Set-Aside – funds the Public Safety Building line item in the Downtown Connection Sub-district budget. Ten percent (10%) of annual Available Funds in the Downtown Connection Sub-district shall be set-aside to fund the Public Safety Building budget line item. The set-aside of funds will not begin until one year after all pre-existing agreements approved by City Council prior to the adoption of this amended Increment Allocation Policy have been fully paid.

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.

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- 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 Sub-district Increment – the sum of all Individual Increments generated by all Completed Projects in a given year in each sub-district.

Total Increment – The annual amount of increment generated by all sub-districts and deposited into the TIF fund from the participating jurisdictions.

Increment Allocation Procedures for Downtown Connection Sub-district

Annually, after the Downtown Connection Sub-district Increment has been deposited in the TIF fund, the sub-district's funds shall be used to meet the bond financial obligations of the sub-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/registrar due and owing;
3. Administrative Expenses of the sub-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; and
6. Payment of Public Safety Building Set-Aside, when applicable.

Should for any reason the Downtown Connection Sub-district fail to meet all of the above financial obligations and satisfying all DDDA bond obligations related

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to reserves and debt service coverage requirements, no funds shall be distributed to the Public Safety Building Set-Aside or any Completed Projects.

Only after meeting the above financial obligations and satisfying all DDDA bond obligations related to reserves and debt service coverage requirements, funds may be set-aside for the Public Safety Building budget line item, when conditions for funding the set-aside have been satisfied. Any remaining funds are *Available Funds* and shall be allocated to Completed Projects in this sub-district in accordance with the Standard Procedure and Reimbursement Queue described below.

Increment Allocation Procedures for Newpark Sub-district

Annually, after the Newpark Sub-district Increment has been deposited in the TIF fund, the sub-district's funds shall be used to meet the financial obligations of the sub-district in the following order:

1. Administrative Expenses of the sub-district; and
2. Any *Available Funds* shall be allocated to Completed Projects in this sub-district in accordance with the Standard Procedure and Reimbursement Queue described above.

Standard Procedure for Completed Projects *(applies to both Sub-districts):*

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 Queue Reimbursement Policy approved by the Downtown Connection TIF District Board of Directors on September 30, 2009.

The Reimbursement Queue

The *Reimbursement Queue* for each sub-district lists all approved TIF projects in each sub-district in order of priority based upon the earlier date in which the developer submits evidence of an executed construction loan and receipt of a

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building permit. Projects, such as Stoneleigh Hotel and Santa Fe IV, which were completed prior to the original adoption of this policy, shall be placed in the queue for the Downtown Connection Sub-district 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 in their respective sub-district's Reimbursement Queue 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.

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Downtown Connection Sub-district
Reimbursement Queue
As of April 2022

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	\$1,006,965	\$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	Paid In Full
	Continental Building Bonds	-	-	\$3,700,000	\$0	\$3,700,000	Yes	In Progress
9	Atmos Complex Phase II	5/21/2013	Completed	\$11,750,000	\$5,000,000	\$16,750,000	No	Paid In Full
10	Hall Lone Star Project - Phase II ²	8/22/2013	Completed	\$5,000,000	\$1,774,129	\$6,774,129	No	Paid In Full
11	PetroCorrigan Project - Phase I (Saint Elm Hotel)	2/13/2014	Completed	\$10,300,000	\$0	\$10,300,000	No	Paid In Full
12	LTV Tower Project	5/5/2014	Completed	\$17,500,000	\$0	\$17,500,000	No	Paid In Full
13	The National	10/24/2014	Completed	\$45,000,000	\$5,000,000	\$50,000,000	No	In Progress
14	Statler/Library/Jackson Street	7/1/2015	Completed	\$46,500,000	\$0	\$46,500,000	No	In Progress
15	Mayflower Building (411 N. Akard St.)	2/4/2016	Completed	\$10,000,000	\$0	\$9,000,000	No	In Progress
16	1712 Commerce	4/6/2016	Completed	\$10,500,000	\$0	\$10,500,000	No	In Progress
17	PetroCorrigan Project - Phase II (Corrigan Tower)	10/10/2016	Completed	\$9,700,000	\$0	\$9,700,000	No	In Progress
						\$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.

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.

New Park Sub-district
Reimbursement Queue
As of April 2022

Reimbursement Priority ¹	Project Name	Priority Date ¹	Construction Status	Total Eligible TIF Reimbursement	Project Generated Increment Only ²	Reimbursement Status

\$0

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.

²Based on the development agreement for the project, reimbursement may take the form of project generated increment only or project generated increment plus shared increment