

Exhibit D
TIF Increment Allocation Policy
TOD TIF District
Approved by the TIF Board April 29, 2010 and Amended April 23, 2012

It is important for the City of Dallas to encourage as many projects as possible in the TOD TIF District (the "District"). In that spirit, TOD TIF funds will be allocated to Developers proportionately, based on the increment created by the Project (defined in a specific TIF agreement) and potentially other related projects by same developer or affiliate (if not seeking separate, additional TIF funds) within the District and in accordance with sub-district increment sharing arrangements as described below and after repayment of any catalyst project with specific priority status.

Definitions:

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.

Net Individual Increment – Individual Increment less the Project's and/or Related Project's portion of Administrative Expenses and any required sub-district increment sharing each year. The portion of a Project's and/or Related Project's Administrative Expenses and required sub-district increment sharing will be based on the ratio of Individual Increment to Total Increment.

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.

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

Shared Increment – the Total Increment less (1) the portion of Administrative Expenses not already deducted from Individual Increment, (2) any required sub-district increment sharing, (3) affordable housing set-aside, (4) a set-aside for District-Wide Improvements if applicable, and (5) the sum of the Individual Increments of all eligible Developers.

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

Sub-District Increment Sharing Arrangements:

In accordance with the TOD TIF District Project and Financing Plan, tax increment sharing among certain sub-districts with the TOD TIF has been designated as follows.

The Financing Plan permits tax increment sharing from the Mockingbird/Lovers Lane Sub-District to jump start redevelopment of the Lancaster Corridor in the City's southern sector where development has lagged for many years. It is anticipated that 40% of the increment generated (after administration costs) from the Mockingbird/Lovers Lane Sub-District be allocated to the Lancaster Corridor Sub-District. An additional 20% of the increment from the Mockingbird/Lovers Lane Sub-District will be allocated for the affordable housing budget line item. The affordable housing budget line item will be available district-wide to assist projects in fulfilling some of the City and County affordable housing requirements. The remaining 40% of Mockingbird/Lovers Lane Sub-District increment will be used for projects in that area.

It is anticipated that the Cedars West Sub-District will contribute 10% of the increment generated from this sub-district to the Lancaster Corridor Sub-District and another 10% toward the affordable housing budget line item. The remaining 80% of the Cedars West Sub-District increment will be used for projects in that area.

For the Cedar Crest Sub-District, most of the future increment is anticipated to be generated by the Wonderview master planned development and this increment will allow for necessary TIF support for the project and potentially other improvements in the area. Increment generated from the Cedar Crest Sub-District will be retained for projects in that area and not subject to receiving transfers from Mockingbird or Cedars West Sub-Districts and not required to transfer its increment to other sub-districts.

Increment generated from the Lancaster Corridor Sub-District will be retained for projects in that area and will not be transferred to other sub-districts.

Procedure:

Annually, after the Total Increment has been deposited in the TIF fund, the fund will pay or set aside Administrative Expenses based on the ratio of Individual Increments to Total Increment and any remaining costs from unallocated increment in the TIF fund, any required sub-district increment sharing, affordable housing set aside, and the amount allocated for District-Wide Improvements (*if applicable*). After (1) Administrative Expenses, (2) any required sub-district increment sharing, (3) affordable housing set aside, (4) any District-Wide Improvement allocations and (5) any allocations to catalyst priority projects have been paid or set aside, Developers approved for TIF funding from the TOD TIF will be eligible to receive their Net Individual Increment.

In addition to their Net 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 Individual Increment to the sum of the Individual Increments for all Projects eligible for reimbursement for that year.

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. However, no increment allocation will be made unless a total Project or specific phase as defined in a development

agreement is 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.

Catalyst Priority Projects:

The Lancaster Urban Village mixed-use development project (the "Urban Village") is being viewed as an important seed project for the District and will be designated a catalyst priority project for the purposes of increment allocation, particularly as it relates to receiving increment transfers from the Mockingbird/Lovers Lane and Cedars West Sub-Districts as described below. The Urban Village will be owned by a non-profit entity and is currently intended to be taxable and therefore would be eligible for its own Individual Increment (as defined above) and Shared Increment (proportional based) from any Lancaster Sub-District Shared Increment (as defined above). If the project is tax exempt, it will not be entitled to any Lancaster Sub-District Shared Increment unless there are no other TIF projects in that sub-district. In addition (regardless of taxable status) the project is eligible for:

- I. Mockingbird/Lovers Lane Sub-District (40% increment share to Lancaster after admin) and Cedars West Sub-District (10% increment share to Lancaster after admin) as available until the TIF subsidy is met. Under the TIF Plan increment sharing arrangement, the Mockingbird/Lovers Lane and Cedars West Sub-Districts and eligible TIF projects within will retain at least 40% and 80%, respectively of increment generated in those areas.
- II. Affordable Housing increment allocation as available in combination with (ii) until the TIF subsidy is met.

Note: this Project will not be eligible for TIF funding in a given year unless all contractual obligations of the development agreement are fulfilled by May 1st of that year. If there are delays with the Project start date, approval of other financing sources or project completion, staff and the TIF Board may reconsider the priority status for increment allocation to the Project. If the Project completion is delayed past approved dates and other approved TIF projects are completed any available accumulated increment in the TIF fund can be used to reimburse other completed projects; and when the Project has been completed it may resume its original priority for reimbursement.

District-Wide Improvement Set-Aside:

The TIF Board, at its discretion, will set-aside 5% for the first 10 years and 2.5% thereafter of any Shared Increment for District-Wide Improvements after administrative expenses and obligations to catalyst priority projects have been satisfied. Specific improvement projects are to be determined and the amount of this set-aside will be reviewed annually based on updated financial projections and District needs.

Notes:

In general, the assignment of increment will be done annually, after each participating jurisdiction has deposited its annual increment into the TIF fund. 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, (2) District-Wide Improvements, and (3) 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, there will be no increment payments that year.

Please see Attachment A for an example of the increment allocation process until the catalyst priority project obligation has been satisfied.

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

Attachment A - Sample Illustration of Increment Allocation Process

Total Increment for TOD TIF	100
Less Administrative Expenses	<u>-10</u>
Subtotal	90

<i>Mockingbird Sub-District Increment</i>	50
Less share of Admin	5
Transfer to Lancaster Sub-District, 40%	18
Transfer to Affordable Housing Budget, 20%	<u>9</u>
Subtotal for Individual Projects & Shared Increment (after % set-aside for District-Wide Improvements and Project allocations proportional to value created)	18

<i>Cedars West Sub-District Increment</i>	30
Less share of Admin	3
Transfer to Lancaster Sub-District, 10%	2.7
Transfer to Affordable Housing Budget, 10%	<u>2.7</u>
Subtotal for Individual Projects & Shared Increment (after % set-aside for District-Wide Improvements and Project allocations proportional to value created)	21.6

<i>Lancaster Sub-District Increment</i>	10
Less share of Admin	<u>1</u>
Subtotal	9

Scenario 1 Projects:

A1) Lancaster Urban Village (taxable)	
Individual Increment	2
Shared Lancaster Increment (after % set aside for District-Wide Improvements and proportional to value created if there are multiple TIF projects)	2.5
Mockingbird Increment Transfer	18
Cedars W Increment Transfer	2.7
Affordable Housing (combined transfer)	<u>11.7</u>
Subtotal	36.9

B1) Project #2	
Individual Increment	2
Shared Lancaster Increment (after % set aside for District-Wide Improvements and proportional to value created if there are multiple TIF projects)	<u>2.5</u>
Subtotal	4.5

<i>Cedar Crest Sub-District Increment</i>	10
Less share of Admin	<u>1</u>
Subtotal for Individual Projects & Shared Increment (% set-aside for District-Wide Improvements and Project allocations proportional to value created)	9