Exhibit B

TIF Increment Allocation Policy
Deep Ellum TIF District
Approved by the TIF Board December 5, 2023 (Amended and Restated)

It is important for the City of Dallas to encourage as many projects as possible in the Deep Ellum TIF District (the "Deep Ellum TIF District" or "District"). In that spirit, after priority expenditures that benefit the district as a whole, Deep Ellum TIF District 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 administrative expenses.

A portion of the amendments to the 2023 Increment Allocation Policy relate to tax increment sharing provisions provided in the Deep Ellum TIF District Project Plan and Reinvestment Zone Financing Plan, as amended*.

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. 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.

Net Individual Increment – Individual Increment less the Project's and/or Related Project's portion of Administrative Expenses each year. This portion 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) Administrative Expenses, (2) Increment Sharing (Transfers and Set-Asides), (3) a set-aside for District-Wide Improvements, and (4) the sum of the Individual Increments of all eligible Developers.

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

Increment Sharing Arrangements (Increment Transfers and Set-Asides):

In accordance with the Deep Ellum TIF District Project and Financing Plan, as amended*, tax increment sharing and budget allocations have been designated as follows *(subject to future adjustments by the TIF Board to reflect the needs of the TIF District):*

<u>Department of Housing and Neighborhood Revitalization:</u>

- 20% transfer, after Administrative Expenses, for homeowner stabilization, home repair, homebuyer assistance, and displacement mitigation program(s) within the Grand Park South area

<u>Infrastructure and Areas of Public Assembly</u>:

- 20% set-aside, after Administrative Expenses, dedicated for infrastructure and areas of public assembly (ie. parks/open space) within the Grand Park South area

Limitations to the Increment Sharing Arrangements are as follows: In any given year, if the Deep Ellum TIF District real property value does not increase more than 5.0% from the previous year, 10% of each of the two described sharing arrangements shall be transferred and set aside rather than 20% each. Once the Deep Ellum TIF District has accrued $29.3 million (total dollars) in increment beginning with 2022 real property values (2023 increment) then this limitation shall be removed and 20% transfers shall occur no matter what the annual Deep Ellum TIF District property value increase is.

<u>Procedure</u>:

Annually, after the Total Increment has been deposited in the TIF fund, the fund will pay or set aside Administrative Expenses as a first priority prior to any other funds being allocated.

After Administrative Expenses, Increment Sharing (Transfer and Set-Aside), and District-Wide Improvement allocations have been paid, transferred, or set aside, Developers approved for TIF funding from the Deep Ellum TIF District 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.

District-Wide Improvement Set-Aside

The TIF Board shall set-aside 25% of any increment for District-Wide Improvements after Administrative Expenses and Increment Sharing Arrangements, including 2022 increment (collected 2023), even if retroactively reserved but only if no other Project is due payment. 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 and such improvement projects may be funded from any relevant budget category.

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 (1) Administrative Expenses, (2) Increment Sharing (Transfers and Set-Asides), (3) a set-aside for District-Wide Improvements, and (4) the sum of the Individual Increments of all eligible Developers, 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.

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

*The 2023 amendments to this Increment Allocation Policy related to increment sharing (transfers and set-asides) are subject to City Council approval of amendments to the Deep Ellum TIF District Project Plan and Reinvestment Zone Financing Plan.