

MALL AREA REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT

(COMPRISING THE VALLEY VIEW CENTER MALL AREA AND SOUTHWEST CENTER MALL AREA)



PROJECT PLAN & REINVESTMENT ZONE FINANCING PLAN

JUNE 2015



City of Dallas

Acknowledgements

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Section 1: Project Plan

Background

Pursuant to Chapter 311 of the Texas Tax Code, the City Council approved Ordinance No. 29340 on May 14, 2014, thereby designating the Mall Area Redevelopment Tax Increment Financing (TIF) District (“District”) to support the sustainable redevelopment of properties including and around two obsolete shopping malls while taking advantage of each area’s strategic regional location at the crossroads of key transportation corridors. The District comprises two non-contiguous sub-districts—the Montfort-IH 635 Sub-District for the Valley View Center Mall area in northern Dallas and the Westmoreland-IH 20 Sub-District for the Southwest Center Mall area in southern Dallas.

Originally, the Valley View Center Mall and the Southwest Center Mall were created by complex configurations of super-blocks, private land ownership, and reciprocal easement agreements that bound multiple owners together. Over the last decade as market conditions have shifted significantly, these same configurations have heavily burdened each mall area, making redevelopment and revitalization extremely difficult without public participation. With the assistance of the Mall Area Redevelopment TIF District, each mall area is to be reconfigured into a traditional pattern of public streets, public open space, public infrastructure, and smaller blocks of private land ownership, thereby setting the stage for incremental redevelopment that is flexible to meet market demands and community needs.

Montfort-IH 635 Sub-District

The crossroads of Interstate Highway 635 (LBJ Freeway), the Dallas North Tollway, and Preston Road (SH 289) has been one of Dallas’ major regional business centers with significant Class A office space, strong destination retail, and several high quality hotels. Preston Road registers over 50,000 vehicles per day, the Dallas North Tollway registers over 120,000 vehicles per day, and LBJ Freeway (currently undergoing \$2.7 billion in improvements) provides access to more than 250,000 vehicles daily (estimated 450,000 vehicles daily upon completion). However, despite its general locational advantages, portions of the area have experienced significant economic and physical decline over the last twenty years, and substantial revitalization and orderly redevelopment of the area is not likely to occur without public assistance. As such, this area is identified as a key growth area in the City of Dallas Strategic Engagement Plan as well as the forwardDallas! Comprehensive Plan. Further, this area fulfills the criteria for the City Council’s citywide “megasite” redevelopment opportunity area goal as outlined in the FY 2011-2012 Strategic Plan.

Valley View Center Mall, itself, is economically and physically obsolete. The first anchor of what later became Valley View Center Mall was the Sears store which opened in the mid-1960s, followed by the in-line mall development which opened in 1973. The Galleria (one-half mile to the west of Valley View Center Mall) opened in 1982. While the Galleria continues to be a strong destination retail site, the Valley View Center Mall site and many of its surrounding properties have significantly declined over the past decade.

Exhibit A

The Sears store continues to operate as the only anchor; however, due to the closing of the other major anchors at Valley View Center Mall and changes in mall ownership, the overall property is significantly under performing and is mostly vacant. Multi-family housing stock in the area is also aging and deteriorating. Both the mall and the surrounding retail do not reflect the potential that exists based on the strong residential neighborhoods and office uses nearby.

This strong base in the surrounding community as well as the strategic regional location indicate the area would likely support increased density and diversified uses such as additional housing choices, shopping, entertainment, hospitality, and office uses. The Galleria has continued to serve this market, and, with new ownership of a substantial portion of Valley View Mall to serve as a catalyst, there is strong interest in concerted public and private efforts aimed at the revitalization of Valley View Center Mall and the surrounding area.

From 2011 to 2013, a public-private partnership was forged among the City of Dallas, the North Dallas Chamber of Commerce, and many other stakeholders in the area, including property and business owners. The partnership resulted in a process to develop an area planning study in 2012-13. Adopted in May 2013, the Valley View-Galleria Area Plan (“Area Plan”) resulted in the creation of a unified vision and implementation plan for the redevelopment and economic growth of approximately 440 acres in this area. The Area Plan establishes a comprehensive vision to guide future private investment, economic development, and public infrastructure investments in a coordinated fashion towards optimal tax base, quality of life, and accessibility.

Exhibit A Valley View-Galleria Area Plan Adopted Illustrative Vision

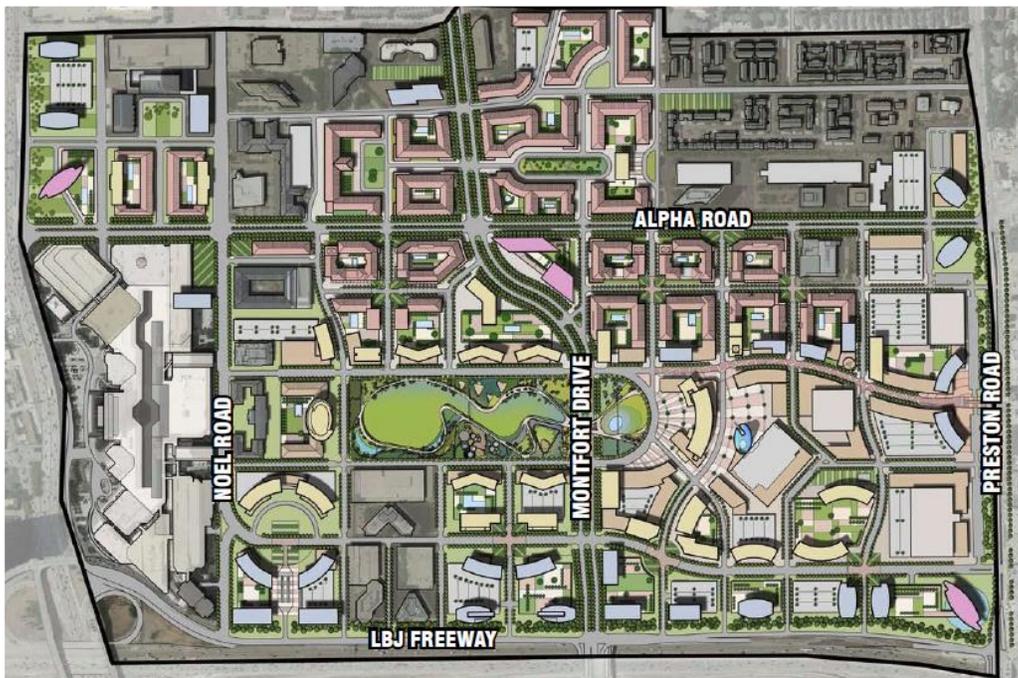


Exhibit A

The adopted illustrative vision (as shown in Exhibit A) for the area is of a new mixed use neighborhood (higher density and pedestrian friendly) that is: (1) anchored by a large central park; (2) supported by vibrant retail uses, office uses, entertainment uses, and mixed housing choices; (3) connected by an integrated network of walkable streets and open spaces, and (4) eventually linked to the Dallas Area Rapid Transit (DART) light rail network via an underground line connecting the existing Red Line with the proposed Cotton Belt Line.

Two key opportunities identified in the Area Plan are: (1) to break down the super blocks into pedestrian-scale developable parcels in order to provide a more walkable urban fabric, and (2) to provide a community-scale central park with the potential to serve as a regional destination that will also support local residents, workers, and visitors, making up for a severe lack of open space in the area.

Following the adoption of the Area Plan in May 2013, the City of Dallas coordinated with owners of a substantial amount of property in the area, including Beck Ventures, Diversion Capital Partners, Sears Roebuck and Co., and EF Properties to analyze and designate a TIF district for the area.

Existing Conditions

Most of the Montfort-IH 635 Sub-District is characterized by a wide variety of commercial property types as well as two multi-family residential properties ranging in age from thirty-five to fifty years. Many of these properties are economically or physically obsolete. In its present condition, the area exhibits deteriorated structures, an inadequate sidewalk and street layout, large tracts of vacant land, faulty lot layouts, unsanitary or unsafe conditions, and deteriorated site improvements. These conditions substantially arrest or impair the sound growth of the City and property within the Sub-District. No property in the Montfort-IH 635 Sub-District is currently being used for residential use with fewer than five living units. Photos of property in the Montfort-IH 635 Sub-District show deteriorated public infrastructure and building stock (see Exhibit B). Many of the commercial structures in the Montfort-IH 635 Sub-District were developed in the 1960s and 1970s. Many streets and utilities are now approaching fifty years old and require significant improvements.

Existing Zoning and Existing Land Uses

The Area Plan also served as the basis for the City to undertake an area-wide form-based rezoning to PD 887 (Valley View-Galleria Area Special Purpose District), thereby ensuring a sound regulatory framework to encourage economic development consistent with the vision. This zoning designation governs nearly all of the Montfort-IH 635 Sub-District. Prior to the adoption of PD 887 in June 2013, the existing zoning in the area had been a patchwork quilt of over twenty different zoning categories that reflected a disorderly development pattern. Additionally, the City undertook an associated Thoroughfare Plan amendment for the area in June 2013 to ensure compatibility between key roadways and anticipated future land uses.

See Exhibit C for a map of existing zoning in the Montfort-IH 635 Sub-District and Exhibit D for a map of existing land uses in the Montfort-IH 635 Sub-District.

Exhibit A

The Montfort-IH 635 Sub-District has been designated by the City of Dallas, pursuant to Section 311.005, Texas Tax Code, because the City has found that the Montfort-IH 635 area substantially impairs the sound growth of Dallas, retards the provision of housing accommodations, constitutes an economic and social liability, and is a menace to the public welfare due to a substantial number of substandard, deteriorating, and deteriorated structures and infrastructure as well as a severe lack of parks and open spaces. The Montfort-IH 635 Sub-District is consistent with the City's adopted Area Plan and will serve as a long-term tool to implement the shared vision for the area by further leveraging the regulatory framework (PD 887 form-based zoning and Thoroughfare Plan amendment) already in place. The Project Plan and Reinvestment Zone Financing Plan for the Montfort-IH 635 Sub-District consists of a program of public infrastructure improvements, economic development grants, and land assembly for a central public open space under the authority of the TIF Act, which is intended to stimulate private investment in the area to occur earlier and to a much greater extent than would occur solely through private investment in the reasonably foreseeable future, thereby offering employment and quality living for the people of Dallas for years to come.

Exhibit B Existing Conditions Images Montfort-IH 635 Sub-District



Exhibit C Existing Zoning Montfort-IH 635 Sub-District

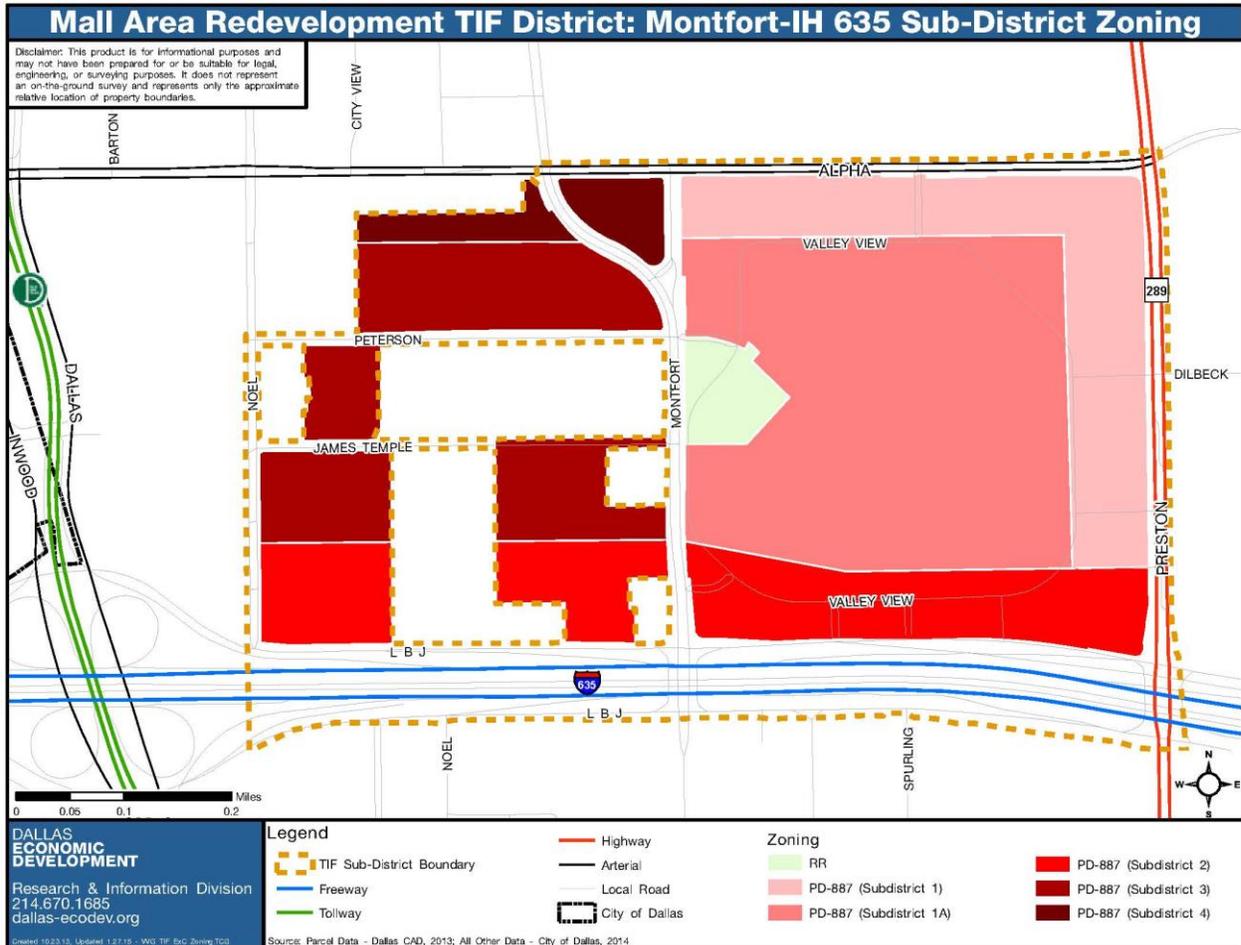


Exhibit D Existing Land Use Montfort-IH 635 Sub-District

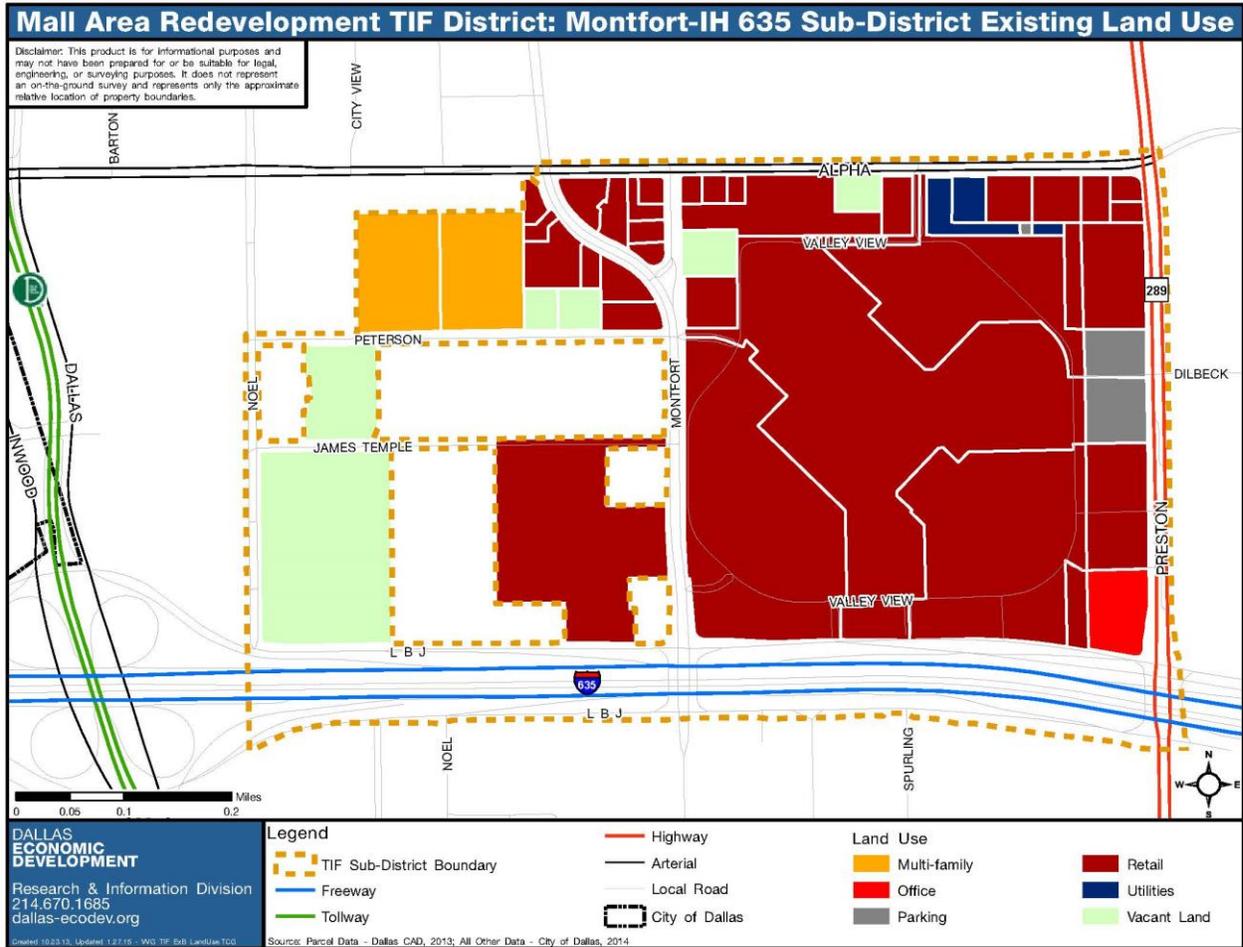


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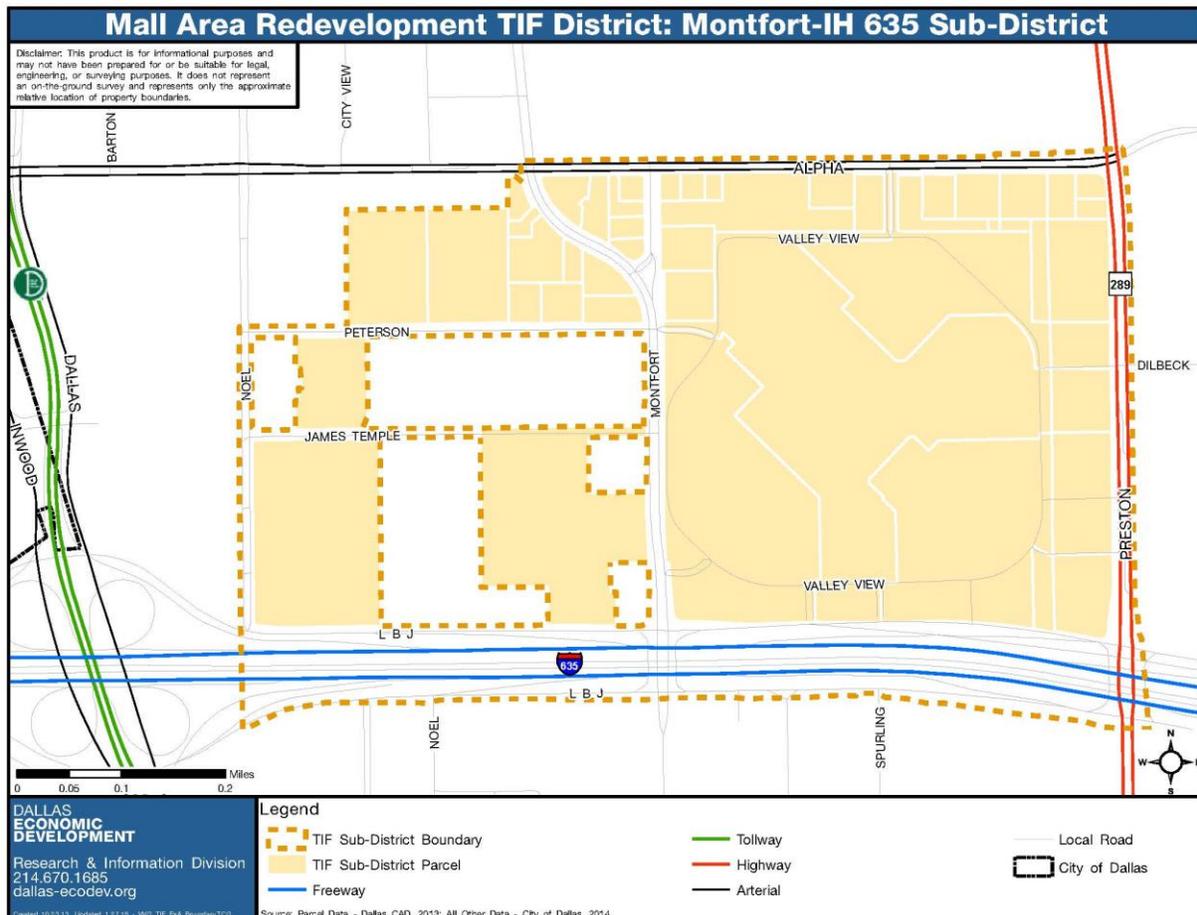
Description of the Montfort-IH 635 Sub-District

As depicted in Exhibit E, the Montfort-IH 635 Sub-District is generally bounded by Alpha Road, Preston Road, Noel Road, and LBJ Freeway. Boundaries that follow public streets and highways shall be construed to extend to the far sides of such rights-of-way. Boundaries that approximate property lines shall be construed as following such property lines. The Montfort-IH 635 Sub-District encompasses approximately 173.9 acres, not including rights-of-way. Taxable land for 2014 is approximately 168.3 acres.

In order to optimize the reliability of the TIF increment projections as well as the needs of the TIF project plan, the Montfort-IH 635 Sub-District boundary was drawn at its inception to include only the most underutilized and vacant parcels in the area that are anticipated to begin redevelopment in the short-term (i.e. next 5 years). Beyond the next 5 years, other parcels in the immediate area may emerge and ripen for redevelopment.

Based on the 2014 certified tax roll from the Dallas Central Appraisal District (“DCAD”), the total appraised value of taxable real property (46 parcels) in the Montfort-IH 635 Sub-District is approximately \$148.6 million.

Exhibit E Montfort-IH 635 Sub-District Map



Westmoreland-IH 20 Sub-District

The crossroads of Marvin D. Love Freeway (U.S. Highway 67), LBJ Freeway (Interstate Highway 20), Westmoreland Road, and Camp Wisdom Road has been one of southern Dallas' major regional business areas. Marvin D. Love Freeway registers over 85,000 vehicles per day, and LBJ Freeway provides access to more than 166,000 vehicles daily. However, despite the general locational advantages, portions of the area have experienced significant economic and physical decline over the last twenty years, and substantial revitalization and orderly redevelopment of the area is not likely to occur without public assistance. As such, this area is identified as a key focus area in the City of Dallas Strategic Engagement Plan as well as the forwardDallas! Comprehensive Plan. Further, this area is identified as a core investment area in the City Council's FY 2012-2013 Strategic Plan as well as the Mayor's GrowSouth initiative.

Built in 1975 by the DeBartolo Company, the Southwest Center Mall is located 11 miles south of downtown Dallas. When it opened, it was the only regional mall in southern Dallas and was named Red Bird Mall after the community it served. Designed as a typical center-oriented mall with large anchor stores surrounding a core of smaller in-line retail spaces, Southwest Center Mall was built with 1.1 million square feet of space (including the anchor stores).

The mall's customer base began to weaken soon after completion due to competition from newer retail space built nearby. In 2001, new owners renamed the mall Southwest Center Mall after investing in revitalizing improvements (primarily a food court). Nevertheless, over the past several years, as more competition has occurred with newer nearby retail centers, decline has quickened.

Montgomery Ward went bankrupt and liquidated in 2001. Its anchor building is currently occupied by Burlington Coat Factory. JC Penney also vacated its anchor building in 2001 and left for nearby Cedar Hill. JC Penney's anchor building was demolished in 2012. Dillard's (originally Titcher's and then Joske's) vacated its anchor building in 2006 and left for the same nearby location. The Dillard's anchor building remains vacant today. In 2006, Macy's replaced Foley's (originally Sanger-Harris) when the May Company was acquired by Federated Department Store. The three current anchors—Macy's, Sears, and Burlington Coat Factory—are operating but have been impacted by the turnover at the mall. The in-line portion of the mall has changed ownership several times in recent decades because of bankruptcies and foreclosures. Over half the floor space is vacant, consumer traffic is low, and the configuration is obsolete.

In 2009, the City of Dallas sponsored a five-day visit by a group of nine real estate development experts with the Urban Land Institute (ULI). Known as a ULI Advisory Services Panel ("Panel"), the group's assignment was to formulate a plan to revitalize the Southwest Center Mall by exploring alternative uses for the anchor stores, studying the feasibility of mixed uses, and considering the desirability of civic and public uses to contribute to a sense of place at the Southwest Center Mall area. The Panel also considered strategies for public investment through public/private partnerships to address the challenging economic and infrastructure needs. The Panel was also charged with formulating implementation strategies for achieving its recommendations.

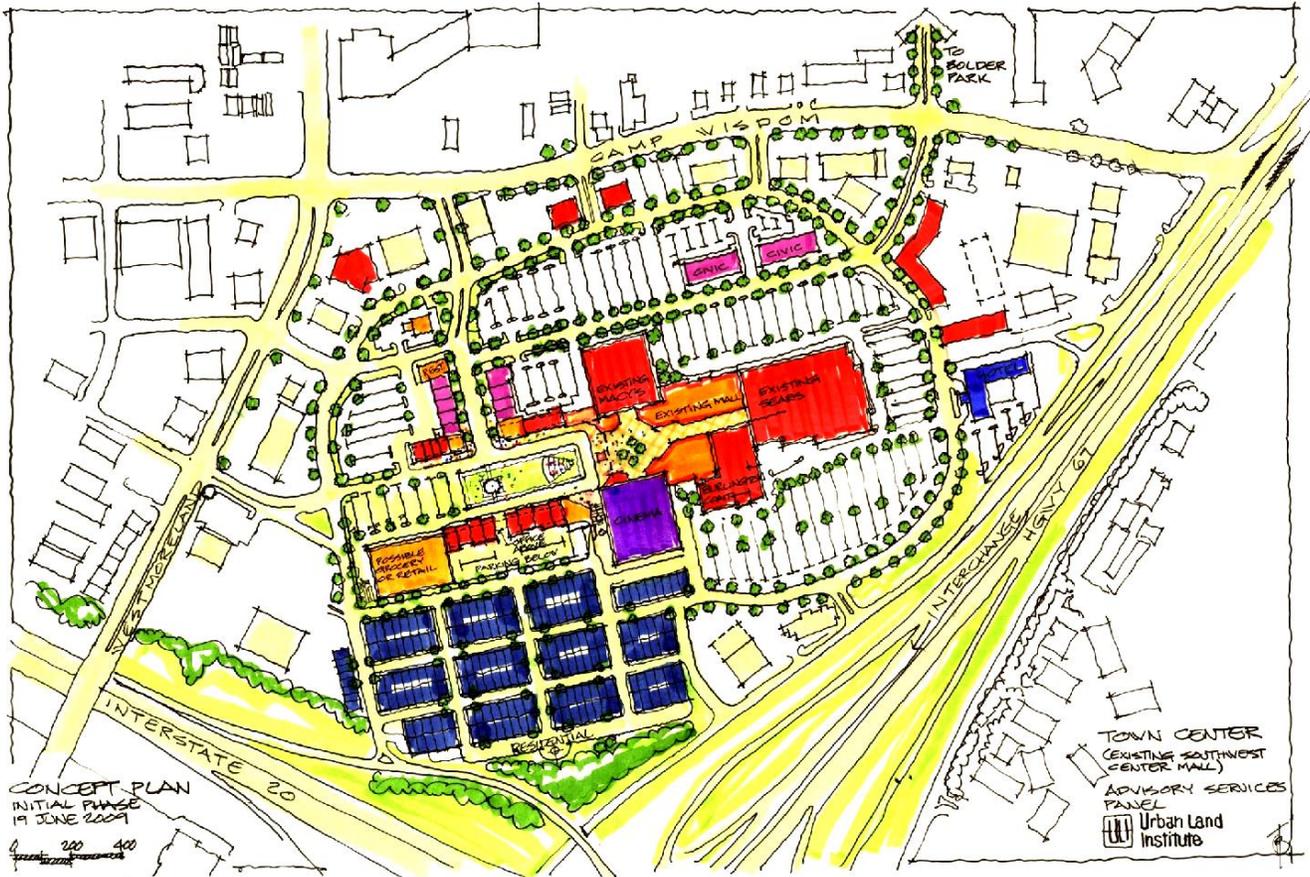
Exhibit A

The Panel's visit resulted in a published report. The report highlighted the following observations and findings with the Southwest Center Mall: (1) market too weak to solely support private investment in revitalization without public investment, (2) fragmented property ownership and lack of interdependent cooperation, (3) lack of a consensus vision/plan for how to revitalize the area, (4) poor site access from the freeway, (5) strong community support for revitalization, and (6) community concerns about the City's commitment to help with revitalization.

In the report, the Panel made the following comments and recommendations: (1) the area has strong potential for walkable mixed use redevelopment with residential, retail, office, entertainment, and community uses, (2) the City should initiate an Area Plan process with the community, resulting in a consensus vision and leading to area-wide rezoning and thoroughfare plan amendments consistent with the vision, (3) the City should coordinate with TxDOT to improve freeway access, (4) the City should establish a tax increment financing district for the area to help close funding gaps and push forward projects that might not otherwise succeed, (5) the City should play an active role in land assembly and developer recruitment, and (6) the City should assist with public infrastructure improvements in the area (network of new internal streets, new streetscape on existing perimeter streets, new central open space, etc.).

The panel emphasized that a successful plan for the redevelopment of the site needs to be flexible and allow the program of uses to evolve as redevelopment occurs over time. As such, the panel offered an initial redevelopment concept for a new town center "village" organized around a new central open space/plaza and anchored by a new open-air retail street tied directly into the existing eastern end of the mall. The redevelopment concept assumes demolition of both levels of the west end of the mall (from the center court through the former Dillard's space, with the new open-air retail street (a collection of two-story mixed use buildings) tying directly into the upper level of the in-line mall at the line of demolition. This initial phase would allow successful existing tenants and new tenants to consolidate in the eastern end of the mall. The redevelopment concept also includes the renovation and retention of the three existing anchor stores (Macy's, Sears, and Burlington Coat Factory). Additionally, the Panel believed that a grocery store, a multi-screen movie theater, offices, multi-family housing (for rent), senior housing (for-rent or for-sale), townhomes, and a hotel could be feasible in the market if developed within the framework of the new town center village. The town center village concept is depicted in Exhibit F below and serves as the basis for the anticipated development shown in Exhibit P-2.

Exhibit F Southwest Center Mall Area Redevelopment Concept (2009 ULI Advisory Services Panel)



Existing Conditions

Most of the Westmoreland-IH 20 Sub-District is characterized by a wide variety of commercial property types ranging in age from thirty to forty years. Many of these properties are economically or physically obsolete. In its present condition, the area exhibits deteriorated structures, an inadequate sidewalk and street layout, large tracts of vacant land, faulty lot layouts, unsanitary or unsafe conditions, and deteriorated site improvements. These conditions substantially arrest or impair the sound growth of the City and property within the Westmoreland-IH 20 Sub-District. No property in the Westmoreland-IH 20 Sub-District is currently being used for residential use with fewer than five living units. Photos of property in the Westmoreland-IH 20 Sub-District show deteriorated public infrastructure and building stock (see Exhibit G). Many of the commercial structures in the Westmoreland-IH 20 Sub-District were developed in the 1970s. Many streets and utilities are now over forty years old and require significant improvements.

Exhibit A

Existing Zoning and Existing Land Uses

See Exhibit H for a map of existing zoning in the Westmoreland-IH 20 Sub-District and Exhibit I for a map of existing land uses in the Westmoreland-IH 20 Sub-District.

The Westmoreland-IH 20 Sub-District has been designated by the City of Dallas, pursuant to Section 311.005, Texas Tax Code, because the City has found that the Westmoreland-IH 20 area substantially impairs the sound growth of Dallas, retards the provision of housing accommodations, constitutes an economic and social liability, and is a menace to the public welfare due to a substantial number of substandard, deteriorating, and deteriorated structures and infrastructure as well as a severe lack of parks and open spaces. The Project Plan and Reinvestment Zone Financing Plan for the Westmoreland-IH 20 Sub-District consists of a program of public infrastructure improvements and economic development grants under the authority of the TIF Act, which is intended to stimulate private investment in the area to occur earlier and to a much greater extent than would occur solely through private investment in the reasonably foreseeable future, thereby offering employment and quality living for the people of Dallas for years to come.

Exhibit G
Existing Conditions Images
Westmoreland-IH 20 Sub-District



Exhibit H Existing Zoning Westmoreland-IH 20 Sub-District

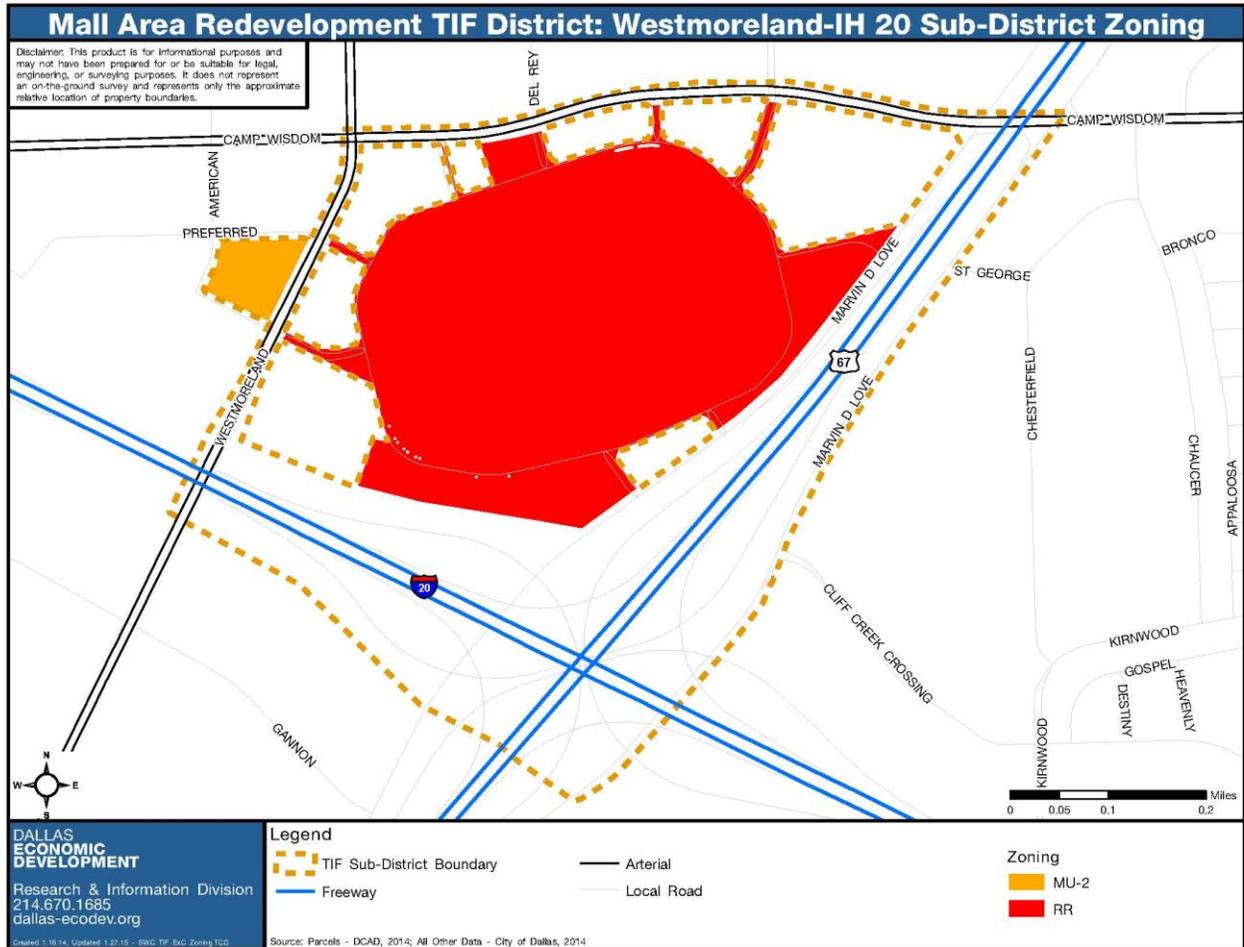
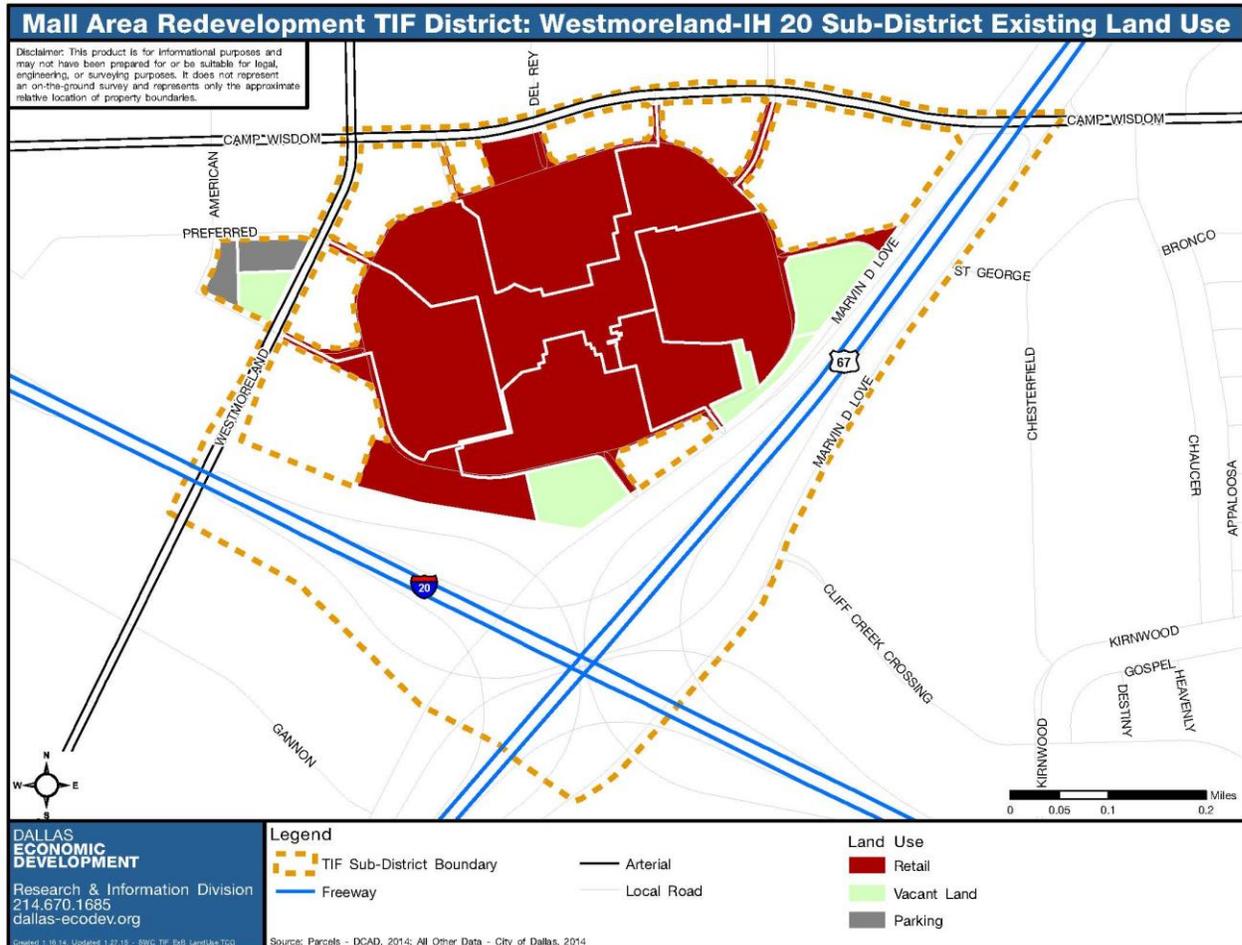


Exhibit I Existing Land Use Westmoreland-IH 20 Sub-District



Description of the Westmoreland-IH 20 Sub-District

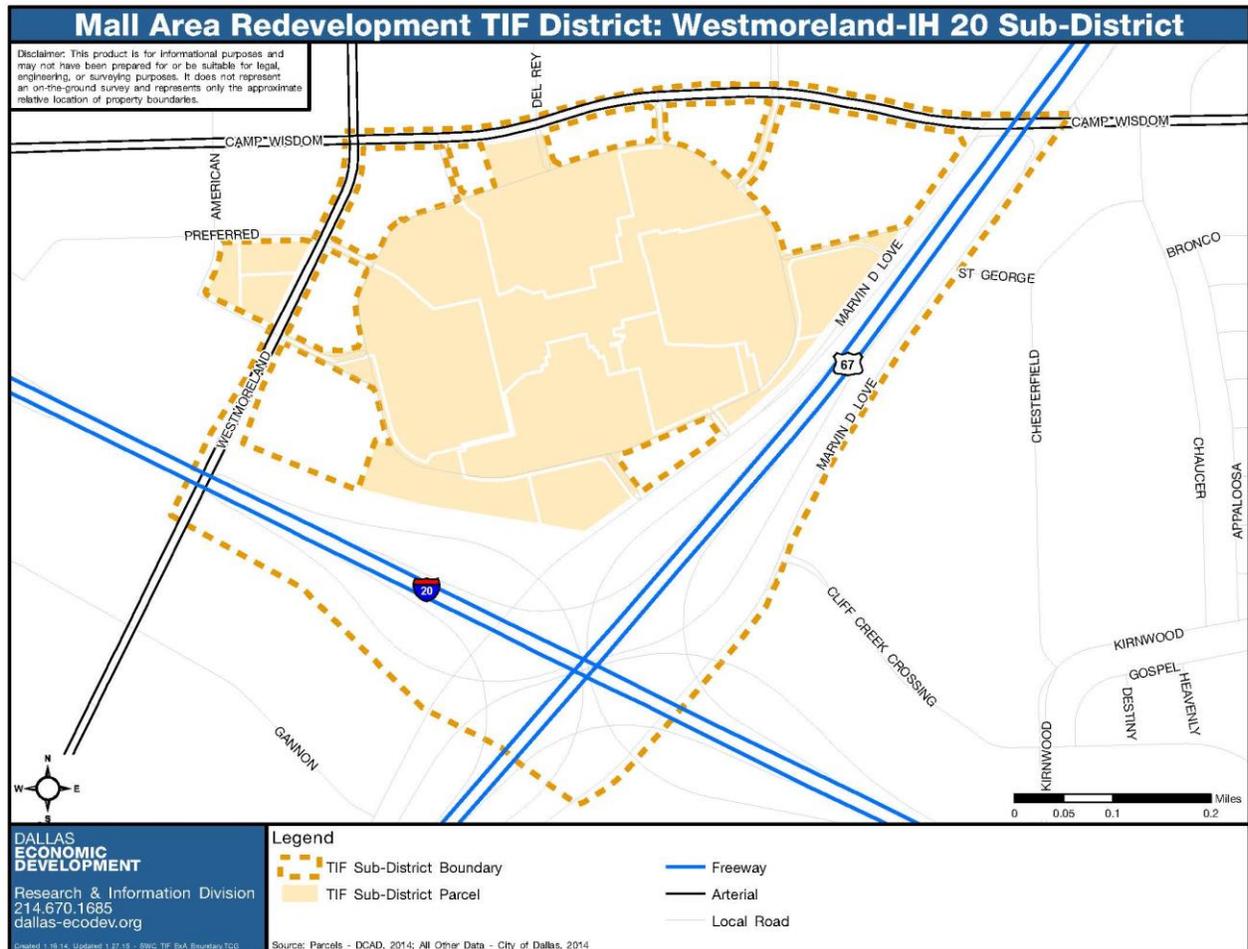
As depicted in Exhibit J, the Westmoreland-IH 20 Sub-District is generally bounded by Westmoreland Road, Camp Wisdom Road, Marvin D. Love Freeway (Highway 67), and LBJ Freeway (Interstate Highway 20). Boundaries that follow public streets and highways shall be construed to extend to the far sides of such rights-of-way. Boundaries that approximate property lines shall be construed as following such property lines. The Westmoreland-IH 20 Sub-District encompasses approximately 96.6 acres, not including rights-of-way. Taxable land for 2014 is approximately 96.6 acres.

In order to optimize the reliability of the TIF increment projections as well as the needs of the TIF project plan, the Westmoreland-IH 20 Sub-District boundary was drawn at its inception to include only the most underutilized and vacant parcels in the area. Over time, other parcels in the immediate area may emerge and ripen for redevelopment.

Exhibit A

Based on the 2014 certified tax roll from DCAD, the total appraised value of taxable real property (12 parcels) in the Westmoreland-IH 20 Sub-District is approximately \$19.8 million.

Exhibit J Westmoreland-IH 20 Sub-District Map



General Considerations

Per Chapter 311 of the Texas Tax Code, a city with a population of 100,000 or more may not designate a tax increment reinvestment zone if the total appraised value of taxable real property in the proposed zone and in existing reinvestment zones exceeds 25% of the total appraised value of taxable real property in the city. At the time this tax increment reinvestment zone was designated by the City Council in May 2014, the total appraised value of the zone and other existing reinvestment zones (based on the 2013 certified tax roll from DCAD) was approximately 10% of the total appraised value of taxable real property in the City of Dallas.

Additionally, per the City of Dallas Financial Management Performance Criteria (“FMPC”), no reinvestment zone can be created if the total real property tax base of all

Exhibit A

active tax increment reinvestment zones plus the total real property and business personal property tax base of all tax abatement reinvestment zones exceeds 10% of the total tax base (all real and business personal property) of the City. At the time this tax increment reinvestment zone was designated by the City Council in May 2014, the total real property tax base of all active tax increment reinvestment zones plus the total real property and business personal property tax base of all tax abatement reinvestment zones (based on the 2013 certified tax roll from DCAD) was approximately 8.87% of the total tax base (all real and business personal property) of the City.

All real property accounts known to be within the District boundary, based on DCAD's 2014 certified tax roll, are listed in Appendix A. The base value of the District is the total appraised value of all taxable real property in the zone, as determined by DCAD. The base value of the District may also be adjusted in the future to reflect property tax protests, tax roll corrections, and litigation that affect the 2014 valuation of properties within the District. Inclusion of property in the District does not change tax rates for any property in the District. Tax rates remain the same as tax rates outside the District, given a constant set of taxing jurisdictions.

The duration of the Mall Area Redevelopment TIF District shall be 30 years. The District's base year is 2014. The collection period for tax increment revenues shall begin on January 1, 2015 and end on December 31, 2044 (including collection of the 2044 increment in calendar year 2045 and any related matters to be concluded in 2045). TIF collections will terminate once the TIF budget has been collected or December 31, 2044, whichever occurs first.

The City's participation shall be 0% in 2015; 90% from 2016 through 2042; 75% in 2043; and 55% in 2044. The County's participation is anticipated to be 0% for the first five years and then at least 55% for 20 years (2020 through 2039) or until the District is terminated.

TIF funds will be disbursed annually, subject to the availability of funds, and according to development agreements or securities obligations approved by the City Council. All such agreements and obligations must be consistent with the Project Plan and Reinvestment Zone Financing Plan approved by the TIF Board of Directors and the City Council, as prescribed by the Tax Increment Financing Act promulgated in Chapter 311 of the Texas Tax Code.

All payments to the TIF fund will terminate upon the occurrence of any of the following events:

1. The TIF budget of approximately \$431.4 million (net present value of approximately \$182.5 million in 2014 dollars) has been collected, or December 31, 2044 (including collection of the 2044 increment in calendar year 2045 and any related matters to be concluded in 2045), whichever occurs first.
2. All financial obligations of the TIF fund have been satisfied and the City Council has dissolved the District.

Exhibit A

3. The TIF fund has no financial obligations within three years of City Council adoption of the Project Plan and Reinvestment Zone Financing Plan, and the City Council has dissolved the District.
4. Private investment of at least \$100 million has not occurred within five years of the adoption of the Project Plan and Reinvestment Zone Financing Plan, and the City Council has dissolved the District.

The TIF fund may pay for TIF-eligible expenditures within the District and other expenses permitted by law, including financing costs of the public improvements and administrative costs for the TIF program. Dollars from the TIF fund may pay or reimburse a developer, a developer's assignees, or another entity for legally eligible expenditures duly approved by the City. In general, TIF funds may be applied to expenditures listed in the Project Plan and Reinvestment zone Financing Plan as costs of public works, public improvements, programs, or other projects benefitting the zone, plus other costs incidental to those expenditures and obligations.

Development Goals and Objectives

The following development goals address the specific needs of the District:

- Goal 1: To create additional taxable value attributed to new private investment in projects in the Montfort-IH 635 Sub-District totaling approximately \$3.92 billion in total dollars over the 30-year life of the Sub-District.
- Goal 2: To create additional taxable value attributed to new private investment in projects in the Westmoreland-IH 20 Sub-District totaling approximately \$295.2 million in total dollars over the 30-year life of the Sub-District.
- Goal 3: To attract new higher density private development in the Montfort-IH 635 Sub-District totaling approximately 707,870 square feet of new retail space; 72,991 square feet of renovated movie theater; 3,987,022 square feet of new office space; 957 new hotel rooms; and 7,674 new residential units (including apartments and condominiums).
- Goal 4: To attract new higher density private development in the Westmoreland-IH 20 Sub-District totaling approximately 140,000 square feet of new retail space; 45,000 square feet of movie theater; 70,000 square feet of new office space; 80 new hotel rooms; and 1,620 new residential units (including apartments and townhomes).
- Goal 5: To encourage the sustainable redevelopment of properties including and around two severely declining shopping malls in a manner in which negative fiscal impacts for the remainder of the City are limited and a walkable development pattern is achieved that is a net benefit to the City from a fiscal, land use, and quality of life standpoint.

Exhibit A

- Goal 6: To increase public open space in the District.
- Goal 7: To generate approximately \$431.4 million (net present value of approximately \$182.5 million in 2014 dollars) in TIF fund revenues over the 30-year life of the District.

The following specific objectives set the framework for the planned public improvements within the District:

- Provide funding for the acquisition of land for a central community park (referred to in the adopted Area Plan as “Midtown Commons”) to provide open space, recreational opportunities, and cultural amenities to the Montfort-IH 635 Sub-District while also increasing land values and attracting new residential and office development.
- Direct each sub-district’s overall development through the application of urban design guidelines for public improvements and private development.
- Provide funding to build a street and circulation network in each sub-district to enhance traffic flow, reduce congestion, provide greater accessibility, and disaggregate the existing super-blocks into a pedestrian-scaled environment that can redevelop incrementally.
- Improve existing and construct new infrastructure (on-site and off-site) for the District, including roadways, storm water drainage, water distribution/wastewater collection lines, burial of overhead utilities, and unified wayfinding to support redevelopment.
- Improve the pedestrian environment in the District through sidewalk, landscaping, lighting and other related streetscape features.
- Provide funding for an economic development grant program for the District.
- Encourage mixed income housing in/near the District.

Market Feasibility and Planned Development

The predominant land use development pattern in the planned 30-year Mall Area Redevelopment TIF District development program is higher density, walkable, mixed-use development, including a range of housing types, office development, retail development, and hotel development. Within five years of the initiation of the District, it is anticipated that development will occur, including approximately 1,106 residential units, 133,350 square feet of retail space, 72,991 square feet of renovated movie theater, and 242,000 square feet of office.

Over the 30-year life of the District, the planned private development program includes:

Exhibit A

- up to 9,294 new residential units
- up to 847,870 square feet of new retail space
- up to 72,991 square feet of renovated movie theater space
- up to 45,000 square feet of new movie theater space
- up to 4,057,022 square feet of new office space
- up to 1,037 new hotel rooms

Market analysis suggests that these developments are feasible but would likely not occur or occur to the same extent solely through private investment in the reasonably foreseeable future without the creation and implementation of this District to assist in the funding of project plan improvements benefitting the District.

Exhibit K-1 depicts a conceptual redevelopment plan (as provided by Diversion Capital) for the former Showcase Chevrolet Dealership site, and Exhibit K-2 depicts a conceptual redevelopment plan (as provided by Beck Ventures) for a substantial portion of the Valley View Center Mall area in the Montfort-IH 635 Sub-District.

Exhibit K-1 Conceptual Redevelopment Plan (by Diversion Capital)



Exhibit K-2 Conceptual Redevelopment Plan (by Beck Ventures)



TIF District Policy Considerations

City policy for creation of new TIF districts requires that newly created TIF district plans include public objectives, such as a provision for mixed income housing, development of design guidelines that promote the high quality design of structures and infrastructure within the TIF district, utilization of minority- and women-owned businesses in new construction, promotion of jobs for neighborhood residents, and resolution of issues related to the relocation of area residents displaced by new development. These issues are addressed specifically below.

Mixed Income Housing Guidelines. Successful and sustainable redevelopment efforts support a variety of housing options. To that end, the Mall Area Redevelopment TIF District will aim to create housing diversity, including a range of housing types and prices for renters and buyers of different income levels. Within two years after designation of the District, the District's Board of Directors will develop mixed income housing guidelines outlining details for the provision of mixed income housing for the District. Accordingly, twenty percent (20%) of all housing units in projects using TIF funds will meet the City's and County's established criteria for affordable housing. This requirement will be secured with deed restrictions to ensure a developer's and their successors and assigns' long-term compliance with this commitment. A developer will also be required to submit an Affirmative Fair Housing Marketing Plan to the City's Fair Housing Office for approval. A developer may, subject to City and County approval, propose an alternative means of fulfilling the City's and County's affordable housing requirements.

Affordable housing units are those which are affordable to a household earning 80% or less of the median family income for the Dallas metropolitan area. Affordable rental rates will be adjusted annually according to the affordable housing schedule produced annually by the City's Housing Department (pursuant to the U.S. Department of Housing and Urban Development).

In the Montfort-IH 635 Sub-District area, the real estate sub-market has been stronger (relative to the Westmoreland-IH 20 Sub-District). As such, it is anticipated that the intent of the mixed income housing guidelines for the Montfort-IH 635 Sub-District will be to encourage the development of affordable housing units that are interspersed throughout the area and virtually indistinguishable from market-rate housing units (i.e. designed and constructed to standards consistent with the market-rate housing units in the area).

In the Westmoreland-IH 20 Sub-District area, the real estate sub-market has been more challenging (i.e. generally characterized by misperceptions and a lack of properties leasing/selling at levels close to the market rates in other Dallas sub-markets). Much of the existing housing in the area could already be considered affordable. As such, it is anticipated that the intent of the mixed income housing guidelines for the Westmoreland-IH 20 Sub-District will be to encourage the development of housing units that successfully establish rental/sales levels that are closer to the market rates in other stronger Dallas sub-markets.

Exhibit A

Urban Design Guidelines. High quality urban design is an objective for the Mall Area Redevelopment TIF District. Urban design guidelines for new development in the District will be reviewed by the District's Board of Directors within two years after designation of the District. Development projects that utilize a direct, site-specific allocation of TIF funding assistance will be required to comply with the approved guidelines. The City's Peer Review Panel, supported by the Dallas CityDesign Studio, will oversee this process. The expectation is that TIF-funded projects set a standard for future development in the City of Dallas.

The urban design guidelines for the Montfort-IH 635 Sub-District will, at a minimum, reflect the form-based zoning standards of PD 887 (Valley View-Galleria Area Special Purpose District). PD 887 governs nearly all of the parcels in the Montfort-IH 635 Sub-District.

Business Inclusion and Development (BID) Plan. All TIF-funded projects will follow the City's adopted Business Inclusion and Development Plan. This policy outlines goals for certified Minority- and Women-Owned Business Enterprise (M/WBE) participation in publicly funded infrastructure projects. The BID Plan goal is 25% for construction of public improvements. The goal for private improvements is negotiated in the development agreement. The process for BID compliance and City oversight will be negotiated with City staff and included in the development agreement for each individual project.

Promotion of Jobs for Neighborhood Residents. TIF applicants must agree to sponsor job fairs or other programs to attract neighborhood residents to any permanent jobs created in the developments within the District.

Existing Resident Displacement. Chapter 311 of the Texas Tax Code requires that displacement of existing residents be minimized. No persons are currently expected to be displaced by redevelopment activity within the Mall Area Redevelopment TIF District. Therefore, relocation policies are inapplicable to this District.

Section 2: Project Plan Improvements

The enumerated Project Plan Improvements include approximately \$431.4 million (net present value of \$182.5 million in 2014 dollars) for the categories listed below. See Exhibit P in Section 3 for the budget of the proposed TIF-funded Project Plan Improvements (“Project Costs”).

Eligible TIF Project Costs for the entire Mall Area Redevelopment TIF District

Administration and Implementation: Administration costs, including reasonable charges for time spent by the municipality’s employees and funding for special studies conducted on behalf of the City of Dallas to assist with implementation within the District, will be eligible for reimbursement as project costs, upon approval by the District’s Board of Directors and in connection with the implementation of the Project Plan and Reinvestment Zone Financing Plan. Other TIF-related administrative expenses such as the City’s legal and consulting fees (including but not limited to bond counsel and financial advisor fees), management expenses, meeting expenditures, and equipment are included in this category. Specifically included in this budget category is the cost to reimburse the City for the funding of the 2012-2013 Valley View-Galleria Area Planning Study.

Eligible TIF Project Costs for the Montfort-IH 635 Sub-District

Public Infrastructure Improvements: As illustrated in the City’s adopted Streets Plan for the area in Exhibit L, public infrastructure improvements are needed to establish an integrated street network to break down the existing super-blocks and create new pedestrian-scale blocks for incremental redevelopment. This category includes, but is not limited to, TIF-eligible expenditures for design, engineering, and construction of infrastructure and utility improvements; water and wastewater infrastructure improvements; roadway paving improvements; intersection improvements (including signalization improvements); improvements for medians and parkways; and storm water drainage and management. Utility improvements also include, but are not limited to, the relocation/burial and eligible upgrade of electric, gas, cable television, and telephone/telecommunication infrastructure throughout the sub-district. This category also includes design, engineering, and construction of streetscape improvements, including lighting, sidewalk, bike/pedestrian trail and path improvements; street furnishings; landscaping and irrigation of areas of public access and assembly; wayfinding and signage to improve pedestrian and vehicular circulation and continuity in the sub-district; and other streetscape features related to specific projects. Costs of public infrastructure improvements in the Montfort-IH 635 Sub-District are anticipated to include:

- design and construction of improvements to existing roads (e.g. Montfort Drive; Noel Road; Preston Road; Alpha Road; Peterson Lane; James Temple Drive) within the Montfort-IH 635 Sub-District as required by the Thoroughfare

Exhibit A

Plan. The estimated costs include associated grading, paving, and landscape/streetscape. Right-of-way is to be dedicated to the City as platting occurs with redevelopment.

- design and construction of new roads within the Montfort-IH 635 Sub-District as required by the Thoroughfare Plan and shown on Exhibit L. The estimated costs include associated grading, paving, storm drainage system, intersections, water, wastewater, landscape/streetscape, and gas/power/telecommunications utilities. Right-of-way is to be dedicated to the City as platting occurs with redevelopment.
- design and construction of new minor streets within the Montfort-IH 635 Sub-District as required by the zoning regulations of PD 887 and shown on Exhibit L. The estimated costs include associated grading, paving, storm drainage system, intersections, water, wastewater, landscape/streetscape, and gas/power/telecommunications utilities. Right-of-way is to be dedicated to the City as platting occurs with redevelopment.
- design, relocation/burial, and eligible upgrade of existing electric, gas, and telecommunications infrastructure.
- design, fabrication, and installation of unified wayfinding to improve pedestrian and vehicular circulation and continuity within the Montfort-IH 635 Sub-District.

TIF funding assistance for public infrastructure improvements will be critical to making projects feasible in the Montfort-IH 635 Sub-District. Without an integrated network of new streets (and associated utilities) to disaggregate the existing super-blocks, redevelopment potential of the area is limited. It is also acknowledged that other sources of funding (e.g. grants from other governmental entities; City general obligation bonds) will be considered to supplement TIF funding and/or to help advance the delivery of particular infrastructure improvements.

Environmental Remediation & Demolition: The Montfort-IH 635 Sub-District is generally characterized by a variety of low-rise, auto-oriented, single-use commercial developments (including a large-format enclosed mall and associated retail anchor buildings) and a handful of garden-style multi-family residential developments. Approaching fifty-years-old, many of these structures are becoming physically obsolete. It is anticipated that redevelopment of some of these structures/sites may be burdened with costs for the environmental remediation of asbestos, lead-based paint, and other contaminants, as well as with costs for interior and exterior demolition. These costs are TIF eligible expenditures.

Grants for Economic Development: State law allows the City to make economic development grants or loans for the public purposes of developing and diversifying the economy and to further implement the Project Plan and Reinvestment Zone Financing Plan. Projects receiving such grants or loans: (1) must demonstrate that

Exhibit A

the development is not financially feasible but for the grant; (2) must be consistent with the goals and objectives of the Project Plan and Reinvestment Zone Financing Plan; and (3) are subject to specific project agreements and City Council approval. A grant program for the Montfort-IH 635 Sub-District will be developed by City staff and recommended for adoption by the TIF Board of Directors within two years after designation of the District. Development projects requesting economic development grant funds will be required to comply with the approved program.

Land Acquisition for Sub-District-Wide Central Open Space: The long-term success of the Montfort-IH 635 Sub-District as a dense, walkable, livable, and sustainable place will depend on a redevelopment pattern organized around a carefully considered urban form anchored by a large centrally located sub-district-wide public open space (see the City's adopted Open Space Plan in Exhibit M). The central open space feature will be the critical key to generating higher density urban development while also supporting a high quality of life for sub-district residents, employees, shoppers, and other visitors. Envisioned to serve not only the Montfort-IH 635 Sub-District but also the broader community, the central open space feature will range in size from 10-20 acres (ideal size is 15-18 acres). It should be noted that the graphical depiction of the central open space in Exhibit M is conceptual and that the actual size, location, and configuration is subject to change over time as redevelopment occurs and as land is acquired.

Per the adopted Area Plan, considerations for the design of the central open space feature should include the following: street trees and sidewalks along all edges; some large open spaces for passive recreation and events; possible pavilion/concert stage and lawn for special events; environmentally responsible landscape development and potential education opportunities on water recycling and collection from surrounding properties including detention; integrated storm water management elements; Americans with Disabilities Act (ADA) compliance; dog park facilities; playgrounds for children and adults; restaurant or food service venues; a parking strategy for special events including on-street parking; naturalized vegetation in some areas; and a pedestrian bridge across Montfort Drive to facilitate east-west connectivity (if necessary).

It is acknowledged that many desired expenditures associated with the central open space feature are likely beyond the capacity of TIF funding. Nevertheless, TIF funding assistance for land acquisition for the central open space will be critical to making projects feasible in the Montfort-IH 635 Sub-District. Without a large public open space, redevelopment potential of the area is limited.

Although the central open space will ultimately be owned by the City, it is anticipated that TIF funding assistance will leverage other sources of needed funding (e.g. the additional open space requirement of PD 887; grants from other governmental entities; City general obligation bonds; a public improvement district; private philanthropic contributions) to help fund expenditures associated with the acquisition, design, construction, maintenance, operations, and programming of the central open space.

Sub-District-Wide Public Infrastructure Improvements: Sub-district-wide public infrastructure improvements are defined as improvements (typically City-initiated) that are not specific to a single development site such as gateways, trails, open space, public facilities, or utility/streetscape improvements benefitting multiple properties or blocks. TIF funding assistance for sub-district-wide public infrastructure improvements is critical to realizing the anticipated redevelopment of the Montfort-IH 635 Sub-District.

The first priority is the replacement and upsizing of existing off-site wastewater lines as required by Dallas Water Utilities. Without these wastewater improvements, redevelopment potential of the area is severely limited. Sewershed #1 encompasses most of the Montfort-IH 635 Sub-District, and the discharge point for sewershed #1 is located immediately north of LBJ Freeway along the westbound frontage road just east of Noel Road. These wastewater improvements are anticipated to include the replacement/upsizing of any existing wastewater lines connecting private parcels to the sewershed #1 discharge point as well as the replacement/upsizing of the existing wastewater line immediately downstream of sewershed #1 (i.e. from the discharge point southward to a connection point located generally east of the Dallas North Tollway at Harvest Hill Road).

In order to ensure adequate wastewater capacity for and minimize disruption to the anticipated redevelopment of the Montfort-IH 635 Sub-District, the replacement/upsizing of the existing wastewater line immediately downstream of sewershed #1 (i.e. from the discharge point southward to a connection point located generally east of the Dallas North Tollway at Harvest Hill Road) will be necessary within the first 2-4 years of the District. As such, in order to maximize cost efficiency and advance the delivery of this critical project, it is anticipated that Dallas Water Utilities (starting in 2015) may provide advance funding for planning, design, right-of-way/easement acquisition, and construction (with reimbursement back to Dallas Water Utilities anticipated to come from the District).

In addition to these wastewater improvements, other sub-district-wide infrastructure needs (e.g. connecting gaps) are likely to emerge over the life of the District as properties redevelop on different timelines.

Exhibit L Streets Plan Montfort-IH 635 Sub-District

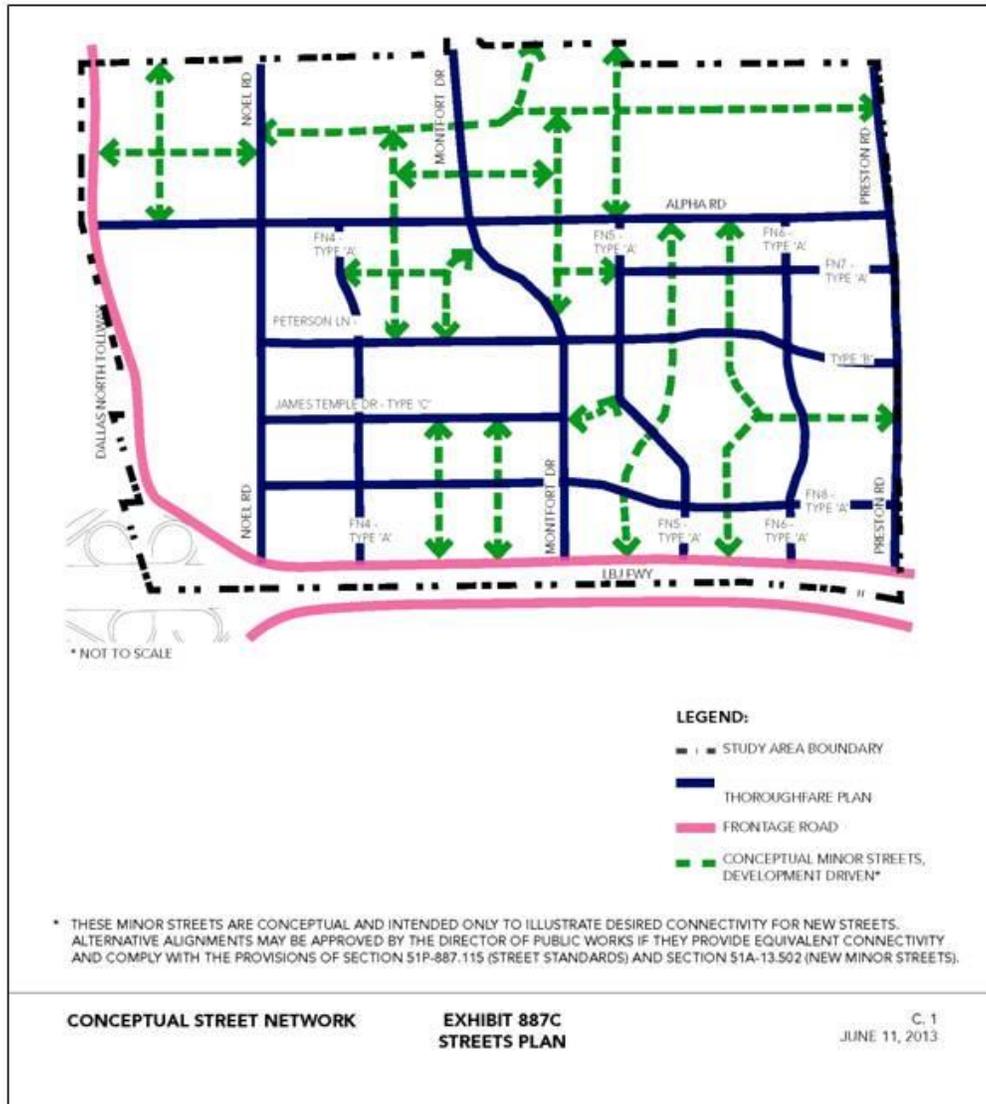
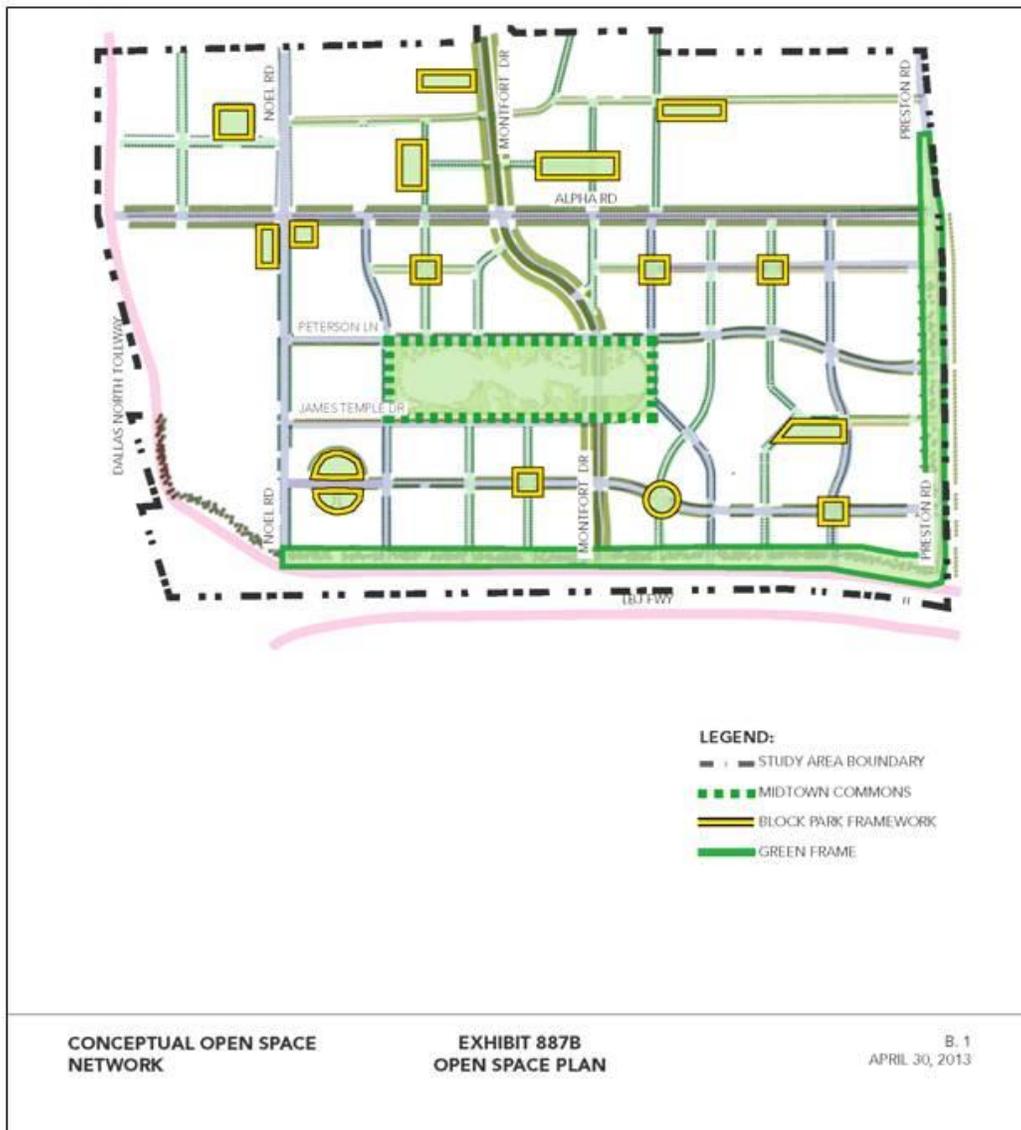


Exhibit M Open Space Plan Montfort-IH 635 Sub-District



Eligible TIF Project Costs for the Westmoreland-IH 20 Sub-District

Below is a general listing of TIF-eligible project plan improvements anticipated for the Westmoreland-IH 20 Sub-District. Over time, as a more specific redevelopment plan for the Southwest Center Mall area comes into focus, it is anticipated that this listing of project plan improvements will be refined and adjusted accordingly.

It is acknowledged that some desired expenditures of the Westmoreland-IH 20 Sub-District are likely beyond the capacity of TIF funding. Nevertheless, TIF funding assistance will be critical to attracting viable private development partners and making catalyst development projects feasible in the Westmoreland-IH 20 Sub-District. It is also anticipated that the momentum made possible by TIF funding will leverage funds from other public sources (e.g. City bonds, other governmental entities).

Public Infrastructure Improvements: As illustrated in the ULI Panel's redevelopment concept for a new town center village in Exhibit F, critical public infrastructure improvements are needed to break down the existing super blocks and create new pedestrian-scale blocks for incremental redevelopment. Additionally, site access improvements (i.e. ramps) from adjacent freeways and new streetscape improvements on the existing perimeter roadways are also critical to the sustainable redevelopment of the area. This category includes, but is not limited to, TIF-eligible expenditures for design, engineering, and construction of infrastructure and utility improvements; water and wastewater infrastructure improvements; roadway paving improvements; intersection improvements (including signalization improvements); improvements for medians and parkways; and storm water drainage and management. Utility improvements also include, but are not limited to, the relocation/burial and eligible upgrade of electric, gas, cable television, and telephone/telecommunication infrastructure throughout the sub-district. This category also includes design, engineering, and construction of streetscape improvements, including lighting, sidewalk, bike/pedestrian trail and path improvements; street furnishings; landscaping and irrigation of areas of public access and assembly; wayfinding and signage to improve pedestrian and vehicular circulation and continuity in the sub-district; and other streetscape features related to specific projects.

Environmental Remediation & Demolition: The Westmoreland-IH 20 Sub-District is generally characterized by a variety of low-rise, auto-oriented, single-use commercial developments (including a large-format enclosed mall and associated anchor buildings). Approaching fifty-years-old, many of these structures are becoming physically obsolete. It is anticipated that redevelopment of some of these structures/sites may be burdened with costs for the environmental remediation of asbestos, lead-based paint, and other contaminants, as well as with costs for interior and exterior demolition. These costs are TIF-eligible expenditures.

Parks, Open Space, Trails, Gateways: The ULI Panel's redevelopment concept in Exhibit F depicts a new town center village organized around a new central open space/plaza and connected to nearby Boulder Park. In the Westmoreland-IH 20

Exhibit A

Sub-District, land acquisition, design, and construction costs necessary for the implementation of parks, open space, trails, and gateways are TIF-eligible expenditures.

Grants for Economic Development: State law allows the City to make economic development grants or loans for the public purposes of developing and diversifying the economy and to further implement the Project Plan and Reinvestment Zone Financing Plan. Projects receiving such grants or loans: (1) must demonstrate that the development is not financially feasible but for the grant; (2) must be consistent with the goals and objectives of the Project Plan and Reinvestment Zone Financing Plan; and (3) are subject to specific project agreements and City Council approval. A grant program for the Westmoreland-IH 20 Sub-District will be developed by City staff and recommended for adoption by the TIF Board of Directors within two years after designation of the District. Development projects requesting economic development grant funds will be required to comply with the approved program.

Section 3: Financing Plan

TIF Financing Overview

Tax increment financing (“TIF”) is a tool local governments of Texas have used since 1986 to finance public improvements within defined areas that have unique challenges and opportunities for economic development. Public improvements strengthen existing communities and attract investment. The Tax Increment Financing Act is found in Chapter 311 of the Texas Tax Code (the “Act”).

The governing body of a municipality may designate an area as a reinvestment zone if the City Council finds that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future. The additional tax dollars generated by growth of real property value flow to a “tax increment financing fund” (“TIF fund”) for a specified term of years. Money flowing to the TIF fund each year is then disbursed according to the Project Plan and Reinvestment Zone Financing Plan approved by the TIF board and the City Council, as prescribed by the Act and the ordinance designating the reinvestment zone. With the exception of environmental remediation and demolition, historic façade restoration, and funding for a TIF grant/loan program, TIF funds may only be used for public improvements. In general, TIF funds may be applied only to expenditures inside the TIF district boundaries, but the Act allows TIF funds to be applied to expenditures outside of the TIF district for a few specified purposes, including places of public assembly, affordable housing, and public infrastructure.

The exhibit below shows how taxes from real properties in the zone will flow to the participating taxing jurisdictions (City and County) and to the TIF fund, based on the assumptions and projections in this Project Plan and Reinvestment Zone Financing Plan.

Exhibit N Real Property Tax Flow with Tax Increment Financing

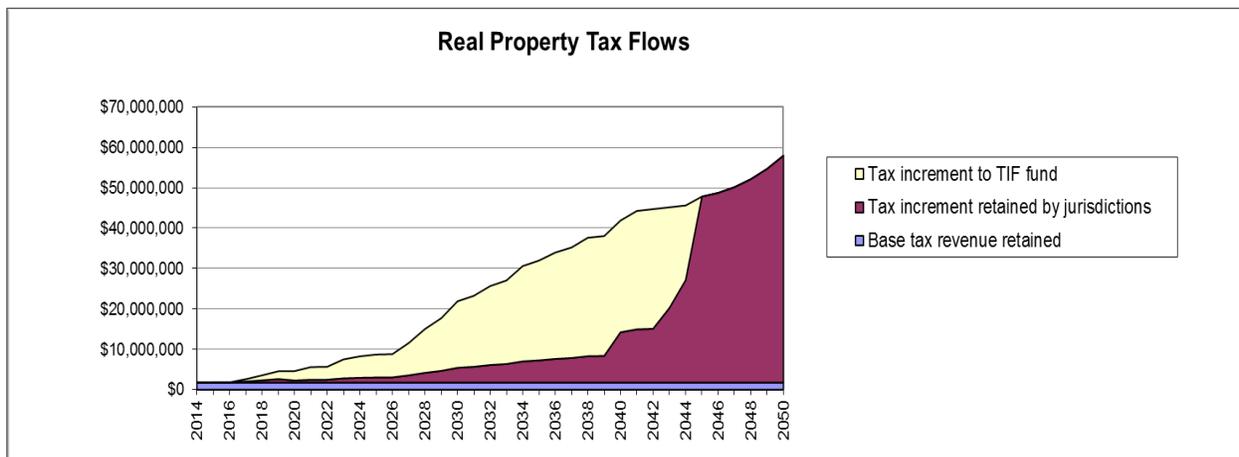


Exhibit A

Inclusion of property in a TIF zone does not change tax rates for the property. Tax rates in a TIF zone are the same as tax rates outside the zone and within the same set of taxing jurisdictions.

Once the public improvements are completed and paid for, the TIF zone is dissolved and the full amount of the taxes collected in the area is retained by the taxing jurisdictions. In effect, the taxing jurisdictions are “investing” future earnings to receive the benefit of higher tax revenues from new development. Additionally, taxing jurisdictions are not restricted from raising their tax rates during the life of the zone.

Project Budget. The Reinvestment Zone Financing Plan provides for incremental financing and projects revenues for the Mall Area Redevelopment TIF District.

A fundamental goal of this Reinvestment Zone Financing Plan is to facilitate tax increment revenue sharing from the Montfort-IH 635 Sub-District in order to jump start redevelopment activity in the Westmoreland-IH 20 Sub-District in the City’s southern sector where development has lagged for many years. Ten percent (10%) of the annual tax increment generated by the Montfort-IH 635 Sub-District (less payment of annual administrative expenses) will be transferred to the Westmoreland-IH 20 Sub-District to help facilitate the revitalization and redevelopment of the Southwest Center Mall area. It is estimated that approximately \$39.2 million (net present value of \$16.6 million in 2014 dollars) will be transferred to the Westmoreland-IH 20 Sub-District over the term of the District. Tax increment revenue generated by the Westmoreland-IH 20 Sub-District will be wholly retained for use in that area.

Exhibit O

Estimated TIF Increment Generated & Budget Allocation by Sub-District

	Captured Appraised Value	Increment Generated (NPV--2014 dollars)	TIF Budget Allocation (NPV--2014 dollars)	TIF Budget Allocation (Total)
Montfort-IH 635 Sub-District	\$3,923,175,511	\$168,697,782	\$149,123,655	\$352,437,332
Westmoreland-IH 20 Sub-District	\$295,239,688	\$13,764,306	\$30,088,432	\$71,278,447
Administration & Implementation			\$3,250,000	\$7,684,059
Total		\$182,462,088	\$182,462,088	\$431,399,838

Exhibit P TIF District Project Plan Improvements Budget by Category

<i>Project costs are public improvements and grants paid or reimbursed by TIF.</i>		
<i>Upon approval of the Project Plan and Reinvestment Zone Financing Plan, any subsequent changes to the budget will be subject to approval by the TIF board and City Council (pursuant to Section 311.011(e) of the Act).</i>		
	(a)	
Category	Estimated TIF Expenditure (NPV-2014 dollars)*	Estimated TIF Expenditure (Total)**
Montfort-IH 635 Sub-District		
Public Infrastructure Improvements; Environmental Remediation & Demolition; Grants for Economic Development	\$109,123,655	\$257,864,296
Set Aside for Land Acquisiton for Sub-District-Wide Central Open Space***	\$30,000,000	\$70,929,777
Set Aside for Sub-District-Wide Infrastructure Improvements	\$10,000,000	\$23,643,259
Sub-District Total Project Costs	\$149,123,655	\$352,437,332
Westmoreland-IH 20 Sub-District		
Public Infrastructure Improvements; Environmental Remediation & Demolition; Parks, Open Space, Trails, Gateways; Grants for Economic Development	\$30,088,432	\$71,278,447
Sub-District Total Project Costs	\$30,088,432	\$71,278,447
Administration and Implementation****	\$3,250,000	\$7,684,059
Total Project Costs	\$182,462,088	\$431,399,838
<p>* All values discounted to 2014 dollars at 4% annually. Actual expenditure values will depend on timing of project cost incurrence.</p> <p>** All values are estimated expenditures based on annual TIF project costs and debt service schedules. These values depend on timing of projects and will fluctuate.</p> <p>*** Includes land acquisition and associated costs; does not include design, construction, maintenance, or operating/programming costs.</p> <p>**** Administration costs are estimated at \$100,000 per year, plus \$250,000 cost incurred for the 2012-2013 Valley View Galleria Area Planning Study. The allocation of the District's estimated administration costs is based on the percentage of tax increment each Sub-District is anticipated to generate.</p>		

The project's principal costs in Exhibit P are expressed in column b as if paid in 2014. Funding for these expenditures will not be drawn until subsequent years.

Financing Process. Currently, a developer will apply and be authorized by the City Council for TIF improvements, then fund and build the improvements. Upon completion and acceptance of the work by the City, the developer will be reimbursed with TIF funds if and when they are available. TIF payments are made based on available increment and other conditions set forth in project development agreements. Prior to 2005, public

Exhibit A

improvements were publicly bid with developers advancing funds for these improvements and earning applicable interest until the advance was repaid by the future cash flows to the TIF fund (if and when funds were available). However, based on legislative changes in 2005, TIF improvements are no longer required to have a public bid process and advance funds to the City; therefore, typically with most projects, no interest is pledged since funds are not advanced to the City for public improvements. On an individual project basis, economic development grants may be considered to offset the financial cost (i.e. interest on principal) incurred by a developer for providing significant advance funding for a large scale public infrastructure improvement or open space acquisition having a sub-district-wide benefit.

The City may negotiate with financial institutions to secure bonds or other obligations, or lines of credit, to aid in the funding of projects within the District, using any financial instrument, subject to City Council approval of the note or credit line or issuance of bonds or other obligations for eligible TIF expenditures. Any use of TIF bonds is subject to provisions of the City's Financial Management Performance Criteria ("FMPC").

State law allows a TIF district to consider making direct grants to implement a TIF district's Project Plan and Reinvestment Zone Financing Plan. As necessary or convenient to implement this Plan, the District's Board of Directors will provide for a program to make economic development loans or grants from TIF funds in an aggregate amount not to exceed the amount of tax increment produced by the City and paid into the tax increment fund for the District. Projects receiving such loans or grants must be consistent with the goals and objectives of the Mall Area Redevelopment TIF District Project Plan and Reinvestment Zone Financing Plan and are subject to City Council approval of the loan or grant program and the specific project agreements.

Increment Allocation Policy Considerations. A TIF Increment Allocation Policy (including priorities for reimbursement and a method of annually apportioning available increment) will be developed by City staff and recommended for adoption by the Mall Area Redevelopment TIF District Board of Directors within 2 years after designation of the District. Reimbursement obligations of the District will be specifically described in each TIF development agreement.

Annually in the Montfort-IH 635 Sub-District, after the increment has been deposited into the TIF fund, the TIF fund will pay or set aside the following: (1) the Montfort-IH 635 Sub-District's portion of expenses for administering the District, (2) the 10% transfer to the Westmoreland-IH 20 Sub-District, (3) the set aside for sub-district-wide infrastructure improvements (until the authorized budget for this category has been reached), and (4) the set aside for land acquisition for sub-district-wide central open space (until such time as all land for the central open space has been acquired or the authorized budget for this category has been reached, whichever occurs sooner). The remaining increment will be available to reimburse developers of eligible projects in proportion to their individual increments pursuant to fully executed TIF development agreements.

Exhibit A

Annually in the Westmoreland-IH 20 Sub-District, after the increment has been deposited into the TIF fund, the TIF fund will pay the Westmoreland-IH 20 Sub-District's portion of expenses for administering the District. The remaining increment plus the amount transferred from the Montfort-IH Sub-District will be available to reimburse developers of eligible projects in proportion to their individual increments pursuant to fully executed TIF development agreements.

Expected Revenues. Exhibit Q-1 lists a development schedule that is anticipated in the Montfort-IH 635 Sub-District, and Exhibit Q-2 lists a development schedule that is anticipated in the Westmoreland-IH 20 Sub-District. The developments listed in Exhibit Q-1 and Exhibit Q-2 represent an estimated total of private investments exceeding \$5 billion. Some of the developments may not occur or may be replaced by other potential developments. These schedules represent the best estimate at this time for the District's anticipated development through 2044. The actual velocity, timing, size, volume, uses, values, and other attributes for the listed developments may differ from the provided information.

Unit values supporting appraisal estimates in Exhibit Q-1 and Exhibit Q-2 are based on observations of values assigned to comparable developments by the Dallas Central Appraisal District (DCAD). Actual construction costs or transactional prices may differ. Because tax increments are measured by DCAD values, these are the relevant measures of value for a TIF project plan and financing plan.

Exhibit Q-1 Anticipated Development Montfort-IH 635 Sub-District

TIF Zone Year	Completed During the Single Year Prior to January 1,	Multi-Family Residential (Rental)		Multi-Family Residential (Condo)		Retail	Movie Theater	Office	Hotel		Estimated Appraised Value of New Taxable Real Property
		Units	Square Feet	Units	Square Feet	Square Feet	Square Feet	Square Feet	Rooms	Square Feet	
Base	2014										
1	2015	0	0	0	0	0	0	0	0	0	\$0
2	2016	0	0	0	0	0	0	0	0	0	\$0
3	2017	335	371,850	0	0	133,350	0	0	0	0	\$75,113,250
4	2018	250	277,500	0	0	0	72,991	242,000	0	0	\$85,473,920
5	2019	521	578,310	0	0	0	0	0	0	0	\$86,746,500
6	2020	0	0	0	0	0	0	0	0	0	\$0
7	2021	0	0	0	0	50,000	0	0	273	372,254	\$61,226,830
8	2022	0	0	0	0	50,000	0	0	0	0	\$7,250,000
9	2023	500	555,000	0	0	0	0	350,000	0	0	\$134,000,000
10	2024	305	338,550	0	0	0	0	0	0	0	\$50,782,500
11	2025	0	0	0	0	0	0	0	0	0	\$0
12	2026	0	0	0	0	0	0	0	0	0	\$0
13	2027	400	444,000	200	228,000	100,000	0	350,000	0	0	\$175,375,200
14	2028	962	1,067,820	242	275,880	15,000	0	0	0	0	\$215,013,492
15	2029	0	0	0	0	0	0	908,000	0	0	\$131,660,000
16	2030	636	705,960	0	0	217,520	0	0	684	775,600	\$242,140,400
17	2031	0	0	200	228,000	0	0	0	0	0	\$43,525,200
18	2032	0	0	210	239,400	0	0	552,666	0	0	\$125,838,030
19	2033	300	333,000	0	0	0	0	0	0	0	\$49,950,000
20	2034	600	666,000	0	0	0	0	552,666	0	0	\$180,036,570
21	2035	0	0	274	312,360	0	0	0	0	0	\$59,629,524
22	2036	512	568,320	0	0	0	0	0	0	0	\$85,248,000
23	2037	0	0	227	258,780	0	0	0	0	0	\$49,401,102
24	2038	0	0	0	0	35,500	0	552,666	0	0	\$85,284,070
25	2039	0	0	0	0	35,500	0	0	0	0	\$5,147,500
26	2040	500	555,000	0	0	35,500	0	479,024	0	0	\$157,855,980
27	2041	500	555,000	0	0	35,500	0	0	0	0	\$88,397,500
28	2042	0	0	0	0	0	0	0	0	0	\$0
29	2043	0	0	0	0	0	0	0	0	0	\$0
30	2044	0	0	0	0	0	0	0	0	0	\$0
Totals		6,321	7,016,310	1,353	1,542,420	707,870	72,991	3,987,022	957	1,147,854	\$2,195,095,568

Notes: The anticipated development projects listed above are subject to market conditions and are likely to change over time. Estimated appraised values in this exhibit are expressed in 2014 dollars.

Exhibit Q-2 Anticipated Development Westmoreland-IH 20 Sub-District

TIF Zone Year	Completed During the Single Year Prior to January 1,	Multi-Family Residential (Rental)		Single Family Residential (Townhome)		Retail	Movie Theater	Office	Hotel		Estimated Appraised Value of New Taxable Real Property
		Units	Square Feet	Units	Square Feet	Square Feet	Square Feet	Square Feet	Rooms	Square Feet	
Base	2014										
1	2015	0	0	0	0	0	0	0	0	0	\$0
2	2016	0	0	0	0	0	0	0	0	0	\$0
3	2017	0	0	0	0	0	0	0	0	0	\$0
4	2018	0	0	0	0	0	0	0	0	0	\$0
5	2019	0	0	0	0	0	0	0	0	0	\$0
6	2020	0	0	0	0	0	0	0	0	0	\$0
7	2021	200	220,000	0	0	20,000	0	10,000	0	0	\$19,850,000
8	2022	0	0	0	0	0	0	0	0	0	\$0
9	2023	0	0	0	0	40,000	0	0	0	0	\$3,000,000
10	2024	0	0	0	0	0	45,000	0	0	0	\$4,500,000
11	2025	300	330,000	0	0	0	0	0	0	0	\$26,400,000
12	2026	0	0	15	33,000	0	0	0	0	0	\$2,191,200
13	2027	0	0	15	33,000	0	0	0	80	49,600	\$5,167,200
14	2028	0	0	20	44,000	20,000	0	0	0	0	\$4,421,600
15	2029	300	330,000	30	66,000	0	0	0	0	0	\$30,782,400
16	2030	0	0	20	44,000	0	0	20,000	0	0	\$4,421,600
17	2031	300	330,000	15	33,000	0	0	0	0	0	\$28,591,200
18	2032	0	0	5	11,000	20,000	0	0	0	0	\$2,230,400
19	2033	200	220,000	0	0	0	0	0	0	0	\$17,600,000
20	2034	0	0	0	0	0	0	0	0	0	\$0
21	2035	0	0	0	0	0	0	0	0	0	\$0
22	2036	0	0	0	0	20,000	0	20,000	0	0	\$3,000,000
23	2037	0	0	0	0	0	0	0	0	0	\$0
24	2038	200	220,000	0	0	0	0	0	0	0	\$17,600,000
25	2039	0	0	0	0	0	0	0	0	0	\$0
26	2040	0	0	0	0	20,000	0	0	0	0	\$1,500,000
27	2041	0	0	0	0	0	0	0	0	0	\$0
28	2042	0	0	0	0	0	0	20,000	0	0	\$1,500,000
29	2043	0	0	0	0	0	0	0	0	0	\$0
30	2044	0	0	0	0	0	0	0	0	0	\$0
Totals		1,500	1,650,000	120	264,000	140,000	45,000	70,000	80	49,600	\$172,755,600

Notes: The anticipated development projects listed above are subject to market conditions and are likely to change over time. Estimated appraised values in this exhibit are expressed in 2014 dollars.

Annual Real Property Appraisals to the TIF Fund

Based on the developments identified in Exhibit Q-1 and Exhibit Q-2 (and other stated assumptions), Exhibit R-1 and Exhibit R-2 forecast real property tax increment projections for the Montfort-IH 635 Sub-District and the Westmoreland-IH 20 Sub-District respectively and show annual percentages and amounts of the real property tax growth increment reinvested each year in the TIF fund. Exhibit R-3 shows the real property tax increment projections for both sub-districts combined. During the District's 30-year term, cumulative increased property value is expected to reach approximately \$4.2 billion.

Starting with tax year 2016 (Year 2 of the District), a portion of the real property tax collected by the City of Dallas will flow to the TIF fund. The TIF fund will reimburse TIF project costs according to a duly adopted Project Plan and Reinvestment Zone Financing Plan for the Mall Area Redevelopment TIF District. Annual percentages of collected annual tax increments invested in the TIF fund by the City of Dallas will equal 90% (2016 through 2042); 75% in 2043; and 55% in 2044.

Participation in the District has been discussed with Dallas County. From 2020 (Year 6) through 2039 (Year 25), Dallas County is anticipated to agree to contribute at least 55% of the tax increment generated from County taxes assessed and collected within the District. County participation will require the approval of the County Commissioners Court and final terms of the County's contributions of tax increment shall be set forth in an interlocal participation agreement between the City and County.

Exhibit R-1 Annual Projection of Tax Increment to the TIF Fund Montfort-IH 635 Sub-District

TIF Zone	Appraised Value for Jan. 1, Year	Tax Deposited to TIF Fund by May 1,	% of City Real Property Tax Increment to TIF Fund	% of County Real Property Tax Increment to TIF Fund		Total Revenue to TIF Fund	Cumulative Revenue to TIF Fund Net Present Value (2014 dollars)
				From City	From County		
Base	2014	2015	0%	\$0	0%	\$0	\$0
1	2015	2016	0%	\$0	0%	\$0	\$0
2	2016	2017	90%	\$21,424	0%	\$0	\$21,424
3	2017	2018	90%	\$571,128	0%	\$0	\$571,128
4	2018	2019	90%	\$1,227,137	0%	\$0	\$1,227,137
5	2019	2020	90%	\$1,920,487	0%	\$0	\$1,920,487
6	2020	2021	90%	\$1,950,350	55%	\$363,546	\$2,313,896
7	2021	2022	90%	\$2,468,705	55%	\$460,168	\$2,928,873
8	2022	2023	90%	\$2,517,467	55%	\$469,257	\$2,986,723
9	2023	2024	90%	\$3,754,438	55%	\$699,829	\$4,454,266
10	2024	2025	90%	\$4,238,663	55%	\$790,088	\$5,028,751
11	2025	2026	90%	\$4,291,708	55%	\$799,976	\$5,091,684
12	2026	2027	90%	\$4,345,284	55%	\$809,963	\$5,155,246
13	2027	2028	90%	\$6,191,623	55%	\$1,154,121	\$7,345,744
14	2028	2029	90%	\$8,541,363	55%	\$1,592,113	\$10,133,477
15	2029	2030	90%	\$10,052,529	55%	\$1,873,795	\$11,926,324
16	2030	2031	90%	\$12,894,076	55%	\$2,403,461	\$15,297,536
17	2031	2032	90%	\$13,492,327	55%	\$2,514,975	\$16,007,302
18	2032	2033	90%	\$15,116,636	55%	\$2,817,747	\$17,934,383
19	2033	2034	90%	\$15,848,197	55%	\$2,954,110	\$18,802,307
20	2034	2035	90%	\$18,290,638	55%	\$3,409,382	\$21,700,021
21	2035	2036	90%	\$19,220,187	55%	\$3,582,650	\$22,802,837
22	2036	2037	90%	\$20,534,410	55%	\$3,827,622	\$24,362,032
23	2037	2038	90%	\$21,388,854	55%	\$3,986,891	\$25,375,745
24	2038	2039	90%	\$22,795,433	55%	\$4,249,078	\$27,044,510
25	2039	2040	90%	\$23,049,223	55%	\$4,296,384	\$27,345,607
26	2040	2041	90%	\$25,669,532	0%	\$0	\$25,669,532
27	2041	2042	90%	\$27,281,971	0%	\$0	\$27,281,971
28	2042	2043	90%	\$27,565,449	0%	\$0	\$27,565,449
29	2043	2044	75%	\$23,209,802	0%	\$0	\$23,209,802
30	2044	2045	55%	\$17,197,240	0%	\$0	\$17,197,240
Total				\$355,646,280		\$43,055,156	\$398,701,436

Exhibit R-2 Annual Projection of Tax Increment to the TIF Fund Westmoreland-IH 20 Sub-District

								Cumulative
								Revenue to TIF Fund
								Net Present Value
								(2014 dollars)
TIF Zone	Appraised Value for Jan. 1,	Tax Deposited to TIF Fund by May 1,	% of City Real Property Tax Increment to TIF Fund	From City	% of County Real Property Tax Increment to TIF Fund	From County	Total Revenue to TIF Fund	4.0%
Year								Annual Discount Rate
Base	2014	2015	0%	\$0	0%	\$0	\$0	\$0
1	2015	2016	0%	\$0	0%	\$0	\$0	\$0
2	2016	2017	90%	\$2,850	0%	\$0	\$2,850	\$2,533
3	2017	2018	90%	\$4,296	0%	\$0	\$4,296	\$6,206
4	2018	2019	90%	\$5,757	0%	\$0	\$5,757	\$10,938
5	2019	2020	90%	\$7,232	0%	\$0	\$7,232	\$16,653
6	2020	2021	90%	\$8,722	55%	\$1,626	\$10,348	\$24,517
7	2021	2022	90%	\$175,841	55%	\$32,777	\$208,618	\$176,952
8	2022	2023	90%	\$179,018	55%	\$33,369	\$212,386	\$326,172
9	2023	2024	90%	\$200,611	55%	\$37,394	\$238,006	\$486,960
10	2024	2025	90%	\$237,627	55%	\$44,294	\$281,920	\$670,090
11	2025	2026	90%	\$493,663	55%	\$92,019	\$585,682	\$1,035,905
12	2026	2027	90%	\$512,442	55%	\$95,519	\$607,961	\$1,401,031
13	2027	2028	90%	\$563,329	55%	\$105,005	\$668,334	\$1,786,977
14	2028	2029	90%	\$608,168	55%	\$113,363	\$721,531	\$2,187,617
15	2029	2030	90%	\$949,382	55%	\$176,965	\$1,126,347	\$2,788,983
16	2030	2031	90%	\$1,000,798	55%	\$186,549	\$1,187,348	\$3,398,536
17	2031	2032	90%	\$1,340,703	55%	\$249,908	\$1,590,611	\$4,183,706
18	2032	2033	90%	\$1,372,165	55%	\$255,772	\$1,627,938	\$4,956,394
19	2033	2034	90%	\$1,597,970	55%	\$297,862	\$1,895,833	\$5,821,628
20	2034	2035	90%	\$1,615,368	55%	\$301,105	\$1,916,473	\$6,662,641
21	2035	2036	90%	\$1,632,939	55%	\$304,381	\$1,937,320	\$7,480,103
22	2036	2037	90%	\$1,680,890	55%	\$313,318	\$1,994,208	\$8,289,206
23	2037	2038	90%	\$1,699,116	55%	\$316,716	\$2,015,832	\$9,075,625
24	2038	2039	90%	\$1,962,903	55%	\$365,886	\$2,328,789	\$9,949,193
25	2039	2040	90%	\$1,983,950	55%	\$369,809	\$2,353,759	\$10,798,169
26	2040	2041	90%	\$2,016,934	0%	\$0	\$2,016,934	\$11,497,675
27	2041	2042	90%	\$2,038,521	0%	\$0	\$2,038,521	\$12,177,476
28	2042	2043	90%	\$2,073,233	0%	\$0	\$2,073,233	\$12,842,261
29	2043	2044	75%	\$1,746,152	0%	\$0	\$1,746,152	\$13,380,632
30	2044	2045	55%	\$1,294,183	0%	\$0	\$1,294,183	\$13,764,306
Total				\$29,004,765		\$3,693,637	\$32,698,402	

Exhibit R-3 Annual Projection of Tax Increment to the TIF Fund Sub-Districts Combined

Tax Year	Captured Appraised Value Mergers GIS Sub-District		Captured Appraised Value Mergers H20 Sub-District		Captured Appraised Value Mergers Combined		City of Dallas				Dallas County				TOTAL		CUMULATIVE		
	Sub-District	Value	Sub-District	Value	Combined	City Real Property Tax Increment	% of City Tax Increment to TIF Fund	City Tax Increment to TIF Fund	County Real Property Tax Increment	% of County Tax Increment to TIF Fund	County Tax Increment to TIF Fund	Cumulative NPV (2014 Dollars)	City Tax Increment to TIF Fund	County Tax Increment to TIF Fund	Cumulative NPV (2014 Dollars)	City and County	Annual Discount Rate	Net Present Value (2014 Dollars)	
Base 2014	\$1,485,917	\$197,659	\$1,683,576			\$0	0%	\$0	\$0	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
1	\$2,986,694	\$197,659	\$3,184,353	\$1,683,576	\$1,683,576	\$26,970	90%	\$24,273	\$4,093	0%	\$0	\$21,579	\$0	\$0	\$24,273	8%	\$21,579	\$21,579	
2	\$7,621,927	\$598,926	\$8,220,853	\$3,883,988	\$3,883,988	\$63,930	90%	\$57,424	\$8,226	0%	\$0	\$51,354	\$0	\$0	\$57,424	8%	\$51,354	\$51,354	
3	\$17,077,297	\$1,008,259	\$18,085,556	\$7,979,871	\$7,979,871	\$1,369,883	90%	\$1,232,894	\$1,955,017	0%	\$0	\$1,232,894	\$0	\$0	\$1,232,894	8%	\$1,232,894	\$1,232,894	
4	\$26,738,255	\$1,216,001	\$27,954,256	\$11,979,871	\$11,979,871	\$2,141,910	90%	\$1,927,719	\$3,053,323	0%	\$0	\$1,927,719	\$0	\$0	\$1,927,719	8%	\$1,927,719	\$3,150,613	
5	\$34,186,382	\$2,414,334	\$36,600,716	\$23,177,556	\$23,177,556	\$2,938,385	90%	\$2,644,547	\$4,539,041	55%	\$365,172	\$2,777,501	\$365,172	\$365,172	\$3,142,673	55%	\$2,322,844	\$5,473,457	
6	\$35,098,428	\$2,957,136	\$38,055,564	\$37,951,384	\$37,951,384	\$2,938,385	90%	\$2,644,547	\$4,539,041	55%	\$365,172	\$2,777,501	\$730,344	\$1,037,828	\$3,807,923	55%	\$2,322,844	\$7,800,301	
7	\$52,342,478	\$3,127,652	\$55,470,130	\$51,380,060	\$51,380,060	\$4,394,489	90%	\$3,955,484	\$7,533,530	55%	\$365,172	\$4,320,652	\$730,344	\$1,403,170	\$5,224,093	55%	\$2,322,844	\$10,123,145	
8	\$59,919,148	\$3,127,652	\$63,046,800	\$62,047,073	\$62,047,073	\$4,973,655	90%	\$4,476,290	\$10,509,825	55%	\$365,172	\$5,141,462	\$1,768,342	\$7,089,834	\$6,994,236	55%	\$2,322,844	\$12,445,981	
9	\$69,314,257	\$3,127,652	\$72,441,909	\$67,223,660	\$67,223,660	\$5,317,079	90%	\$4,765,371	\$12,474,450	55%	\$365,172	\$5,141,462	\$2,134,006	\$8,224,296	\$8,159,468	55%	\$2,322,844	\$14,768,825	
10	\$80,573,317	\$3,127,652	\$83,700,969	\$77,534,646	\$77,534,646	\$5,317,079	90%	\$4,765,371	\$14,449,821	55%	\$365,172	\$5,141,462	\$2,509,178	\$9,735,758	\$9,124,640	55%	\$2,322,844	\$17,091,669	
11	\$93,165,856	\$3,127,652	\$96,293,508	\$88,659,392	\$88,659,392	\$5,317,079	90%	\$4,765,371	\$16,429,192	55%	\$365,172	\$5,141,462	\$2,884,350	\$11,277,220	\$10,510,102	55%	\$2,322,844	\$19,414,513	
12	\$107,165,856	\$3,127,652	\$110,293,508	\$101,786,940	\$101,786,940	\$5,317,079	90%	\$4,765,371	\$18,408,563	55%	\$365,172	\$5,141,462	\$3,259,522	\$13,418,682	\$12,875,274	55%	\$2,322,844	\$21,737,357	
13	\$122,584,788	\$3,127,652	\$125,712,440	\$117,914,388	\$117,914,388	\$5,317,079	90%	\$4,765,371	\$20,387,934	55%	\$365,172	\$5,141,462	\$3,634,694	\$15,560,146	\$14,236,746	55%	\$2,322,844	\$24,060,201	
14	\$139,584,788	\$3,127,652	\$142,712,440	\$135,041,836	\$135,041,836	\$5,317,079	90%	\$4,765,371	\$22,367,305	55%	\$365,172	\$5,141,462	\$4,009,866	\$17,701,612	\$16,601,218	55%	\$2,322,844	\$26,383,045	
15	\$158,184,788	\$3,127,652	\$161,312,440	\$153,169,284	\$153,169,284	\$5,317,079	90%	\$4,765,371	\$24,346,676	55%	\$365,172	\$5,141,462	\$4,385,038	\$19,843,080	\$18,742,290	55%	\$2,322,844	\$28,705,889	
16	\$178,384,788	\$3,127,652	\$181,512,440	\$173,296,732	\$173,296,732	\$5,317,079	90%	\$4,765,371	\$26,326,047	55%	\$365,172	\$5,141,462	\$4,760,210	\$21,983,290	\$20,883,462	55%	\$2,322,844	\$31,028,733	
17	\$199,184,788	\$3,127,652	\$202,312,440	\$193,424,180	\$193,424,180	\$5,317,079	90%	\$4,765,371	\$28,305,418	55%	\$365,172	\$5,141,462	\$5,135,382	\$24,124,752	\$23,024,034	55%	\$2,322,844	\$33,353,577	
18	\$221,584,788	\$3,127,652	\$224,712,440	\$213,551,628	\$213,551,628	\$5,317,079	90%	\$4,765,371	\$30,284,789	55%	\$365,172	\$5,141,462	\$5,510,554	\$26,266,214	\$25,164,586	55%	\$2,322,844	\$35,678,421	
19	\$245,584,788	\$3,127,652	\$248,712,440	\$233,679,076	\$233,679,076	\$5,317,079	90%	\$4,765,371	\$32,264,160	55%	\$365,172	\$5,141,462	\$5,885,726	\$28,307,680	\$27,205,338	55%	\$2,322,844	\$38,003,265	
20	\$271,184,788	\$3,127,652	\$274,312,440	\$253,803,524	\$253,803,524	\$5,317,079	90%	\$4,765,371	\$34,243,531	55%	\$365,172	\$5,141,462	\$6,260,898	\$30,349,140	\$29,246,190	55%	\$2,322,844	\$40,328,109	
21	\$298,384,788	\$3,127,652	\$301,512,440	\$273,927,972	\$273,927,972	\$5,317,079	90%	\$4,765,371	\$36,222,902	55%	\$365,172	\$5,141,462	\$6,636,070	\$32,490,600	\$30,291,142	55%	\$2,322,844	\$42,652,953	
22	\$327,184,788	\$3,127,652	\$330,312,440	\$294,052,420	\$294,052,420	\$5,317,079	90%	\$4,765,371	\$38,202,273	55%	\$365,172	\$5,141,462	\$7,011,242	\$34,642,040	\$31,232,384	55%	\$2,322,844	\$44,977,797	
23	\$357,584,788	\$3,127,652	\$361,712,440	\$314,176,868	\$314,176,868	\$5,317,079	90%	\$4,765,371	\$40,181,644	55%	\$365,172	\$5,141,462	\$7,386,414	\$36,833,520	\$32,173,626	55%	\$2,322,844	\$47,302,641	
24	\$389,584,788	\$3,127,652	\$393,712,440	\$334,301,316	\$334,301,316	\$5,317,079	90%	\$4,765,371	\$42,161,015	55%	\$365,172	\$5,141,462	\$7,761,586	\$39,025,000	\$33,115,078	55%	\$2,322,844	\$49,627,485	
25	\$423,184,788	\$3,127,652	\$426,312,440	\$354,425,764	\$354,425,764	\$5,317,079	90%	\$4,765,371	\$44,140,386	55%	\$365,172	\$5,141,462	\$8,136,758	\$41,266,440	\$34,027,520	55%	\$2,322,844	\$51,952,329	
26	\$458,384,788	\$3,127,652	\$461,512,440	\$374,550,212	\$374,550,212	\$5,317,079	90%	\$4,765,371	\$46,119,757	55%	\$365,172	\$5,141,462	\$8,511,930	\$43,405,880	\$35,039,450	55%	\$2,322,844	\$54,277,173	
27	\$495,184,788	\$3,127,652	\$502,312,440	\$394,674,660	\$394,674,660	\$5,317,079	90%	\$4,765,371	\$48,099,128	55%	\$365,172	\$5,141,462	\$8,887,102	\$45,555,320	\$36,026,580	55%	\$2,322,844	\$56,572,017	
28	\$533,584,788	\$3,127,652	\$543,712,440	\$414,800,108	\$414,800,108	\$5,317,079	90%	\$4,765,371	\$50,078,499	55%	\$365,172	\$5,141,462	\$9,262,274	\$47,706,770	\$37,013,710	55%	\$2,322,844	\$58,851,861	
29	\$573,584,788	\$3,127,652	\$585,712,440	\$434,925,556	\$434,925,556	\$5,317,079	90%	\$4,765,371	\$52,057,870	55%	\$365,172	\$5,141,462	\$9,637,446	\$49,846,210	\$38,000,150	55%	\$2,322,844	\$61,114,705	
30	\$615,184,788	\$3,127,652	\$628,312,440	\$455,050,004	\$455,050,004	\$5,317,079	90%	\$4,765,371	\$54,037,241	55%	\$365,172	\$5,141,462	\$10,012,618	\$51,937,670	\$39,088,540	55%	\$2,322,844	\$63,357,549	
NPV @ 4%	\$3,323,175,511	\$295,238,688	\$3,618,414,199	\$4,218,415,199	\$4,218,415,199	\$446,023,979	75%	\$394,651,045	\$160,882,151	55%	\$160,882,151	\$160,882,151	\$46,748,793	\$182,630,944	\$182,630,944	\$182,630,944	55%	\$182,630,944	\$182,630,944
NPV @ 4%	\$184,356,357					\$184,356,357	55%	\$160,882,151	\$66,232,158	55%	\$66,232,158	\$66,232,158	\$21,579,937	\$87,812,096	\$87,812,096	\$87,812,096	55%	\$87,812,096	\$87,812,096

Exhibit A

Financial Assumptions

Key factors influencing the financial feasibility study and its conclusions are the following financial assumptions:

Inflation Rate. The annualized percentage change in appraised value of real property (pre-completion of improvements) is 3%. The annualized percentage change in appraised value of real property (post-completion of improvements) is 1%.

Discount Rate. Based on current market rates, net present values of the tax increment are calculated at a discount rate of 4% per annum.

Tax Rate Changes. Although tax rates may increase over the next 30 years, the Project Plan and Reinvestment Zone Financing Plan conservatively assumes that the current tax rate will remain constant for the life of the District (except to incorporate tax rate changes when known).

Remittance to the TIF Fund. The duration of the District is 30 years; it is scheduled to terminate December 31, 2044. The City of Dallas will participate at a rate of 0% in 2015; 90% from 2016 through 2042; 75% in 2043; and 55% in 2044. Dallas County is anticipated to participate at a rate of 0% from 2015 through 2019 and then at a rate of at least 55% from 2020 through 2039. TIF collections will terminate once the TIF budget has been collected or December 31, 2044, whichever occurs first.

Financial Feasibility

For the Montfort-IH 635 Sub-District, the anticipated private development program, the public improvement program, the general financing strategy, and the financial assumptions are based, in part, on a preliminary assessment prepared by Stein Planning LLC (on behalf of Beck Ventures) and on an analysis by the Office of Economic Development of the City of Dallas (with additional information provided by other property owners--Diversion Capital Partners, LLC; EF Properties, LC; Sears Roebuck and Co.; and Slosburg/Richdale Group). For the Westmoreland-IH 20 Sub-District, the anticipated private development program, the public improvement program, the general financing strategy, and the financial assumptions are based on a preliminary assessment prepared by the Office of Economic Development of the City of Dallas (based, in part, on an Advisory Services Panel Report published by the Urban Land Institute in 2009 entitled "Southwest Center Mall Dallas, Texas"). These assessments are intended to be used as part of the economic feasibility study for the District in accordance with the provisions of Section 311.011 of the Texas Tax Code and are available upon request.

In the Montfort-IH 635 Sub-District, cumulative private development is expected to increase property values from a base year value of \$148.6 million to \$4.07 billion during the 30-year term of the District. Since the TIF fund receives revenue only from the taxable value exceeding the base year, "captured" taxable value accruing to the Montfort-IH 635 Sub-District is expected to be approximately \$3.92 billion. In the Westmoreland-IH 20 Sub-District, cumulative private development is expected to increase property values from a base year value of \$19.8 million to \$315 million during

Exhibit A

the 30-year term of the District. Since the TIF fund receives revenue only from the taxable value exceeding the base year, “captured” taxable value accruing to the Westmoreland-IH 20 Sub-District is expected to be approximately \$295.2 million.

On a strict “pay-as-you-go” basis, the progress of the public improvements portion of the development program is a direct result of the revenues received. Therefore, if revenues exceed these projections, then the public improvements can be completed ahead of schedule. If revenues do not meet expectations, then the pace of public improvements may be slowed or discontinued altogether based upon the recommendation of the TIF Board of Directors and the approval of the City Council.

Based upon these economic assessments, the Project Plan and Reinvestment Zone Financing Plan is feasible.

TIF Project Costs and Debt Service

Pursuant to this Project Plan and Reinvestment Zone Financing Plan, balances in the TIF fund will be disbursed to reimburse TIF project costs. The City will not be obligated to reimburse TIF project costs unless there are sufficient dollars in the TIF fund to facilitate reimbursement. Disbursement from the TIF fund shall be executed in a timely fashion and not unreasonably withheld.

Reimbursement of TIF project costs appears to be economically feasible if development, project costs, real property appraisals, tax levies and tax collections occur according to the analyses and assumptions in this plan.

The reinvestment zone has been designated by the City Council in calendar year 2014, thus utilizing the certified 2014 tax roll (based on January 1, 2014 conditions and adjusted for final valuations) for calculation of the base value of the zone. The District will terminate at the end of calendar year 2044, upon full collection of the TIF budget, or at such other date as set by the City Council. This length of term enables the City of Dallas and other local taxing jurisdictions to allocate percentages of tax increments to the TIF fund in later years if, in their discretion, further investments are warranted.

The TIF fund may have a residual balance of cash after all its financial obligations have been met. Any residual balance will be refunded to taxing entities participating in the District on a pro rata basis according to their respective contributions.

No bonded indebtedness is currently anticipated for the TIF fund. However, the City may determine at a future date that it would be advantageous to issue obligations backed by a reliable cash flow to the TIF fund and/or other sources, thus reimbursing TIF project costs at an earlier date than otherwise. The City reserves all powers to determine the appropriateness of issuing securities and to approve an issue of securities; however, it has no obligation to issue securities to prepay TIF obligations. Any use of TIF bonds is subject to provisions of the City’s Financial Management Performance Criteria (“FMPC”).

General Financial Policies

General financial policies are governed by the City of Dallas Public/Private Partnership Program that was first approved by the City Council on March 13, 1996. This program provides a framework for development incentives in a variety of areas. Within this framework are the following specific considerations for the Mall Area Redevelopment TIF District:

- Public improvements will occur at a pace that coincides with private development.
- Private developers must enter into a TIF development agreement with the City if they desire the municipality to share in the costs of infrastructure improvements required for their projects.
- Reimbursement priorities and the method of apportioning available increment will be developed by City staff and recommended for adoption by the Mall Area Redevelopment TIF District Board of Directors within 2 years after designation of the District. Reimbursement obligations will be specifically described in each TIF development agreement.
- Each TIF development agreement is unique. Accordingly, the nature and extent of support from public funds may change over time as the District becomes more developed.
- It is possible that the District may issue certificates of obligation or TIF bonds for projects as described earlier in the Project Plan and Reinvestment Zone Financing Plan, subject to the approval of the City Council and provisions of the City's Financial Management Performance Criteria ("FMPC").
- If a developer requests funding for infrastructure improvements at a time when sufficient funds are not available in the TIF fund, then improvements may be:
 - Deferred until funds are available
 - Constructed at the sole expense of the developer
 - Constructed at the expense of the developer with the City providing reimbursement as sufficient funds become available or when bonds or other financial obligations have been issued by the City or District (with City Council approval)
- Should project costs that directly benefit the project's developer be paid, such as grants made to a developer as permitted by the TIF Act, the City will enact and implement controls sufficient to ensure that any grant funds provided will be used to fulfill the public purposes of developing and diversifying the Mall Area Redevelopment TIF District's economy,

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eliminating unemployment or underemployment, and developing or expanding the District's transportation, business and commercial activity.

- It is acknowledged that some desired expenditures benefitting the entire District are likely to be beyond the capacity of TIF funding. Other sources of funding will be considered to supplement/leverage TIF funding and/or to advance the delivery of particular improvements, including but not limited to the following:
 - the additional open space requirement of PD 887
 - bonds
 - public improvement districts
 - grants from other governmental entities
 - private philanthropic contributions

The Mall Area Redevelopment TIF District Board of Directors may occasionally recommend amendments to these financial policies which will affect the operations of the District.

Conclusion

Based upon these economic assessments for the Mall Area Redevelopment TIF District, the Project Plan and Reinvestment Zone Financing Plan is feasible. The Project Plan and Reinvestment Zone Financing Plan consists of a program of public improvements and economic development grants under the authority of the TIF Act, which is intended to stimulate private investment in the District to occur earlier and to a much greater extent than would occur solely through private investment in the reasonably foreseeable future, thereby offering employment and quality living for the people of Dallas for years to come.

Appendix A-1 2014 DCAD Real Property Accounts Montfort-IH 635 Sub-District

Dallas District	Central Account	Appraisal Number	Tax Exempt	Property Address	Appraised Value (Improvements)	Appraised Value (Land)	Appraised Value (Total)	Taxable Value (Total)
0000073107800000		5636		ALPHA RD	\$6,400	\$293,600	\$300,000	\$300,000
0000073107810000		5624		ALPHA RD	\$254,790	\$303,440	\$558,230	\$558,230
00000731074550100		5702		ALPHA RD	\$0	\$694,580	\$694,580	\$694,580
007409000A0080000		5702		ALPHA RD	\$1,070	\$774,810	\$775,880	\$775,880
00000663028000000		5840		ALPHA RD	\$463,560	\$988,330	\$1,451,890	\$1,451,890
007014000001A0200		5820		ALPHA RD	\$0	\$3,780	\$3,780	\$3,780
007014000001A0300		5820		ALPHA RD	\$0	\$9,890	\$9,890	\$9,890
007014000001A0000		5820		ALPHA RD	\$751,570	\$1,048,430	\$1,800,000	\$1,800,000
007014000001A0100		5820		ALPHA RD	\$1,211,420	\$720,110	\$1,931,530	\$1,931,530
00000731074550000		5702		ALPHA RD	\$0	\$1,247,810	\$1,247,810	\$1,247,810
007409000A07A0000		5702		ALPHA RD	\$1,000	\$3,072,870	\$3,073,870	\$3,073,870
00000731077900000		5656		ALPHA RD	\$26,370	\$203,630	\$230,000	\$230,000
00000663033250000		5954		ALPHA RD	\$10,000	\$1,056,480	\$1,066,480	\$1,066,480
00000663033500000		5960		ALPHA RD	\$49,060	\$592,800	\$641,860	\$641,860
00000663337000000		5327		LBJ FWY	\$0	\$16,800,000	\$16,800,000	\$16,800,000
00701600020030000		5544		ALPHA RD	\$89,240	\$335,760	\$425,000	\$425,000
00000731077600000		13138		MONTFORT DR	\$5,140	\$17,496,310	\$17,501,450	\$17,501,450
007409000A01A0000		13364		MONTFORT PL	\$0	\$1,277,950	\$1,277,950	\$1,277,950
007409000A0079900		13364		MONTFORT DR	\$1,189,280	\$0	\$1,189,280	\$1,189,280
00000663052000000		5507		PETERSON LN	\$0	\$402,930	\$402,930	\$402,930
00000663055000000		5503		PETERSON LN	\$0	\$305,200	\$305,200	\$305,200
00701600020020000		5528		ALPHA RD	\$401,230	\$845,920	\$1,247,150	\$1,247,150
00701600020020100		5518		ALPHA RD	\$268,620	\$1,081,380	\$1,350,000	\$1,350,000
00000663058500000		5575		PETERSON LN	\$125,040	\$849,080	\$974,120	\$974,120
00000663058550000		13443		MONTFORT DR	\$140,210	\$547,120	\$687,330	\$687,330
00000663058700000		13521		MONTFORT DR	\$1,329,240	\$1,400,880	\$2,730,120	\$2,730,120
00000663058750000		13539		MONTFORT DR	\$50,510	\$274,420	\$324,930	\$324,930
00000663058000000		5444		ALPHA RD	\$128,470	\$507,380	\$635,850	\$635,850
00000663255500000		5423		PETERSON LN	\$970,830	\$2,446,330	\$3,417,160	\$3,417,160
00000663255000000		X 5351		PETERSON LN	\$2,289,040	\$2,448,070	\$4,737,110	\$0
00000663345610000		13131		MONTFORT DR	\$6,000	\$11,103,210	\$11,109,210	\$11,109,210
00000663058600000		13447		MONTFORT DR	\$356,410	\$388,540	\$744,950	\$744,950
00000663059020000		13525		MONTFORT DR	\$3,090	\$303,690	\$306,780	\$306,780
00000663059000000		13519		MONTFORT PL	\$54,420	\$395,280	\$449,700	\$449,700
00000663059040000		13500		MONTFORT DR	\$365,520	\$303,000	\$668,520	\$668,520
CONDO00C1165CONDO		5330		PETERSON LN	\$0	\$1,696,560	\$1,696,560	\$1,696,560
00000663033750000		13555		PRESTON RD	\$63,190	\$467,950	\$531,140	\$531,140
00000663033850000		13535		PRESTON RD	\$312,960	\$339,600	\$652,560	\$652,560
00000731077209900		13149		PRESTON RD	\$2,381,890	\$0	\$2,381,890	\$2,381,890
00000731077200000		13131		PRESTON RD	\$10,500	\$3,825,780	\$3,836,280	\$3,836,280
00000731077310000		13131		PRESTON RD	\$4,490	\$14,600,680	\$14,605,170	\$14,605,170
00000731077409900		13131		PRESTON RD	\$1,000	\$0	\$1,000	\$1,000
00000731077400000		13131		PRESTON RD	\$1,000	\$27,725,370	\$27,726,370	\$27,726,370
00000731077320000		13131		PRESTON RD	\$0	\$871,200	\$871,200	\$871,200
00000731077350000		13101		PRESTON RD	\$269,130	\$0	\$269,130	\$269,130
00000731076500000		13101		PRESTON RD	\$1,000	\$2,762,690	\$2,763,690	\$2,763,690
00000731077500000		13331		PRESTON RD	\$0	\$1,950,680	\$1,950,680	\$1,950,680
00000731077450000		13343		PRESTON RD	\$1,000	\$9,546,960	\$9,547,960	\$9,547,960
00000731077550000		13131		PRESTON RD	\$0	\$1,409,620	\$1,409,620	\$1,409,620
00000663016000000		13439		PRESTON RD	\$0	\$3,152,600	\$3,152,600	\$3,152,600
00000663016009900		13439		PRESTON RD	\$1,000	\$0	\$1,000	\$1,000
00000663022000000		13439		PRESTON RD	\$1,000	\$860,460	\$861,460	\$861,460
TOTAL					\$13,595,690	\$139,733,160	\$153,328,850	\$148,591,740

Note: The base value shown here is from the 2014 certified tax roll from DCAD. The base value may also be adjusted in the future to reflect litigation or tax roll corrections. "Condo" account shown is a primary account and does not show all associated multi-accounts; however, the value is inclusive of all associated multi-accounts. Taxable values may vary by taxing jurisdiction due to different exemption levels.

Appendix A-2 2014 DCAD Real Property Accounts Westmoreland-IH 20 Sub-District

Dallas Central Appraisal District Account Number	Tax Exempt	Property Address	Appraised Value (Improvements)	Appraised Value (Land)	Appraised Value (Total)	Taxable Value (Total)
00693200200020000		7220 American Way	\$0	\$139,370	\$139,370	\$139,370
00693200020010000		7227 S. Westmoreland	\$0	\$245,330	\$245,330	\$245,330
00693200020020000		7233 S. Westmoreland	\$0	\$117,840	\$117,840	\$117,840
0000654142000000		7202 S. Westmoreland	\$0	\$644,360	\$644,360	\$644,360
006931000A07A0000		3662 W. Camp Wisdom	\$2,571,550	\$3,582,530	\$6,154,080	\$6,154,080
006931000A02E0000		3550 W. Camp Wisdom	\$1,000	\$1,563,060	\$1,564,060	\$1,564,060
0000654139500000		3450 W. Camp Wisdom	\$3,198,560	\$1,725,110	\$4,923,670	\$4,923,670
006931000A07B0000		7465 Marvin D. Love Fwy	\$1,632,280	\$734,710	\$2,366,990	\$2,366,990
006931000A08A0000		3560 W. Camp Wisdom	\$1,006,890	\$1,493,110	\$2,500,000	\$2,500,000
0000654141800000		7575 Marvin D. Love Fwy	\$0	\$448,420	\$448,420	\$448,420
006931000A07C0000		3200 W. Camp Wisdom	\$0	\$208,360	\$208,360	\$208,360
0000654139000000		3540 W. Camp Wisdom	\$0	\$453,410	\$453,410	\$453,410
TOTAL			\$8,410,280	\$11,355,610	\$19,765,890	\$19,765,890

Note: The base value shown here is from the 2014 certified tax roll from DCAD. The base value may also be adjusted in the future to reflect litigation or tax roll corrections. Taxable values may vary by taxing jurisdiction due to different exemption levels.