

**WHEREAS**, the City of Dallas desires to promote the development and redevelopment of the area north and east of the intersection of LBJ Freeway (I-635) and Belt Line Road by creating a tax increment financing ("TIF") reinvestment zone, (the "Cypress Waters TIF District"), pursuant to the Tax Increment Financing Act, Chapter 311 of the Tax Code as amended, (the "Act"); and

**WHEREAS**, on November 9, 2009, the City Council authorized the Criteria for Evaluating Potential TIF Districts as a policy tool for the Area Redevelopment Program by Resolution No. 09-2761; and

**WHEREAS**, the City Council finds that the Cypress Waters (as shown in **Exhibit A**) area substantially impairs the sound growth of the municipality and that development or redevelopment of the district would not occur solely through private investment in the reasonably foreseeable future; and

**WHEREAS**, in accordance with the Act, the City must hold a public hearing on the creation of the proposed Cypress Waters TIF District and its benefits to the City and to property in the proposed district; and

**WHEREAS**, the Act further requires the City to notify the other taxing jurisdictions which levy real property taxes in the proposed Cypress Waters TIF District of its intent to establish the reinvestment zone at least sixty (60) days prior to holding a public hearing regarding the creation of the zone, and to publish notice of the hearing in a newspaper having general circulation in the City.

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**Section 1.** That a public hearing is authorized to be held before the City Council on December 8, 2010, for the purpose of receiving public comment on the creation of a TIF reinvestment zone for the proposed Cypress Waters TIF District and its benefits to the City and to the property in the proposed reinvestment zone.

**Section 2.** That the City Council finds the recitals above to be true and correct.

**Section 3** That prior to holding the hearing, a preliminary reinvestment zone financing plan has been evaluated in accordance with the statutory criteria prescribed by the Act and the approved criteria in Resolution No. 09-2761.

**Section 4.** That after the close of the public hearing the City shall consider an ordinance creating a Tax Increment Financing Reinvestment Zone, City of Dallas, Texas, to be known as the Cypress Waters TIF District.

September 22, 2010

**Section 5.** That the boundaries for the Cypress Waters TIF District are shown on the map attached hereto as **Exhibit A** and the preliminary reinvestment zone financing plan, showing the tentative plans for development of the zone and an estimate of the general impact of the proposed zone on property values and tax revenue for the Cypress Waters TIF District, is attached hereto as **Exhibit B**.

**Section 6.** That the City Manager is hereby directed to forward a certified copy of this resolution, with exhibits, no later than the 60th day before the date of the public hearing, that date being December 8, 2010, to the governing bodies of each taxing unit that levies real property taxes in the Cypress Waters TIF District, (Coppell Independent School District, Carrollton-Farmers Branch Independent School District, County of Dallas, Dallas County Hospital District, and Dallas County Community College District) along with written notice that the City intends to establish the reinvestment zone, and requesting that each taxing unit designate within 15 days a representative to meet with the City Council, or the Council's designated representative, to discuss the preliminary reinvestment zone financing plan, as required by the Act.

**Section 7.** That not later than the seventh (7) day before the date of the public hearing, the City Manager shall cause notice of the public hearing to be published in a newspaper having general circulation in the City.

**Section 8.** That the City Controller is hereby authorized to establish a Fund and Unit for the Cypress Waters TIF District, subject to creation of the District on December 8, 2010, which may be divided into such sub accounts as may be authorized by subsequent resolution or ordinance, into which all tax increments, less any of the amounts not required to be paid into the Tax Increment Fund pursuant to the Act, are to be deposited.

The City's final participation level for the Tax Increment Fund will be determined by the final project plan. The Tax Increment Fund and any sub accounts are to be maintained in an account at the City Treasurer's affiliated depository bank of the City and shall be secured in the manner prescribed by law of Texas cities. In addition, all revenues from the sale of any tax increment bonds and notes hereafter issued by the City, revenues from the sale of any property acquired as part of the tax increment financing plan and other revenues to be dedicated to and used in the Cypress Waters TIF District shall be deposited into such fund or sub account from which money will be disbursed to pay project costs for the Cypress Waters TIF District.

**Section 9.** That the City Manager is authorized to undertake other preliminary preparations and actions in accordance with the Act.

September 22, 2010

**Section 10.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

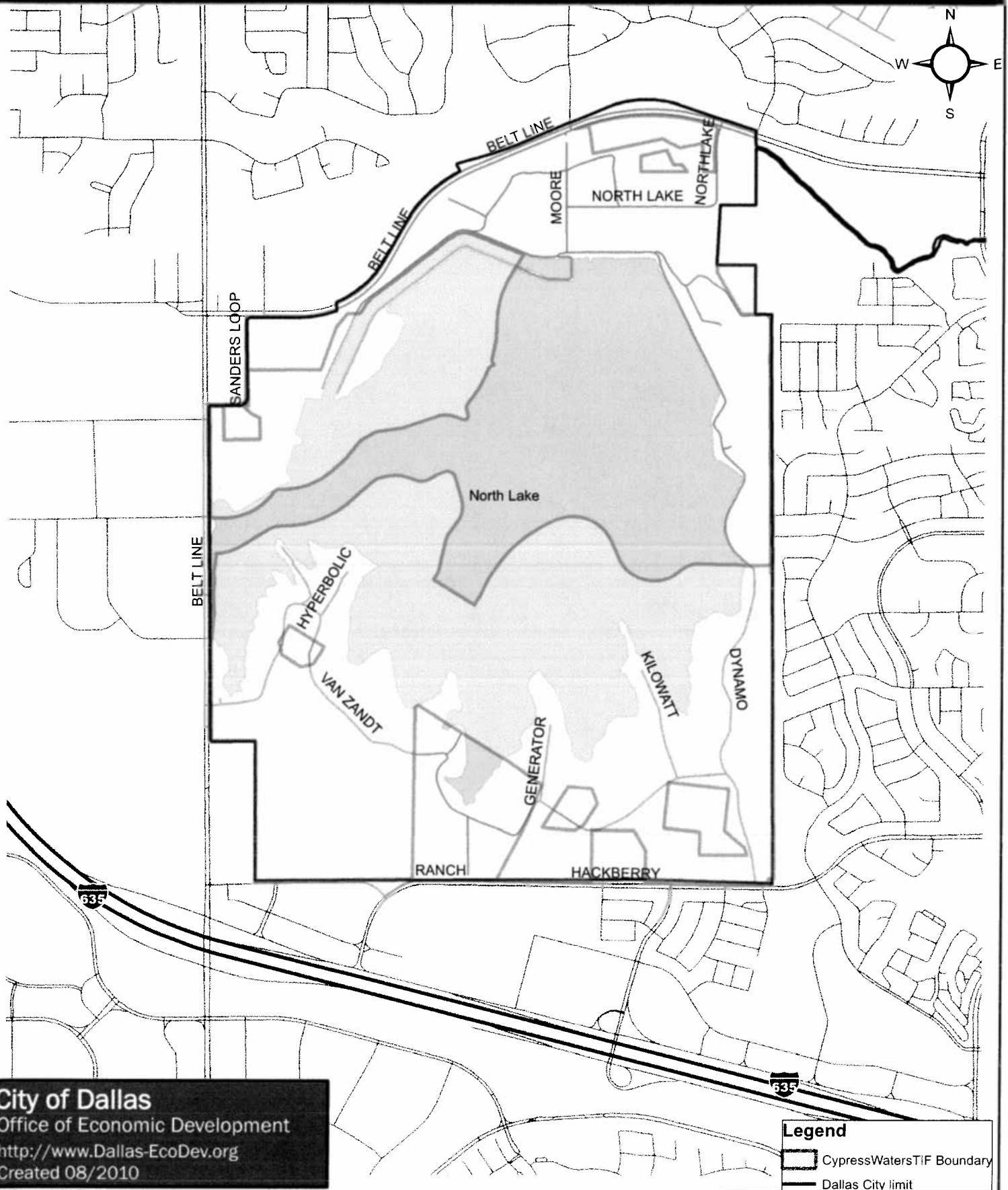
Distribution: Office of Economic Development – Tenna Kirk, 5CS  
Office of Economic Development – Sajid Safdar, 2CN  
Office of Economic Development – Pam Thompson, 2CN  
City Attorney's Office - Barbara Martinez  
City Attorney's Office - Sarah Hasib

APPROVED BY  
CITY COUNCIL

SEP 22 2010

  
City Secretary

# Exhibit A: Cypress Waters Proposed TIF District Location Map



102357

## Exhibit B Cypress Waters

### Tax Increment Financing District



### Project Plan & Reinvestment Zone Financing Plan

September 2010

## Acknowledgements

*The Cypress Waters TIF District Project Plan and Reinvestment Zone Financing Plan was prepared by the City of Dallas, Office of Economic Development, based on an initial preliminary plan prepared by Billingsley Development Corporation. The Office of Economic Development wishes to acknowledge the efforts of everyone who contributed to the development of this plan, including the following organizations and individuals:*

### City of Dallas

Mary Suhm	City Manager
A. C. Gonzalez	Assistant City Manager
Karl Zavitkovsky	Director, Office of Economic Development (OED)
Karl Stundins	Area Redevelopment Manager, OED
Sue Hounsel	Senior Coordinator, OED
Pam Thompson	Economic Development Analyst, OED
Barbara Martinez	Assistant City Attorney, City Attorney's Office
Sarah Hasib	Assistant City Attorney, City Attorney's Office

### Dallas City Council

Mayor Tom Leppert  
 Mayor Pro Tem Dewaine R. Caraway  
 Deputy Mayor Pro Tem Pauline Medrano  
 Jerry Allen  
 Tennell Atkins  
 Carolyn R. Davis  
 Vonciel Jones Hill  
 Angela Hunt  
 Delia Jasso  
 Sheffie Kadane  
 Linda Koop  
 Ann Margolin  
 Ron Natinsky  
 Dave Neumann  
 Steve Salazar

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## Section 1: Project Plan

### Background

The Cypress Waters Tax Increment Financing (TIF) District represents the outgrowth of the City of Dallas' effort to provide a model for supporting the development of underdeveloped land within the City of Dallas near employment centers and to take full advantage of the planned expansion of the DART light rail system along the Cotton Belt Line.

The Cypress Waters TIF District (the District) was proposed in August 2010 to encourage the initial development of a large tract of undeveloped land within the City of Dallas (approximately 1,661 acres in total) surrounding North Lake. This District will promote the development of pedestrian-oriented traditional neighborhood development (TND) containing multifamily and residential development, a potential senior housing component, pedestrian-oriented retail development, and additional commercial development.

The District is located in the area north and east of the intersection of LBJ Freeway (I-635) and Belt Line Road, with the entire site being located within the City of Dallas. The District contains approximately 939 acres of contiguous undeveloped land which will be adjacent to a 362 acre lake (upon the planned reduction of North Lake). The remaining property in the 1,1661 acre area is non-TIF area, including proposed school sites, drilling sites, and a former power plant. Due to the remoteness of the property in the Cypress Waters TIF District from the remainder of the City of Dallas, fully developing the property will require significant public expenditures for infrastructure/utility improvements (including extensive water and wastewater transmission, storage and distribution improvements); construction of primary roadway improvements; facilities for police, fire and emergency services; environmental remediation; lake reclamation, etc. The use of TIF funds will allow this large, master-planned development, which is currently located outside of accessible City of Dallas services, to commence development much sooner, and to proceed to completion much more quickly, than such would occur absent the use and availability of TIF funds.

A preliminary version of the Cypress Waters TIF District is being initiated by the City of Dallas, pursuant to Section 311.005, Texas Tax Code as the Cypress Waters area substantially impairs the sound growth of Dallas, retards the provision of housing accommodations, and constitutes an economic and social liability and is a menace to the public welfare due to the predominance of defective or inadequate sidewalk and street layout.

Less than 10 percent of property in the District is currently being used for residential use with fewer than five living units.



In conjunction with the proposed TIF district, the Cypress Waters Municipal Management District (MMD) has been created by the Texas State Legislature. Municipal Management Districts (MMD) are self-governed, political subdivisions of the State of Texas. MMDs have the power to levy taxes on property in the district. In addition, MMDs can supply additional services that are supplemental or complementary to regular municipal services. Real property taxes must be approved by a majority of eligible voters in the MMD. The Cypress Waters MMD will benefit the proposed district by providing additional funding options and infrastructure creation capacity, and may also serve as the financing mechanism for any bonds that may be sold to finance project costs within the TIF.

### **Description of District**

The Cypress Waters TIF District is generally bounded by E. Belt Line Road to the north, S. Belt Line Road to the West, Ranch Trail Drive and Hackberry Road to the south, and the City of Irving to the east. It is depicted in **Exhibit A**. District boundaries that follow public streets and highways shall be construed to extend to the far sides of such rights-of-way, measured from the reinvestment zone, except where zone boundaries abut another TIF zone or the jurisdictional limits of another City. In such cases, the boundary shall run to the centerline of the right-of-way. Boundaries that approximate property lines shall be construed as following such property lines.

The Cypress Waters TIF District is 939 acres in size, excluding existing rights-of way and North Lake.

The estimated taxable appraised value of real property in the proposed District for tax year 2010 is \$75,672 based on information derived from the certified 2010 tax roll from the Dallas Central Appraisal District (DCAD). It will be adjusted to match final tax roll figures when available. It equates to 0.0001% of the \$71,083,488,723 (certified 2010) of taxable real property in the City of Dallas. Texas cities may not designate a reinvestment zone if the total appraised value of taxable real property in the proposed zone and other existing zones exceeds 15% of the total appraised value of taxable real property in the municipality. The value of the proposed zone and other reinvestment zones in Dallas is less than this statutory limit. Moreover, the appraised value of taxable real property in this and all other Dallas TIF reinvestment zones combined is below the maximum threshold of 10% of the City's tax base as set by the City's Financial Management Performance Criteria (FMPC), as amended on September 24, 2008.

All real property accounts known to be within the TIF district boundary, based on DCAD's certified 2010 tax roll, are listed in **Appendix A**. The base value of the TIF district/zone is the total appraised value of all taxable real property in the zone, as determined by the Dallas Central Appraisal District certified tax roll for 2010. The base value of the District may be adjusted in the future to reflect property tax protests and settlements that affect the 2010 valuation of properties within the Cypress Waters TIF District. Inclusion of property in a TIF district does not change tax rates for any property

in the District. Rates remain the same as tax rates outside the District, given a constant set of taxing jurisdictions.

The boundary of this District follows the proposed new shoreline of North Lake. If at any time during the life of the Cypress Waters TIF District, the shore line should be reconfigured or moved, the boundary of the TIF District will follow the new location of the shore line.

The proposed duration of the Cypress Waters TIF District is 30 years, beginning on January 1, 2011. The District's base year is 2010. It is scheduled to terminate on December 31, 2040, (including collection of the 2040 increment in calendar year 2041 and any related matters to be concluded in 2042) or when the budget of approximately \$68 million Net Present Value (NPV) has been collected, whichever occurs first; provided that all TIF project costs included in TIF bonded indebtedness shall have been fully repaid at such time (or, alternatively, other arrangements have been made).

The City's participation rate will be 0% in 2011 then rise to 85% for 2012 and each of the remaining years of the TIF. The County's participation is anticipated to be 0% in 2011-2013 then rise to 55% for 20 years 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 TIF project plan and financing plan approved by the TIF board and the City Council, as prescribed by the TIF Act.

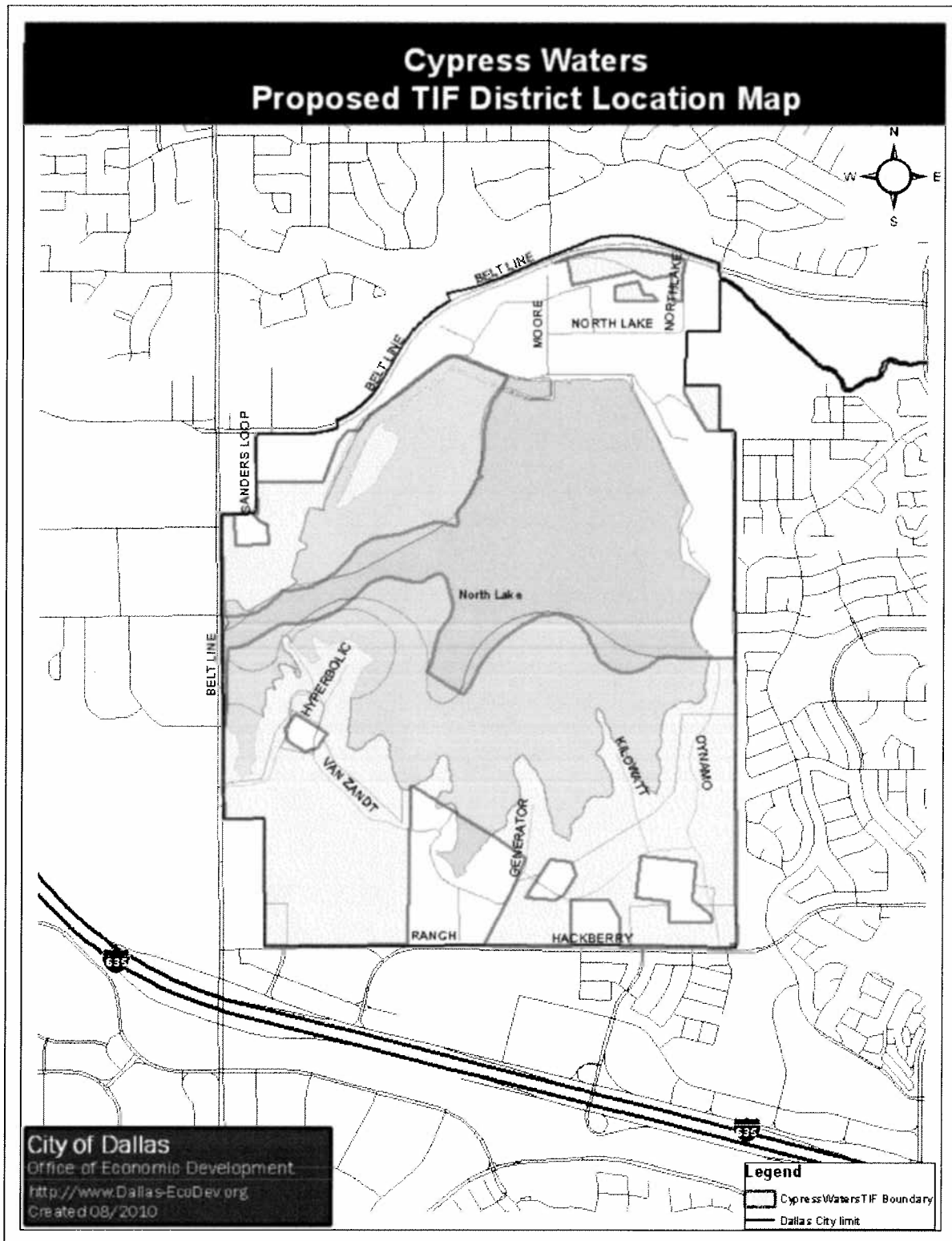
All payments to the Cypress Waters TIF District Fund will terminate upon the occurrence of any of the following events:

1. The TIF budget of \$68 million (net present value) has been collected, or December 31, 2040 (including collection of the 2040 increment in calendar year 2041 and any related matters to be concluded in 2041), whichever occurs first; provided that all TIF project costs included in bonded indebtedness shall have been fully repaid at such time (or, alternatively, other arrangements have been made).
2. All financial obligations of the TIF fund have been satisfied and the City Council has dissolved the TIF District.
3. The TIF fund has no financial obligations within three years of City Council adoption of a project plan recommended by a TIF board and the City Council has dissolved the TIF District.
4. Five years after the later of (1) adoption of a project plan recommended by a TIF board or (2) the date sufficient utilities have been delivered to the site, and

accepted by the City, allowing the first phase of development to be occupied, a total investment of at least \$100 million in the TIF District has not occurred and the City Council may desire to dissolve the TIF District, subject to satisfaction of outstanding obligations

The TIF fund may pay expenditures for public improvements within the TIF 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 or a developer's assignees for legally eligible, duly approved expenditures by the City. Alternatively, TIF dollars may pay debt service for securities issued by the City or by the Cypress Waters Municipal Management District (the MMD) to fund eligible TIF expenses. In general, TIF funds may be applied only to expenditures inside the TIF District boundaries, but the TIF Act allows external spending for a few specified purposes.

## Exhibit A: Map of the Cypress Waters TIF District



## Existing Conditions

The Cypress Waters TIF District is wholly undeveloped property that is currently being used for agricultural purposes only. Public infrastructure improvements are needed throughout the District. Without TIF financial incentives, it is highly unlikely that development of the area would occur in a comprehensive manner that adheres to strong design standards and satisfies the provisions for affordable housing at anytime within the near future. The aerial photos in **Exhibit B** show the existing conditions within the District's boundary.

DART's planned expansion of the light rail system along the Cotton Belt Line is anticipated to be a potential asset for the TIF District.

## Existing Land Uses

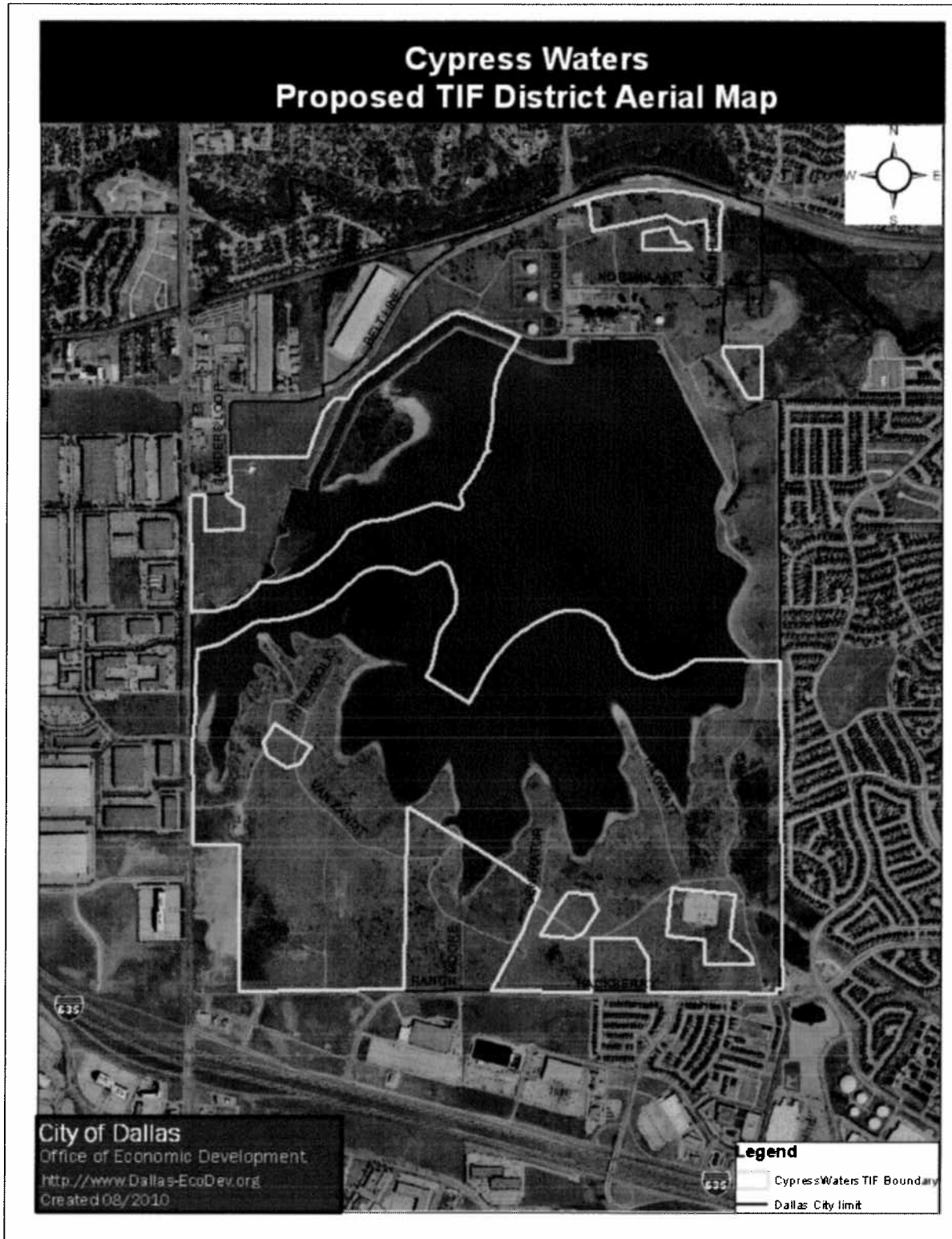
The Cypress Waters TIF District is currently used solely for agricultural purposes. The District is adjacent to North Lake and the site of a TXU/Luminant Energy power generation plant which has been decommissioned and is currently scheduled for demolition. Upon completion of the plant demolition, North Lake is planned to be lowered, which would reduce its size from approximately 800 acres to approximately 362 acres. The aerial photos in **Exhibit B** show the existing land uses within the District's boundary.

## Existing Zoning

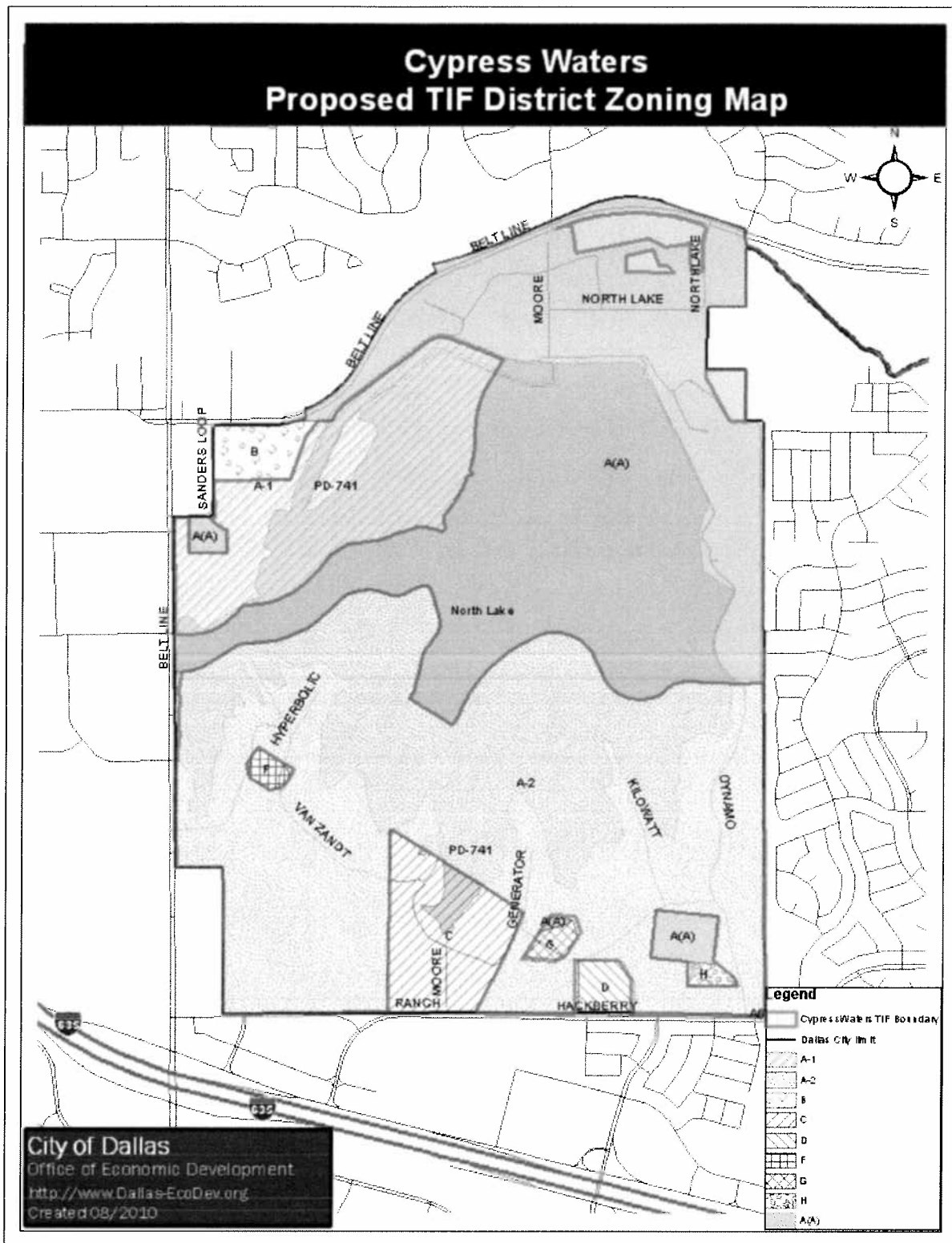
913 acres of the property within the TIF District have recently been rezoned as PD 741. The remaining 34 acres remain un-zoned. The development standards within PD 741 are based on MU-3 zoning and include certain code enhancements such as additional allowed uses, reduced setbacks, increased density, ground floor transparency, pedestrian friendly street sections and enhanced landscaping. All of these reinforce the design practices of a Traditional Neighborhood Development. See **Exhibit C** for a map of the existing zoning.

**Exhibit B: Cypress Waters TIF District – Existing Conditions & Uses**





## Exhibit C: Cypress Waters Zoning Map – PD 741





## Development Goals and Objectives

The goals and objectives of the Cypress Waters TIF District will facilitate the development of new multi-family units, for-sale residential units, senior housing, pedestrian oriented retail centers, office space, data centers, and light warehouse/industrial use, as well as public infrastructure improvements within the community.

The following development goals address the specific needs of the proposed Cypress Waters TIF District:

- **Goal 1** – To create additional taxable value attributed to new private investment in projects in the Cypress Waters TIF District totaling approximately \$2.7 billion over the thirty year life of the TIF District.
- **Goal 2** – To attract new private development, including approximately 10,000 new residential units, 4,000,000 square feet of commercial space (including approximately 700,000 square feet of data center use and 2,000,000 square feet of light warehouse/industrial use), and an estimated 150,000 square feet of pedestrian-oriented retail space, all of which are estimated to create an estimated 9,000 on site jobs.
- **Goal 3** –To improve ridership on DART via the planned expansion along the Cotton Belt Line.
- **Goal 4** – To improve recreational opportunities for the community and the future residents within the TIF District via extensive, publicly accessible green space on the site along the lake edge and along power line easements in addition to multiple parks, hike and bike trails and pedestrian connections throughout the District. Additional open space may be available through the utilization of Coppell ISD land and as part of an MMD and/or TIF-funded public amenity center, at developer's option.
- **Goal 5** – To create a model for exceptional development standards in terms of its complexity, scope, design, environmental sensitivity, and connectivity.
- **Goal 6** – To develop the property in a manner where fiscal impacts for the remainder of the City are limited and a development pattern is secured that is a net benefit to the City from a fiscal, land use and community standpoint.
- **Goal 7** – To generate an NPV of **\$68** million or approximately \$157.3 million in total dollars in TIF revenues over the 30-year life of the District.

The following objectives set the framework for the planned public improvements within the Cypress Waters TIF District:

- Provide funding for environmental remediation and lake reclamation assistance to encourage the development of property within the District.
- Install basic infrastructure including, but not limited to, storm water drainage, approximately 5 miles of water transmission improvements, approximately 9 miles of wastewater improvements, and approximately 9 miles of primary roads, while providing street and streetscape improvements that will attract new development and improve accessibility to transit and the trail system in the area.
- Provide funding for construction of facilities to house both the intermediate and final public safety services.
- Direct the District's overall development through the application of a comprehensive planning system called Traditional Neighborhood Development (TND) to include a variety of housing types and land uses in a defined area including educational facilities, civic buildings and commercial establishments to be located within walking distance of private homes. A TND is designed to include a network of paths, streets and lanes suitable for pedestrians as well as vehicles, which provides residents the option of walking, biking, or driving to places within their neighborhood.
- Blend traditional multi-family and single-family neighborhoods with commercial and retail areas. It will be designed with strict architectural guidelines to ensure quality and excellence while emphasizing aesthetics, human comfort and the creation of a sense of place.

This plan is intended to encourage private development and public infrastructure improvements, thereby improving and enabling initial development opportunities for the Cypress Waters TIF District.

## Market Feasibility and Planned Development

The predominant land use in the Cypress Waters TIF District development program is mixed-use and Traditional Neighborhood Development (TND), including a range of residential housing types, commercial space, and pedestrian-oriented retail space. The residential development should increase the demand for new retail space in the area. The District's planned private development includes:

- Up to 10,000 new residential units in a range of residential types
- Approximately 4,000,000 square feet of commercial space (including approximately 700,000 square feet of data center use and 2,000,000 square feet of light warehouse/industrial use)
- An estimated 150,000 square feet of pedestrian-oriented retail space

By creating a more sustainable mix of high density residential, retail and office uses in the North Lake area, the area will be converted from low tax base agricultural land to developed property with a substantial increase in property values.

Market analysis shows a demand for the Cypress Waters project. It is anticipated that the project will attract people from not only Dallas County but the three adjacent metroplex counties (Tarrant, Collin, and Denton Counties). Although the appeal of creating a one-of-a-kind TND within the City of Dallas has been a key aspect in analyzing the project's financial feasibility, it is highly unlikely that a development of this scale would occur without public assistance.

High density residential development via the TND is anticipated to be the primary driver of initial development within the TIF District; however, it is possible that commercial development may precede residential development if near-term market demand moves in that direction. For example, one or more data centers may be constructed prior to any other development. See **Exhibit D** for the conceptual masterplan.

**Exhibit D:  
Cypress Waters Development – Conceptual Masterplan**



## **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 affordable 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.

**Affordable Housing.** Twenty percent of all housing units in projects using TIF funds will meet the City's and County's established criteria for affordable housing. 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. The District's Board of Directors will develop an Affordable Housing Policy outlining the details for the provision of affordable housing in the District.

A developer may, subject to City and County approval, propose an alternative means of fulfilling the City and County's affordable housing requirements.

New affordable housing within the District may include senior or tax credit financed units. Affordable housing units should be dispersed throughout the community. Mixed-income projects will be encouraged where possible.

**Design Guidelines.** High quality urban design, utilizing a TND approach, is an objective for the Cypress Waters TIF District. Design guidelines for new development in the TIF District will be developed and recommended by the TIF Board within two years after designation of the District. Upon approval of the guidelines by the City Council, future development projects receiving TIF dollars will be required to comply with the approved guidelines. A subcommittee of the TIF board of directors will be created to assist with this review process. In addition, City staff will review projects for compatibility with the conceptual plans contained in the Project Plan to ensure that the development sets a standard for future development in the City of Dallas

The design guidelines will emphasize a network of paths, streets and lanes suitable for pedestrians as well as vehicles which provides residents the option of walking, biking or driving to places within their neighborhood and will provide for strict architectural guidelines to ensure quality and excellence emphasizing aesthetics, human comfort and the creation of a sense of place.

**Business Inclusion Development (BID) Plan.** All TIF-funded projects must follow the City's adopted Business Inclusion and Development Plan. This policy outlines goals for certified Minority- and Women-Owned Business (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. The Act requires that existing resident displacement be minimized. Since all of the land within the TIF District is currently undeveloped there is no resident displacement to be considered or minimized.

## Section 2: Public Improvement Plan

The Project Plan's enumerated public improvements provide for approximately \$68 million NPV or \$157 million in total dollars for the categories listed below. See **Exhibit F** for a budget of the proposed TIF-funded Project Plan Improvements ("Project Costs").

### Project Costs

The following describes the Cypress Waters TIF District's eligible TIF Project Costs:

1. Infrastructure/Utility Improvements – This category includes TIF eligible expenditures for design and engineering for infrastructure and utility improvements; water and wastewater infrastructure improvements; primary road way construction; improvements for medians and parkways; and storm water drainage and management. This category also includes design, engineering, acquisition and construction of streetscape improvements, including lighting, sidewalk and path improvements; constructing and enhancing pedestrian and vehicle continuity in the District; streetscape improvements related to specific projects; and landscaping of public areas.

It is estimated that approximately **\$60.3** million, after DWU cost participation, will be required to accomplish the needed infrastructure improvements in the Cypress Waters TIF District.

2. Grants for Public Safety Facilities – The City intends to make economic development loans or grants to further implement this Plan and to enable the construction of permanent public safety facilities (including police and fire) within the District.

It is estimated that approximately **\$6.0** million will be needed to facilitate grants for these public safety facility projects in the Cypress Waters TIF District.

3. Administration and Implementation – Administration costs, including reasonable charges for time spent by the municipality's employees and/or employees associated with any non-profit groups established to assist with implementation within the TIF District, will be eligible for reimbursement as project costs, upon approval by the TIF Board of Directors and in connection with the implementation of the Final 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, including consultant, legal and other fees incurred by the Owner or Developer in connection with the creation of the TIF.

4. It is estimated that approximately **\$1.7** million will be needed for the administration and implementation of the TIF Plan.

### **DWU Participation**

In addition to the funds provided by the TIF, Dallas Water Utilities may commit to pay, or reimburse the developer for, 30% of the eligible costs of water and wastewater improvements for the District.

It is estimated that approximately **\$14** million may be committed by DWU to reimburse developer and TIF fund.

See Section 3: Financing Plan for details on how funds may be used.



## Section 3: Financing Plan

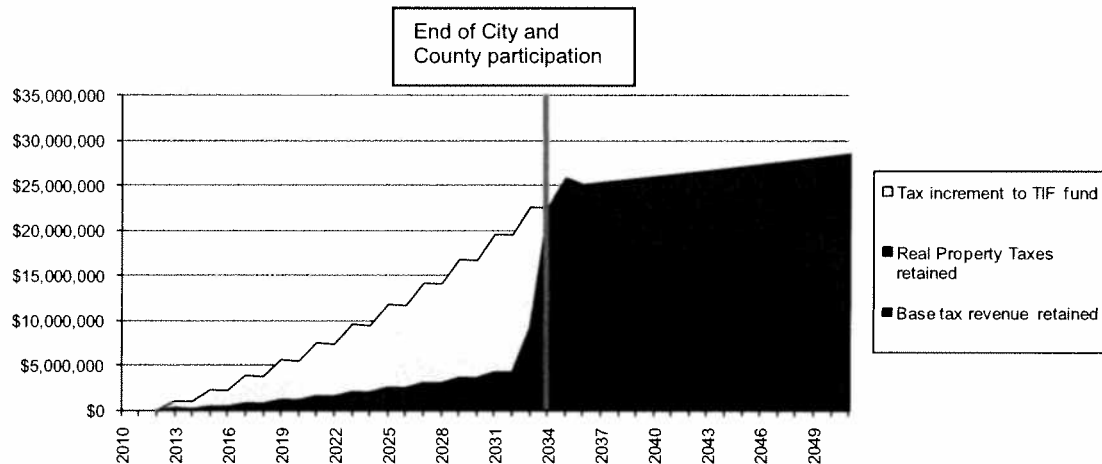
### TIF Financing Overview

Tax increment financing 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. Statutory law governing TIF is found in the Act. The public improvements facilitated by tax increment financing strengthen existing communities and attract investment.

A municipality may designate an area as a TIF reinvestment zone if it determines that development or redevelopment activities in the area would not occur solely through private investment in the foreseeable future. All or a part of the increased tax revenue due to greater real property value in the District flows to a tax increment fund for a specified maximum term of years (subject to extension in accordance with state law). Money flowing to the TIF fund is disbursed according to a plan approved by a board of directors (the “TIF Board”) and the City Council, as prescribed by the Act. With the exception of environmental remediation and demolition, historic façade restoration and funding for a TIF grant program, money in the TIF fund may only be used for public improvements.

**Exhibit E** illustrates how rising tax revenue from a TIF district’s greater appraised property values flows over time to its participating taxing jurisdictions’ general funds and to a TIF fund. The irregular diagonal line of **Exhibit E** depicts increasing values at various rates over time.

## Exhibit E: Property Tax Flow with Tax Increment Financing



Inclusion of property in a TIF zone does not change any tax rate for the property. Tax rates in a TIF district are the same as tax rates outside the district.

Since 1986, Dallas has created eighteen TIF districts. Without the creation of these TIF districts, it is doubtful that development in the State Thomas, Cityplace/West Village, Victory/American Airlines Center, Downtown, and other areas would have revitalized in the manner that they have. Most of the initial TIF districts were located in or around the downtown area or adjacent to DART light rail line stations. The Cypress Waters TIF District follows this mode in that DART's proposed expansion along the Cotton Belt Line will pass through or near the District.

**Project Budget.** The Reinvestment Zone Financing Plan provides for incremental financing and predicts revenues for the Cypress Waters TIF District.

**EXHIBIT F:**  
**Cypress Waters TIF District Project Plan Improvements Budget**

<b>Category</b>	<b>Total Estimated TIF Expenditure (in 2010 Dollars)*</b>	<b>Estimated TIF Expenditure (Actual)**</b>
Water Transmission Improvements	\$17,949,771	\$41,505,557
Sewer Transmission Improvements	\$14,799,357	\$34,220,802
Primary Roadway Improvements	\$27,525,410	\$63,647,468
Public Safety Improvements	\$6,000,000	\$13,873,901
Administrative & Implementation	\$1,740,000	\$4,023,430
<b>Total Project Costs</b>	<b>\$68,014,537</b>	<b>\$157,271,159</b>
* All values discounted to 2010 dollars at 5% annually. Actual expenditure value will depend on timing of project cost.		
** All values are estimated based on annual TIF project costs and debt service schedules. These values depend on timing of projects and will fluctuate. An interest rate of 5% is used throughout the TIF term.		
Note: in addition, DWU may agree to fund up to 30% of TIF-eligible water and sewer improvements.		

The project's principal costs in **Exhibit F** are expressed as if paid in 2010. Cash for most of these expenditures will not be drawn until subsequent years.

Financing Process. A developer will typically apply for 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. Previously, public improvements were publicly bid with private groups advancing funds for these improvements and earning applicable interest until the advance was repaid by the future cash flows to TIF District fund, if and when funds were available. However, based on legislative changes in 2005, the City may now allow for private, competitive bidding of TIF public improvements.

In general, TIF funds may be applied only to expenditures inside the TIF District boundaries, but the TIF Act allows external spending for a few specified purposes, including places of public assembly and affordable housing.

Bonds. It is contemplated that the Cypress Waters MMD may secure MMD bonds or other obligations and pledge TIF revenues to the MMD in support of such bonds or other obligations, subject to the approval by the City Council. City staff may explore

using various other financing methods to repay TIF obligations, subject to City Council approval.

Grants. State law has been amended to permit the Cypress Waters TIF District to consider making direct grants to implement the Plan. As necessary or convenient to implement this Plan, the District's Board of Directors may 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 municipality 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 Cypress Waters TIF District Project Plan and Reinvestment Zone Financing Plan and would be subject to specific project agreements and City Council approval of the loan or grant program and the project agreements.

The City will implement sufficient controls to ensure that any grant funding provided will be used to satisfy at least one of the following objectives relevant to the Cypress Waters TIF District:

1. Develop and diversify the District's economy
2. Eliminate unemployment or underemployment
3. Develop or expand transportation, business, and commercial activity

Financing Policy and Long Term Financing. The goal of the Cypress Waters TIF District is to leverage increment accrued to maximize development in the District.

Expected Revenues. **Exhibit G** lists development projects that are anticipated in the Cypress Waters TIF District through 2040. Some of the projects may not occur or may be replaced by another potential project. This schedule represents the best estimate for the District's anticipated development. The actual timing, floor area, uses and other attributes for the listed projects may differ from the provided information.

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

Exhibit G-1: Anticipated Development Projects in TIF District

Forecast of Property, Sales and Franchise Utility Taxes Retained for the City of Dallas General Fund

City Taxes Expended Schedule 12																											
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h) Withholding and Development of Certain Other Taxes			(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)
							Single Family Schedule 122	Office Schedule 122	Multi-Family Schedule 122																		
Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
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## Annual Real Property Appraisals to the TIF Fund

Based on the development projects identified in **Exhibit G** and other stated assumptions, **Exhibit H** estimates increment projections for the TIF District and annual percentages and amounts of the real property tax growth increment reinvested each year in the Cypress Waters TIF District fund. Cumulative increased property value is expected to reach approximately \$2.7 billion during the TIF District's 30-year term.

Starting with tax year 2012 (Year 2 of the TIF zone), a portion of the real property tax collected by the City of Dallas will flow to the TIF fund. This fund will reimburse TIF project costs according to a duly adopted project plan and financing plan for the Cypress Waters TIF District. Annual percentage of collected annual tax increments invested in the TIF fund by the City of Dallas will equal 85%.

Dallas County has been asked to participate in the TIF program. Beginning in 2014, Dallas County is anticipated to agree to contribute 55% of the tax increment generated from county taxes assessed and collected within the Cypress Waters TIF 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.

Including the school district, hospital district, DCCCD, City, and County, and including sales, BPP, etc, the majority of tax increments generated in the Cypress Waters TIF District over the District's 30-year term will flow to the general operating funds of the relevant taxing jurisdictions.

# Exhibit H: Annual Real Property Appraisals and City/County Tax to the Cypress Waters TIF Fund

Tax Year	PROJECTED TIF INCREMENT SCHEDULE											TOTAL TIF 2009 NPV @ 5.89%
	Property Value Total	Anticipated Captured Value	Partn Rate City	Partn Rate County	TIF Contribution City	TIF Contribution County	TIF Contribution School	TIF Contribution DCCCD	TIF Contribution DCHO	Total TIF Contribution		
Base 2010	\$75,572	\$0	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
1 2011	\$75,572	\$0	85.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2 2012	\$75,572	\$0	85.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3 2013	\$67,630,967	\$67,763,295	85.00%	0.00%	\$694,649	\$0	\$0	\$0	\$0	\$694,649	\$671,654	
4 2014	\$101,250,618	\$101,174,946	85.00%	0.00%	\$679,822	\$134,159	\$0	\$0	\$0	\$813,982	\$1,209,420	
5 2015	\$186,683,060	\$186,607,388	85.00%	0.00%	\$1,519,772	\$299,919	\$0	\$0	\$0	\$1,819,691	\$2,567,311	
6 2016	\$219,798,187	\$219,722,515	85.00%	0.00%	\$1,481,026	\$292,273	\$0	\$0	\$0	\$1,773,299	\$3,827,561	
7 2017	\$341,038,061	\$340,952,389	85.00%	0.00%	\$2,574,576	\$508,679	\$0	\$0	\$0	\$3,083,255	\$6,914,923	
8 2018	\$376,133,974	\$376,050,302	85.00%	0.00%	\$2,480,617	\$489,418	\$0	\$0	\$0	\$2,969,436	\$7,823,148	
9 2019	\$512,173,251	\$512,092,679	85.00%	0.00%	\$3,708,532	\$731,859	\$0	\$0	\$0	\$4,440,392	\$10,554,163	
10 2020	\$551,550,474	\$551,469,457	85.00%	0.00%	\$3,601,139	\$710,866	\$0	\$0	\$0	\$4,311,806	\$13,075,187	
11 2021	\$700,804,457	\$700,723,440	85.00%	0.00%	\$4,343,271	\$875,528	\$0	\$0	\$0	\$5,218,800	\$16,370,996	
12 2022	\$745,079,057	\$745,003,386	85.00%	0.00%	\$4,838,658	\$954,489	\$0	\$0	\$0	\$5,793,146	\$19,442,165	
13 2023	\$905,778,932	\$905,702,160	85.00%	0.00%	\$6,263,539	\$1,219,143	\$0	\$0	\$0	\$7,482,682	\$23,242,075	
14 2024	\$955,070,985	\$955,095,213	85.00%	0.00%	\$7,177,731	\$1,219,143	\$0	\$0	\$0	\$8,396,874	\$26,800,097	
15 2025	\$1,127,983,753	\$1,127,918,081	85.00%	0.00%	\$7,719,764	\$1,523,455	\$0	\$0	\$0	\$9,243,219	\$31,034,522	
16 2026	\$1,182,759,732	\$1,182,694,060	85.00%	0.00%	\$7,640,387	\$1,507,780	\$0	\$0	\$0	\$9,148,177	\$35,025,641	
17 2027	\$1,368,721,712	\$1,368,646,040	85.00%	0.00%	\$9,274,600	\$1,830,283	\$0	\$0	\$0	\$11,104,893	\$39,640,154	
18 2028	\$1,429,291,954	\$1,429,291,954	85.00%	0.00%	\$9,206,396	\$1,816,814	\$0	\$0	\$0	\$11,023,210	\$44,002,373	
19 2029	\$1,625,236,473	\$1,625,160,801	85.00%	0.00%	\$10,975,196	\$2,165,897	\$0	\$0	\$0	\$13,141,093	\$48,955,113	
20 2030	\$1,696,195,126	\$1,696,119,454	85.00%	0.00%	\$10,909,671	\$2,163,006	\$0	\$0	\$0	\$13,072,677	\$53,641,933	
21 2031	\$1,910,893,540	\$1,910,817,868	85.00%	0.00%	\$12,803,391	\$2,525,682	\$0	\$0	\$0	\$15,330,073	\$68,894,516	
22 2032	\$1,984,626,220	\$1,984,550,548	85.00%	0.00%	\$12,761,625	\$2,518,439	\$0	\$0	\$0	\$15,280,064	\$63,869,257	
23 2033	\$2,215,135,246	\$2,215,059,574	85.00%	0.00%	\$10,484,911	\$2,915,253	\$0	\$0	\$0	\$13,400,163	\$68,014,537	
24 2034	\$2,396,133,511	\$2,396,057,839	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
25 2035	\$2,543,496,149	\$2,543,420,476	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
26 2036	\$2,581,672,771	\$2,581,597,099	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
27 2037	\$2,602,873,163	\$2,602,897,491	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
28 2038	\$2,623,988,540	\$2,623,912,868	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
29 2039	\$2,645,623,656	\$2,645,547,986	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
30 2040	\$2,667,583,303	\$2,667,507,631	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
31 2041	\$2,689,756,670	\$2,689,735,000	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
32 2042	\$2,712,496,717	\$2,712,420,045	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
33 2043	\$2,735,456,443	\$2,735,382,771	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
34 2044	\$2,758,765,610	\$2,758,699,938	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
35 2045	\$2,782,422,384	\$2,782,346,712	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
36 2046	\$2,806,434,009	\$2,806,358,337	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
37 2047	\$2,830,808,809	\$2,830,730,137	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
38 2048	\$2,855,543,186	\$2,855,467,514	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
39 2049	\$2,880,651,624	\$2,880,575,952	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
40 2050	\$2,906,136,688	\$2,906,061,016	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
41 2051	\$2,932,004,029	\$2,931,928,357	0.00%	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$68,014,537	
NPV					\$139,756,974	\$26,514,185	\$0	\$0	\$0	\$166,271,159	\$166,271,159	
					\$56,879,323	\$11,351,214	\$0	\$0	\$0	\$68,230,537	\$68,230,537	



## Financial Assumptions

The key factors influencing the financial feasibility study and its conclusions are the financial assumptions that have been adopted.

Inflation. The generally accepted inflation for construction costs and the value of improvements is 3% per annum. Based on current market rates, net present values of the tax increment were calculated at a discount rate of 5% per annum.

Appreciation. Property appreciation is assumed to be 1.5% percent per annum on average.

Tax Rate Changes. Although tax rates will certainly increase during the 30-year development period, the financial plan assumes that the 2010 tax rate will remain constant for the life of the Cypress Waters TIF District. Actual collections will incorporate any tax rate changes that may occur.

Remittance to the TIF Fund. The proposed duration of the Cypress Waters TIF District is 30 years. (It is scheduled to terminate December 31, 2040.) The City of Dallas is expected to participate at a rate of 85%. Dallas County will be asked to participate at a rate of 55% for a period of 20 years. TIF collections will terminate once the TIF budget of \$68 million net present value) has been collected or December 31, 2040, whichever occurs first; provided that all TIF project costs included in bonded indebtedness shall have been fully repaid at such time (or, alternatively, other arrangements have been made). Based on current development projections, the TIF budget is expected to be reached in **2033**, after 22 years of collections.

## Financial Feasibility

The private development plans, public improvement program, general financing strategy and financial assumptions were all included in a preliminary assessment prepared by Billingsley Development Corporation and the City of Dallas, Office of Economic Development. The study is intended to be used as part of the economic feasibility study for the District in accordance with the provisions of Section 311.011, Texas Tax Code, and is available upon request.

During the Cypress Waters TIF District's 30-year term, cumulative private development is expected to increase property value to approximately \$2.7 billion. The TIF will only receive revenue from the taxable value which exceeds the base year's value. As a result, the "captured" taxable value accruing to the Cypress Waters TIF District will be \$68 million NPV.

If revenues are received at the predicted rate, increment collections will be reached and final project improvements completed by Year **23** of the TIF term. On a strict "pay-as-you-go" basis, the progress of the public improvements portion of the development

program is driven by the revenues received and matched by the City's contributions. Therefore, if revenues exceed these projections, then the public improvements may be completed ahead of schedule. However, if revenues do not meet expectations, then the progression of public improvements will be slowed or discontinued altogether based upon the advice of the Board of Directors and the approval of the City Council.

The Reinvestment Zone Financing Plan provides that the City and County will begin to realize additional revenues from the TIF in Year 2 (2012) of the program.

Based upon a set of TIF District analyses and assumptions, 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 and pursuant to one or more development agreements, 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 cost expenses, real property appraisals, tax levies and tax collections occur according to the analyses and assumptions in this plan.

The reinvestment zone was designated by the City Council in calendar year **2010**, thus making the certified **2010** tax roll (based on January 1, **2010** conditions, and adjusted for final valuations) the base value for the zone. The TIF zone will terminate at the end of calendar year 2040, upon full collection of the TIF budget, or at such other date as set by the City Council. This extended 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 City Council may terminate this TIF zone at an earlier date if all obligations of the TIF fund have been satisfied.

The tax increment financing 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 TIF program on a pro rata basis according to their respective contributions.

No bonded indebtedness is currently anticipated for the TIF fund. The City may, however, determine at a future date that it would be advantageous to issue, or to permit the MMD 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, yet it has no obligation to issue securities to prepay TIF obligations.

### **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 specific proposed policies for the Cypress Waters TIF District:

- Public improvements will occur at a pace that coincides with private development.
- Private developers must enter into a 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 described in the development agreement.
- Each 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 contemplated that the TIF may issue certificates of obligation or TIF bonds for projects as described earlier in the Project Plan, subject to the approval of the City Council.
- 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 by the MMD (with City approval)
- Should project costs that directly benefit the project's developer be paid, such as grants made to a developer as permitted by Chapter 311, Texas Tax Code, 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 Cypress Waters TIF District's economy, eliminating unemployment or underemployment, and developing or expanding the District's transportation, business and commercial activity.

- Some desired improvements that benefit the entire district are beyond the capacity of TIF funding. Other sources of funding, such as General Obligation Bonds and grants, will be explored for these types of improvements.

The Cypress Waters TIF Board may periodically recommend amendments to these financial policies which will affect the TIF District's operations.

## **Conclusion**

Based upon a set of analyses and assumptions relevant to the Cypress Waters TIF District Preliminary Project Plan and Reinvestment Zone Financing Plan, the plan has been determined to be feasible. The success of the District's development projects will allow the City of Dallas to improve and increase the area's inventory of affordable housing units as well as create new commercial and retail uses to complement the district. Additionally, adopting design standards and providing incentives to attract a more desirable mix of development will enable the Cypress Waters TIF District to serve as a model for developing similar areas.

**Appendix A: 2010 DCAD Certified Real Property Accounts in  
the Cypress Waters TIF District**

[CHART WILL BE ADDED TO TIF PLAN BEFORE FILING]