



Dallas Area Rapid Transit
P.O. Box 660163
Dallas, TX 75266-0163
214-749-3278

November 24, 2025

Ms. Erin Rinehart
City Manager
City of Carrollton
P.O. Box 110535
Carrollton, TX 75011-0535

Via Email: Erin.rinehart@cityofcarrollton.com

Subject: DART Participation in Member City Tax Increment Reinvestment Zones

Dear Ms. Rinehart:

On May 27, 2025, the Dallas Area Rapid Transit (DART) Board approved the framework for an interlocal cooperation agreement (ILA) that would enable DART's participation in Tax Increment Reinvestment Zones (TIRZ) created by its member cities. Over the following months, DART and the members of the city managers economic development working group (Carrollton, Dallas, Glenn Heights, Irving, Richardson, and Rowlett) and their respective legal counsels have converted the framework into a template agreement form, which is enclosed.

The TIRZ ILA may be executed at any time over the next five years and will expire on January 1, 2031. During the term of the ILA, the member city may request DART's contribution to a tax increment reinvestment zone that satisfies certain parameters related to transit. If approved, DART will contribute an increment of its sales tax revenue collected within the zone for a 10-year term. Although any of DART's 13 member cities may enter into the ILA with DART, those member cities that have approved resolutions calling for an election to withdraw from DART are disqualified, pursuant to the terms of the agreement, from submitting a request for DART's contribution to a tax increment reinvestment zone. If the member city retracts the resolution or remains in DART following the election, the city will be re-eligible to submit a request for DART's contribution to a tax increment reinvestment zone.

If your municipality would like to proceed with executing the agreement, please notify Caitlin Holland, Vice President of Real Estate & Economic Development, by email at cholland@dart.org, and DART will provide an execution-ready version of the TIRZ ILA.

Through the TIRZ ILA, DART will be the first transit agency in the country to leverage tax increment reinvestment financing to stimulate private investment and development, create jobs, improve local infrastructure, and grow transit ridership and tax revenue. We invite you to partner with DART to spur economic development within your city with this groundbreaking approach.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nadine S. Lee", is written over a light blue circular scribble.

Nadine S. Lee
President & Chief Executive Officer

Ms. Erin Rinehart
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Enclosure

c: DART Board
Dee Leggett, DART, Executive Vice President/Chief Development Officer
Gene Gamez, DART, General Counsel
Kay Shelton, DART, Chief of Staff
Jamie Adelman, DART, Executive Vice President/Chief Financial Officer
Jeamy Molina, DART, Executive Vice President/Chief Communications Officer
Caitlin Holland, DART, Vice President, Real Estate & Economic Development
Andrew Kramer, DART, Vice President, Finance

**FORM OF
INTERLOCAL COOPERATION AGREEMENT
between
DALLAS AREA RAPID TRANSIT and
[CITY] for
CONTRIBUTIONS TO TAX INCREMENT REINVESTMENT ZONES**

This Interlocal Cooperation Agreement (“this Agreement”) is made and entered into by and between DALLAS AREA RAPID TRANSIT (“DART”), a regional transportation authority organized and existing pursuant to Chapter 452 of the Texas Transportation Code, and _____ [a Home Rule municipality possessing the full power of local self-government pursuant to Article 11, Section 5 of the Texas Constitution and Section 51.072 of Texas Local Government Code] (“CITY”). DART and CITY may be referred to herein individually as a “Party” or collectively as the “Parties”), acting by and through their authorized representatives.

WHEREAS, pursuant to Board Resolution 250059, the DART Board of Directors authorized the DART President & Chief Executive Officer or her designee to execute this Agreement on behalf of the agency; and

WHEREAS, the Parties are authorized to enter into this Agreement pursuant to Section 452.055(c) of the Texas Transportation Code and Chapter 791 of the Texas Government Code; and

WHEREAS, pursuant to the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, CITY is authorized to create Tax Increment Reinvestment Zones that utilize property taxes, municipal sales and use taxes, or a combination of both taxes to stimulate economic development or redevelopment within the designated zone; and

WHEREAS, DART and CITY desire to work collaboratively to stimulate more transit-oriented development, grow transit ridership, generate greater tax revenue, attract and retain businesses, and leverage DART’s transportation services and facilities as an economic development asset; and

WHEREAS, pursuant to the terms of this Agreement, DART desires to invest in the development or redevelopment of one or more Tax Increment Reinvestment Zones created by CITY in furtherance of the shared goals identified above; and

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the Parties, and other valuable consideration the adequacy and receipt, the receipt and sufficiency which, are hereby acknowledged, the Parties agree as follows:

Article I. Definitions

- 1.1 “Base Value” means the highest of the total of the local one percent (1%) sales and use tax collected by DART pursuant to the Transit Act within the respective Zone, as reported by the Texas Comptroller, comparing the two (2) DART fiscal years preceding the execution of a Concurrence Letter for the respective Zone.

- 1.2 “Captured Funds” means the portion of the Increment (*i.e.*, the amount of money) that DART agrees to contribute to a Tax Increment Fund during the Contribution Period pursuant to this Agreement and the respective Concurrence Letter (for example, if the total amount of sales and use tax generated in the Zone for the first year of the Contribution Period is \$2 million, the Base Value is \$1 million, and DART has agreed to contribute 50% of the Increment, then the Captured Funds totaling \$500,000.00 would be paid by DART to CITY for deposit in the Tax Increment Fund for the first year of the Contribution Period).
- 1.3 “CEO” means DART’s acting President & Chief Executive Officer.
- 1.4 “City Manager” means CITY’s acting chief administrative officer.
- 1.5 “Claw Back Amount” means Captured Funds paid by DART to CITY for deposit in the Tax Increment Fund (including any interest accrued on such Captured Funds while held within the Tax Increment Fund) that CITY is required to reimburse to DART because of CITY’s Material Breach or termination of a Concurrence Letter pursuant to the terms of this Agreement. Claw Back Amount does not include Captured Funds that have been expended or obligated in accordance with this Agreement prior to the Material Breach or termination, whichever occurs first.
- 1.6 “Complementary Transportation Services” means: (a) special transportation services for a person who is elderly or has a disability; (b) medical transportation services; (c) assistance in street modifications as necessary to accommodate the Public Transportation System; and (d) any other service that complements DART’s Public Transportation System, including providing parking garages. “Complementary Transportation Services” must be provided within the limits of DART’s service area.
- 1.7 “Concurrence Letter” means a written document substantially in the form shown on Exhibit A, attached to this Agreement and fully incorporated herein, memorializing CEO’s approval of, and DART’s agreement to, CITY’s request for DART’s contribution of Captured Funds to a certain Zone and initiating DART’s payments pursuant to the terms of this Agreement and the respective Concurrence Letter.
- 1.8 “Contribution Period” means the ten (10) years that DART will contribute a percentage of its Increment to the Zone, subject to reductions as provided in this Agreement.
- 1.9 “Effective Date” means December 31, 2025 or such later date that this Agreement is last signed by one of the Parties.
- 1.10 “GoLink Rally Point” means a specific pick-up or drop-off point for DART’s GoLink service (an on-demand, curb-to-curb transit service that utilizes a variety of vehicles and providers, also referred to as DART’s micromobility service) that is located near a busy destination, such as a hospital, retailer, or employer, that facilitates the assembly of micromobility riders at one, centralized location.

- 1.11 “Increment” means the amount of the local one percent (1%) sales and use tax collected by DART pursuant to the Transit Act in the Zone above the Base Value.
- 1.12 “Material Breach” means failure to comply with the provisions of Sections 3.2 (DART Contributions to City-Created Zone), 3.5 (Annual Report), 3.7 (CITY’s Failure to Match), 5.1 (Use of Captured Funds), 6.1 (Establishing a Transit Anchor), 6.3 (Failure to Reestablish a Transit Anchor), or 8.4 (Invalidated Transit-oriented Development Incentive).
- 1.13 “Project and Financing Plan” means the project and financing plan for the Zone prepared and adopted by the Zone Board and approved by CITY in accordance with the TIRZ Act, and as it may be amended from time to time as allowed by the TIRZ Act with approval by CITY and the Zone Board.
- 1.14 “Public Transportation” means the conveyance of passengers and hand-carried packages or baggage of a passenger by any means of transportation.
- 1.15 “Public Transportation System” means (a) all property owned or held by DART for Public Transportation or Complementary Transportation Service purposes, including vehicle parking areas and facilities and other facilities necessary or convenient for the beneficial use of, and the access of persons and vehicles to, public transportation; (b) real property, facilities, and equipment for the protection and environmental enhancement of all the facilities; and (c) property held in accordance with a contract with the owner making the property subject to the control of or regulation by DART and for Public Transportation or Complementary Transportation Service purposes.
- 1.16 “Tax Increment Fund” means the account into which the cumulative tax revenue captured within the Zone pursuant to the TIRZ Act and applicable CITY ordinances is deposited by CITY and any participating taxing unit for the respective Zone.
- 1.17 “Tax Increment Reinvestment Zone”, referred to herein as a “Zone”, means a reinvestment zone created by CITY, and existing pursuant to the TIRZ Act.
- 1.18 “Term” means the period this Agreement shall be effective, commencing on the Effective Date and ending at 12:01 a.m. Central Time on January 1, 2031.
- 1.19 “TIRZ Act” means the Tax Increment Financing Act, set out in Chapter 311 of the Texas Tax Code, in its current state and as it may be amended in the future.
- 1.20 “Transit Act” means Chapter 452 of the Texas Transportation Code, in its current state and as it may be amended in the future.
- 1.21 “Transit Anchor” means a light rail station, commuter rail station, street car station, transit center, park-and-ride, bus shelter, or GoLink Rally Point that is: a) identified with DART signage, b) located on property owned by DART in fee simple or for which DART owns

an easement interest; and c) served by transit that is operated or contracted by DART. A non-exhaustive list of Transit Anchors is attached to this Agreement as Exhibit B.

- 1.22 “Transit Capital Project” means an investment aimed at creating, acquiring, or significantly improving infrastructure or assets used for Public Transportation.
- 1.23 “Zone Board of Directors”, referred to herein as the “Zone Board”, means the board of directors for the respective Zone created in accordance with the TIRZ Act and applicable CITY ordinances that is responsible for making recommendations to CITY regarding the Tax Increment Fund.

Article II. Initiating DART Contributions

- 2.1 CITY Request for DART Contributions. At any time during the Term, except as provided by Section 7.2, CITY may submit a letter to CEO requesting to initiate DART’s financial contribution to a CITY-created Zone pursuant to this Agreement. The Zone may be funded with property tax, sales and use tax, or a combination of one or more taxes, and may be in existence on the Effective Date or created by CITY during the Term. CITY’s request shall be supported by the documentation identified in Section 2.2 and reviewed in accordance with Section 2.3. If the request is approved, CEO and City Manager shall execute a Concurrence Letter substantially in the form shown in Exhibit A. DART shall begin making payments to CITY upon execution of the Concurrence Letter, or upon thirty (30) calendar days written notice from CITY as noted in the Concurrence Letter, in the amount and cadence set out in Section 3.3 of this Agreement.
- 2.2 Documentation Supporting CITY’s Request for DART Contributions. CITY’s request for DART’s contributions to a Zone shall include the following information and documentation:
- a. Map identifying the geographic boundaries of the Zone.
 - b. Municipal ordinance creating the Zone.
 - c. Project and Financing Plan prepared in connection with CITY’s creation of the Zone or as amended pursuant to the TIRZ Act, and supplemented with information demonstrating: 1) how a new Transit Anchor will be created (if no Transit Anchor is existing at the time of CITY’s request); 2) how the Project and Financing Plan will support more transit-oriented development within the Zone; 3) how a new Transit Anchor will be funded, (if no Transit Anchor is existing at the time of the CITY’s request); 4) how the Tax Increment Fund will support more transit-oriented development within the Zone; 5) how Captured Funds will be used in compliance with the Transit Act per Section 5.1; and 5) how CITY plans to match Captured Funds in accordance with Article III, including the timing of CITY’s match and source of funds. The Project and Financing Plan for a Zone does not need to be amended pursuant to the TIRZ Act to include the supplemental information required by this Section 2.2(c).
 - d. Percentage of DART’s Increment it will contribute to the Zone and CITY will match (as discussed in Article III and Article VIII)

- e. Base Value and supporting documentation.
- f. Existing Transit Anchor(s) located within the Zone or, if no Transit Anchor exists within the Zone at the time of CITY's request, a detailed plan for constructing a new Transit Anchor and implementing DART service to the Transit Anchor, as discussed in Article VI. DART and CITY shall jointly formulate the plan for constructing a new Transit Anchor, which shall include:
 - i. Location of the proposed Transit Anchor.
 - ii. Mode(s) of transit that will serve the proposed Transit Anchor (bus, light rail, commuter rail, or micromobility services).
 - iii. Data demonstrating the proposed location of the Transit Anchor within the Zone, as well as the proposed mode of transit serving the Transit Anchor, will effectively serve a Public Transportation need in accordance with DART's Service Standards approved by the DART Board of Directors.
 - iv. Design and Construction Schedule, including milestone deadlines that provide for reasonably expedient implementation of transit service to the Transit Anchor.
 - v. If completion of the Transit Anchor and initiation of DART service at the Transit Anchor is infeasible within five (5) years from execution of the Concurrence Letter, a detailed description supporting milestone deadlines that exceed a 5-year time frame for implementation of transit service at the future Transit Anchor.
- g. If the current or future Transit Anchor is served by micromobility services, a methodology, jointly formulated by DART and CITY, for reviewing ridership and facilitating ridership increases over time with the goal of transitioning the Transit Anchor into fixed-route service, as applicable, in the future.
- h. Whether DART's contributions will commence upon execution of the Concurrence Letter or following thirty (30) calendar days' written notice from CITY to DART. In no event may DART's contributions commence after expiration of the Term.
- i. A plan detailing how the administrative work to determine the amount of Captured Funds due under the Concurrence letter will be performed. The plan shall identify whether CITY or DART will perform the administrative work and shall address how the following objectives will be achieved: a) accuracy of the calculations; b) cost efficiency of the approach; c) transparency with the Party not performing the administrative work; d) and continued collaboration to ensure the Parties remain aligned with respect to the execution and results of the proposed methodology. The plan shall identify the frequency that the amount of Captured Funds due pursuant to the Concurrence Letter shall be calculated and subsequently paid by DART, which shall be no more frequently than quarterly and no less frequently than annually. The plan may provide for the calculation of the Base Value, and all subsequent calculations of Captured Funds during the Contribution Period, to include only certain addresses or specific companies located within the Zone. If CITY performs the administrative work, CITY's match shall be reduced by CITY's

reasonable administrative costs actually incurred as a direct result of, and in accordance with, the applicable Concurrence Letter. If DART performs the administrative work, the Captured Funds due to City under the Concurrence Letter shall be reduced by DART's reasonable administrative costs actually incurred as a direct result of, and in accordance with, the applicable Concurrence Letter.

- 2.3 Review and Approval of CITY Request for DART Contribution. Within ten (10) business days of CEO's receipt of CITY's request for DART's contribution to a Zone and supporting documentation and information, CEO shall review and: 1) approve the request if it complies with the requirements of this Agreement; 2) request clarification or additional documentation or information needed to determine whether the requirements of this Agreement have been satisfied; 3) deny the request if it fails to comply with the requirements of this Agreement; or 4) notify CITY that an extension of ten (10) business days is required to adequately review and act upon the CITY's request. Only two (2) extensions are permitted.
- a. If CEO approves the request, CEO shall sign a Concurrence Letter and remit that to City Manager for signature. The Concurrence Letter shall identify the percentage of the Increment that DART will contribute per Section 3.2 and whether CITY has elected for DART contributions to begin upon execution of the Concurrence Letter or upon thirty (30) calendar days after the date set forth in a written notice from CITY to CEO (provided, however, DART contributions must begin prior to the expiration of the Term).
 - b. If CEO requires clarification or additional documentation or information to determine whether CITY's request complies with the provisions of this Agreement, CEO shall send a letter to City Manager within ten (10) business days after receipt of CITY's request identifying the question(s) or missing information or documentation required or requested. Within ten (10) business days after CEO's receipt of the answers or supplementation documentation or information from CITY, CEO shall review and approve the request, request clarification or additional documentation or information, or deny the request. CEO shall be afforded ten (10) business days to review and respond to each supplemental submission by CITY in support of its request for DART contributions.
 - c. If CEO denies the request, then CITY may initiate the alternative dispute resolution process set out in Section 2.4.
 - d. CEO may, at any time within the 10-day review period, extend the review period by an additional ten (10) business days with notice to CITY that additional time is necessary to adequately review CITY's request. CEO may only extend the time period for review twice, for a maximum time period of thirty (30) business days to review CITY's request, not including any additional days resulting from supplemental submissions by CITY.
 - e. If CEO fails to respond to CITY's request within ten (10) business days of CEO's receipt (or such longer period as permitted under this Section 2.3), CITY's request shall be automatically deemed approved.

- 2.4 Alternative Dispute Resolution Process. If DART denies CITY's request for contributions to a Zone, CITY may request initiation of the alternative dispute resolution ("ADR") process outlined in this section within thirty (30) calendar days of City's receipt of DART's denial. Within thirty (30) calendar days after CITY's request for this alternative dispute resolution process, DART and CITY shall mutually select a neutral mediator or arbitrator who possesses appropriate knowledge and expertise regarding the subject of this Agreement. The mediator/arbitrator may be, but is not required to be, a licensed attorney in the State of Texas. Representatives of each of the Parties and their respective legal counsel shall meet with the mediator/arbitrator as soon as practicable but no later than ninety (90) days after selection of the mediator/arbitrator by the Parties. Within thirty (30) calendar days of the ADR meeting, the mediator/arbitrator shall deliver a determination upholding or overruling DART's decision. To the extent practicable, a determination upholding DART's denial shall identify how CITY may modify its request to comply with the terms of this Agreement. The mediator/arbitrator's determination regarding whether CITY's request to initiate DART contributions to a Zone complies with the requirements of this Agreement shall not be subject to further appeal, dispute, or litigation, except in the event of a Material Breach by DART.
- 2.5 Concurrence Letters. A Concurrence Letter may be executed and subsequently amended at any time by CEO and City Manager without action by the DART Board of Directors or CITY's Council so long as the Concurrence Letter or amendment complies with the terms of this Agreement.
- 2.6 Changes to CITY's Original Submission. In the event the information or documentation submitted by CITY pursuant to Section 2.2 changes after execution of a Concurrence Letter and before expiration of the Contribution Period, CITY shall, within thirty (30) calendar days of the change(s), provide written notice to DART identifying the change(s) and demonstrating the Zone's continued compliance with the requirements of this Agreement. CEO and City Manager shall execute an amendment to the Concurrence Letter reflecting the changes within thirty (30) calendar days of DART's receipt of written notice from CITY, unless otherwise agreed.

Article III. DART Contributions, CITY Match, Annual Report

- 3.1 Base Value. Base Value shall be determined by comparing the total sales and use tax collected within the Zone, as reported by the Texas Comptroller, for the full two (2) fiscal years preceding execution of the Concurrence Letter. The higher of those two amounts shall constitute the Base Value for purposes of this Agreement. Any adjustments by the Texas Comptroller, positive or negative, to account for prior inaccuracies included in the two (2) fiscal years compared shall not be considered in establishing the Base Value.
- 3.2 DART Contributions to CITY-Created Zone. DART's contribution to a Zone pursuant to an executed Concurrence Letter shall be no more than fifty percent (50%) of DART's Increment, except as provided in Article VIII, and no less than twenty percent (20%) of DART's Increment. DART shall pay the applicable percentage of its Increment set out in the Concurrence Letter to CITY, *i.e.*, the Captured Funds, for the entire Contribution Period

(except as provided in Article VII) or until the expiration or termination of the Zone, whichever occurs first. DART may reduce the Captured Funds remitted by DART to CITY by the amount of reasonable administrative costs actually incurred by DART, as set out in Section 2.2(i), if the Concurrence Letter provides for DART to perform such administrative work. To the extent permitted by law, without waiving governmental immunity and applicable affirmative defenses, City shall RELEASE AND HOLD DART HAMRLESS from all claims or liabilities arising from the use of Captured Funds.

- 3.3 Timing of DART Contributions. If DART performs the administrative work to determine the amount of Captured Funds due pursuant to the applicable Concurrence Letter, DART shall remit the Captured Funds, reduced by DART's reasonable administrative costs actually incurred, to CITY as frequently as required under the Concurrence Letter. If CITY performs the administrative work to determine the amount of Captured Funds due pursuant to the Concurrence Letter, DART shall remit the Captured Funds to CITY within thirty (30) calendar days of DART's receipt of notice from CITY regarding the amount of Captured Funds due. The deadlines set out in this Agreement and the applicable Concurrence Letter may be extended if the Texas Comptroller's Office fails to timely provide the information necessary to determine the Increment for the Zone. DART's failure to pay Captured Funds to City pursuant to an executed Concurrence Letter shall constitute a Material Breach.
- 3.4 CITY Match. CITY shall contribute to the Tax Increment Fund an amount of funds equal or greater than the Captured Funds contributed by DART to the Tax Increment Fund, including any interest accrued while the Captured Funds are held within the Tax Increment Fund. CITY's match for the first five (5) years of the Contribution Period (Years 1-5) may include funds contributed by CITY to the Tax Increment Fund for the respective Zone for the five (5) years preceding the start of the Contribution Period if, during those five (5) years preceding the start of the Contribution Period, the Zone encompassed a Transit Anchor. CITY's match for the last five (5) years of the Contribution Period (Years 5-10) shall not include any funds contributed by CITY to the Tax Increment Fund prior to the start of the Contribution Period. CITY may otherwise match the Captured Funds with any other source of funds available to it (such as property tax revenue, municipal sales and use tax revenue, bonds, fines and penalties, user fees and charges, *etc.*). CITY may reduce its match by the amount of reasonable administrative costs actually incurred by CITY, as set out in Section 2.2(i), if the Concurrence Letter provides for CITY to perform such administrative work.
- 3.5 Annual Report. CITY shall cause a report of the Tax Increment Fund to be completed annually, beginning the first year of the Contribution Period and continuing every year thereafter until the Contribution Period has ended and all Captured Funds have been spent or reimbursed to DART. The annual report shall be provided to CEO and to the DART Board per Section 4.2 within one hundred fifty (150) calendar days following conclusion of fiscal year each year. The report shall identify: 1) the amount of funds DART contributed to the Tax Increment Fund during the preceding year as compared to the amount of Captured Funds reported to be due by the Party performing the administrative

work per Section 2.2(i); 2) how much CITY contributed to the Tax Increment Fund during the preceding year; 3) the source of funds CITY utilized for the CITY's match; 4) the outstanding amount that CITY owes to match the Captured Funds contributed by DART to the Tax Increment Fund, if any; 4) how Captured Funds were used by CITY; 5) any use of Captured Funds that was not in compliance with this Agreement and the respective Concurrence Letter; and 6) the amount of administrative costs deducted from CITY's match, if CITY is performing the administrative work, or the Captured Funds due, if DART is performing the administrative work. If DART failed to contribute the entire amount of Captured Funds to the Tax Increment Fund, DART shall remit the outstanding amount to CITY within ninety (90) calendar days following DART's receipt of the annual report. If DART contributed more than the Captured Funds due under this Agreement, CITY shall, at DART's sole option, either return such excess Captured Funds to DART within ninety (90) calendar days following receipt of the annual report or apply the funds against future Captured Funds due to be paid into the Tax Increment Fund. The annual report required under this section shall be paid for with the Tax Increment Fund unless otherwise agreed by the Parties. Failure to comply with the requirements of this Section 3.5 by DART or CITY shall constitute a Material Breach. If DART has cause to question the veracity or completeness of the annual report, CITY shall make all records related to the Zone and expenditure of DART funds available to DART for review and audit not more than once per calendar year.

- 3.6 Timing of CITY Match. CITY shall fully match the Captured Funds paid into the Tax Increment Fund (dollar for dollar), including any interest accrued on the Captured Funds while held in the Tax Increment Fund, no later than ninety (90) calendar days following completion of the annual report for Year 5 of the Contribution Period. CITY shall again fully match the Captured Funds paid into the Tax Increment Fund, including any interest accrued on the Captured Funds, no later than ninety (90) calendar days following completion of the annual report for Year 10 of the Contribution Period. If CITY performs the administrative work pursuant to Section 2.2(i), the amount of CITY's match shall be reduced by CITY's reasonable administrative costs actually incurred as a direct result of, and in accordance with, the applicable Concurrence Letter.
- 3.7 CITY's Failure to Match. If CITY fails to match the Captured Funds in accordance with this Article III, such failure shall constitute a Material Breach and, in addition to suspension of DART's payments per Section 7.2, DART may terminate this Agreement or the respective Concurrence Letter under Section 7.4. All Captured Funds contributed to the Tax Increment Fund and not matched by CITY shall constitute a Claw Back Amount and CITY shall reimburse such Claw Back Amount to DART within thirty (30) calendar days of written notice from DART.
- 3.8 Interest Accumulated in Tax Increment Fund. All Captured Funds contributed to the Tax Increment Fund shall be held in an interest-accruing account. All interest accrued by Captured Funds and CITY match while held in the Tax Increment Fund shall be retained by CITY to be spent within the Zone on eligible costs under the TIRZ Act and, with respect to Captured Funds, under the Transit Act, except as provided in this Agreement with respect to Claw Back Amounts.

- 3.9 Debt Issuance by TIRZ Board. DART shall not bear any liability, risk, or responsibility for debt issued on behalf of a Zone by CITY.
- 3.10 Expiration or Termination of the Zone. Upon expiration or termination of the Zone, any Captured Funds paid to CITY not yet expended or obligated, including any interest accrued by the Captured Funds while held in the Tax Increment Fund, shall constitute a Claw Back Amount to be reimbursed to DART within ninety (90) calendar days of the Zone's expiration.

Article IV. TIRZ Board Representation, Reports to the DART Board of Directors

- 4.1 DART Representation on TIRZ Board. A DART staff member shall serve as an *ex officio* nonvoting member on the TIRZ Board during the entire Contribution Period and shall continue serving until all DART funds within the Tax Increment Fund have been spent or reimbursed to DART. To maintain consistency, the DART Board shall appoint a single DART employee with appropriate knowledge and job responsibilities to serve on all TIRZ Boards for Zones that DART is contributing to pursuant to this Agreement.
- 4.2 Reports to the DART Board of Directors. CEO or her designee shall brief the DART Board of Directors on an annual basis regarding:
- a. Concurrence Letters executed and amended by CEO;
 - b. The annual report for each Zone subject to a Concurrence Letter, including the amount of DART's contributions to the Tax Increment Fund, CITY's contributions to the Tax Increment Fund, any amount outstanding to satisfy CITY's match requirement, and any use of DART funds by CITY upon recommendation by the TIRZ Board;
 - c. The progress of projects within each Zone;
 - d. If no Transit Anchor is in place for the Zone, the progress on the construction of a Transit Anchor; and
 - e. If the Transit Anchor is operational in the Zone, ridership information and opportunities for enhancing transit services to the Transit Anchor and otherwise within the Zone.

Article V. Use of the Tax Increment Fund

- 5.1 Use of DART Funds and CITY Match. All Captured Funds paid to CITY and CITY match shall be used to develop or redevelop the Zone in compliance with this Agreement, the applicable Concurrence Letter, and the TIRZ Act. Additionally, all Captured Funds paid to CITY shall be used in compliance with the Transit Act. Currently, compliance with the Transit Act requires funds to be used to support DART's Public Transportation System or for Complementary Transportation Services. Any Captured Funds paid to CITY used in violation of this section shall constitute a Claw Back Amount to be reimbursed to DART within ninety (90) calendar days of CITY's discovery of the improper use or written notice from DART of the improper use, whichever occurs first. So long as the Claw Back Amount

is reimbursed in accordance with this Section 5.1, such reimbursement shall not be considered a debt of CITY and is subject to all applicable law. CITY's failure to timely reimburse improperly applied Captured Funds shall constitute a Material Breach. CITY's match shall be used to in compliance with this Agreement, the applicable Concurrence Letter, and the TIRZ Act.

- 5.2 Transit Capital Projects within the Zone Performed by DART. If, at the time the Concurrence Letter is executed, a Transit Capital Project located within the Zone is included in DART's Twenty-Year Financial Plan that has been approved by the DART Board of Directors, DART shall complete the Transit Capital Project at its cost (or with external funds secured by DART for the Transit Capital Project) following approval by the DART Board of Directors of an annual budget that includes the Transit Capital Project. CITY, upon recommendation by the Zone Board, may, however, elect to perform the Transit Capital Project at an earlier date utilizing the Tax Increment Fund.
- 5.3 Transit Capital Project within the Zone Performed by Others. If, at the time the Concurrence Letter is executed, a Transit Capital Project located within the Zone has not been included in DART's Twenty-Year Financial Plan approved by the DART Board of Directors, DART shall have no responsibility to perform or pay for the cost for the Transit Capital Project. The Transit Capital Project may be paid for by the Tax Increment Fund, a developer, or some other source of funding. DART may, but shall have no obligation to, perform some or all of the Transit Capital Project and pay for some or all of the associated costs.

Article VI. Transit Anchor

- 6.1 Establishing a Transit Anchor. To qualify for DART's contribution of Captured Funds under this Agreement:
- a. The Zone shall include a Transit Anchor within the Zone's geographic boundaries at the time the Concurrence Letter is executed; or
 - b. CITY shall substantially complete construction of a Transit Anchor within the Zone's geographic boundaries within five (5) years following execution of the Concurrence Letter; provided, however, if substantial completion of the Transit Anchor is infeasible within a five (5) year time frame (such as construction of a rail station), then CITY must demonstrate steady progress and, ultimately, completion of the Transit Anchor in accordance with the design and construction schedule approved by DART in the Concurrence Letter. A Transit Anchor shall be substantially complete for purposes of this section if DART is able to utilize the Transit Anchor as part of its Public Transportation System. If CITY fails to establish a Transit Anchor in accordance with this section, such a failure shall constitute a Material Breach, and all Captured Funds paid to CITY, including interest earned, shall constitute a Claw Back Amount. In addition to suspending payments of Captured Funds per Section 7.2, DART may terminate the applicable Concurrence Letter or this Agreement in accordance with Section 7.4. The Claw Back Amount shall be reimbursed to DART in accordance with Section 7.5.

- 6.2 Substitution of a Transit Anchor. CITY may, at any time, substitute the Transit Anchor by submitting to DART: a) written notice of CITY's desire to eliminate the existing Transit Anchor and substitute a new Transit Anchor; and b) documentation demonstrating the substitute Transit Anchor satisfies the requirements of this Agreement. CEO shall review the substitute Transit Anchor documentation in accordance with Section 2.3. Upon CEO's approval of the substitute Transit Anchor, CEO and City Manager shall execute an amendment to the Concurrence Letter identifying the substitute Transit Anchor. No substitution of a Transit Anchor is required if the Concurrence Letter identifies multiple Transit Anchors within the Zone and at least one Transit Anchor remains operational.
- 6.3 Failure to Reestablish a Transit Anchor. If transit service to all Transit Anchors within a Zone is halted at CITY's request or direction and CITY fails to establish a substitute Transit Anchor in accordance with Section 6.2, such a failure shall constitute a Material Breach. In addition to suspending payments of Captured Funds per Section 7.2, DART may terminate the applicable Concurrence Letter or this Agreement in accordance with Section 7.4.

Article VII. Disqualification, Suspension, Termination, and Claw Backs

- 7.1 Disqualifications. Any of the following events shall disqualify CITY from submitting a request for DART's contribution to a Zone, from execution of a Concurrence Letter, and from commencement of a Contribution Period (if a Concurrence Letter has been executed but CITY has not yet provided thirty (30) calendar days' notice to commence the Contribution Period):
- a. CITY's Council approves a resolution calling for an election to withdraw from DART;
 - b. CITY fails to pay a debt owed to DART of \$500,000 or more for longer than one hundred eighty (180) calendar days; or
 - c. A statutory change results in the reduction or reallocation of any part of DART's sales and use tax rate of one percent (1%).
- 7.2 Suspension of DART Contributions. DART shall immediately suspend all payments of Captured Funds to CITY pursuant to any executed Concurrence Letters upon the occurrence of any of the following events:
- a. Transit service to a Transit Anchor is halted at CITY's request or direction without establishing a substitute Transit Anchor in accordance with Section 6.2;
 - b. CITY fails to establish a Transit Anchor in accordance with Section 6.1;
 - c. CITY fails to pay a debt owed to DART of \$500,000 or more for longer than one hundred eighty (180) calendar days; or
 - d. CITY fails to match DART's contribution of Captured Funds in accordance with Article III following the Year 5 annual report.

DART's payments of Captured Funds shall not resume until the event prompting suspension has been fully cured. Suspension of payments pursuant to this section shall not

extend the Contribution Period(s) and, if the suspension is lifted prior to the conclusion of the Contribution Period(s), DART shall not be obligated to remit Captured Funds not paid into the Tax Increment Fund(s) while the suspension was in place. As such, Captured Funds during a suspension period shall be retained by DART and deducted from the total amount of Captured Funds due under this Agreement.

- 7.3 Termination of Agreement by Withdrawal. This Agreement, including all executed Concurrence Letters, shall immediately and automatically terminate and be of no further force or effect upon CITY's withdrawal from DART. For purposes of this section, CITY's withdrawal is effective the day after the date of the canvass of the withdrawal election.
- 7.4 Termination by Material Breach. In the event of a Material Breach, either Party shall provide written notice to the breaching Party and if the breaching Party fails to cure such Material Breach within ninety (90) calendar days after written notice thereof, the nonbreaching Party may terminate the applicable Concurrence Letter(s) or this Agreement upon the date set forth in a written notice to the defaulting Party. If either Party disputes a Material Breach has occurred, the Parties shall first attempt to resolve the dispute by securing a determination through the alternative dispute resolution process set out in Section 2.4 without such dispute resolution being final. In the event the Parties are unable to resolve their dispute through the alternative dispute resolution process set out in Section 2.4, then either Party may terminate this Agreement or the applicable Concurrence Letter and, if necessary, file suit related to an alleged Material Breach of this Agreement in a state district court of competent jurisdiction in Dallas County, Texas.
- 7.5 Captured Funds upon Termination. DART shall immediately discontinue all payments of Captured Funds pursuant to any executed Concurrence Letter(s) upon termination of said Concurrence Letter or this Agreement. Any Captured Funds, as well as any accrued interest on such Captured Funds held within Tax Increment Fund(s), not expended or obligated on the date the respective Concurrence Letter or this Agreement is terminated or the date the Material Breach giving rise to the termination occurs, whichever happens first, shall constitute a Claw Back Amount and shall be reimbursed to DART within ninety (90) calendar days after the date of termination.
- 7.6 Unpaid Claw Back Amount. In the event CITY fails to reimburse any Claw Back Amount to DART in accordance with the applicable time frame set forth in this Agreement, DART may, following thirty (30) calendar days prior written notice to CITY, deduct the Claw Back Amount from any payment due from DART to CITY under any other program or contract, including but not limited to funds owed under a Public Transportation Improvement Funds Interlocal Agreement or a DART general mobility program. Any Claw Back Amount that CITY has failed to reimburse to DART upon CITY withdrawal from DART shall be included in CITY's total financial obligation pursuant to Section 452.658 of the Transit Act.
- 7.7 Termination by CITY for Convenience. CITY may, upon written notice to DART, terminate a Concurrence Letter provided DART has not paid any Captured Funds to CITY for deposit in the Tax Increment Fund pursuant to such Concurrence Letter. CITY may,

upon written notice to DART, terminate this Agreement provided DART has not paid any Captured Funds to CITY for deposit in a Tax Increment Fund pursuant to any Concurrence Letter.

Section VIII. Use of DART Property for Transit-Oriented Development

- 8.1 Transit-Oriented Development Incentive. If the Zone includes property owned by DART that is subject to a separate interlocal agreement or memorandum of understanding between DART and CITY for the purpose of converting DART-owned property into transit-oriented development, then DART shall contribute up to fifty-five percent (55%) of its Increment.
- 8.2 Transit-Oriented Development of Federally-Funded Property. If the Zone includes property owned by DART that is subject to a separate interlocal agreement or memorandum of understanding between DART and CITY for the purpose of converting DART-owned property into transit-oriented development and the DART-owned property is encumbered by an interest held by the Federal Transit Administration (“FTA”), then DART shall contribute up to sixty percent (60%) of its Increment.
- 8.3 Transit-Oriented Development of Affordable Housing. If the Zone includes property owned by DART that is subject to a separate interlocal agreement or memorandum of understanding between DART and CITY for the purpose of converting DART-owned property into transit-oriented development and requiring some portion of the DART-owned property to be converted into multifamily residential with affordable housing income restrictions in accordance with the Project and Financing Plan, then DART shall contribute up to sixty percent (60%) of the Increment. DART shall contribute up to sixty-five percent (65%) of its Increment if the DART-owned property being converted into multifamily residential is also encumbered by an interest held by FTA.
- 8.4 Transit-Oriented Development Incentive After Execution of a Concurrence Letter. In the event one or more of the transit-oriented development incentives identified above become applicable within a Zone following execution of a Concurrence Letter, CEO and City Manager shall execute an amendment to the Concurrence Letter increasing the percentage of Increment paid by DART to CITY for contribution to the Tax Increment Fund accordingly.
- 8.5 Invalidated Transit-Oriented Development Incentive. In the event the separate interlocal agreement or memorandum of understanding providing for the conversion of DART-owned property into transit-oriented development is terminated, expires, or the Parties amend the agreement in a manner that invalidates one or more of the qualifying incentives for additional Captured Funds, CEO and City Manager shall execute an amendment to the Concurrence Letter reducing the percentage of the Increment contributed by DART accordingly. The reduction to the percentage of the Increment contributed by DART shall be effective as of the date the Concurrence Letter (or previous amendment to the Concurrence Letter) providing for the incentive was originally executed so that CITY shall receive no benefit from the invalidated incentive. CITY shall, at DART’s sole option, either reimburse to DART the excess Captured Funds resulting from the invalidated

incentive within thirty (30) calendar days following execution of the amendment to the Concurrence Letter removing the incentive or apply the excess Captured Funds against future Captured Funds due to be paid by DART to CITY for contribution to the Tax Increment Fund. CITY's failure to reimburse DART pursuant to this section shall constitute a Material Breach.

Section IX. Miscellaneous

- 9.1 **Survival.** The Parties shall not initiate any DART contributions to CITY-created Zones after expiration of the Term; however, all other obligations imposed under this Agreement shall survive expiration of the Term unless specifically provided otherwise in this Agreement.
- 9.2 **Extensions.** The Term of this Agreement and the length of the Contribution Period applicable to any Zone may be extended by written agreement of the Parties and approval by the DART Board of Directors and CITY Council.
- 9.3 **Other Agreements for DART Contributions.** Nothing in this Agreement shall be construed to prohibit the Parties from entering into a separate agreement approved by the DART Board of Directors providing for DART's contribution to a CITY-created Zone that does not meet the parameters of this Agreement.
- 9.4 **Notices.** Notice shall be provided in writing at the following addresses:

If intended for DALLAS AREA RAPID TRANSIT, to: 1401 Pacific Avenue Dallas, Texas 75202-7210 Attn: EVP, Chief Financial Officer <i>CFO@dart.org</i>	If intended for CITY, to: Attn: City Manager
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With Copy to:
DART General Counsel
P.O. Box 660163
Dallas, TX 75266-7255

With Copy to:

Either Party may designate a different address for receipt of notice by giving written notice of such change of address.

- 9.5 **Governing Law; Voting Requirements for Initiation of Suit Against CITY.** This Agreement shall be construed under and in accordance with the laws of the State of Texas. Any action brought by a party to enforce any provision of this Agreement shall be commenced in a state district court of competent jurisdiction in Dallas County, Texas. DART shall not name or implead a non-principal municipality (CITY) or its officers or employees except upon a two-thirds vote of the DART Board.

- 9.6 Entirety and Amendments. This Agreement embodies the entire agreement between the Parties and supersedes all prior agreements and understandings relating to DART contributions to a Zone. This Agreement may be amended or supplemented only by a written instrument executed by the Parties. The City Manager is authorized to execute on behalf of CITY any amendments to this Agreement and any instruments related hereto.
- 9.7 No Joint Enterprise. The Parties do not intend that this Agreement be construed as finding that the Parties have formed a joint enterprise. It is not the intent of any of the Parties that a joint enterprise relationship is being entered into and the Parties hereto specifically disclaim such relationship.
- 9.8 Third Party Beneficiaries. There are no third-party beneficiaries to this Agreement.
- 9.9 Construction and Interpretation. This Agreement shall not be construed against the drafting Party.
- 9.10 Severability. If any provision of this Agreement is determined to be illegal or unenforceable in any respect, such determination will not affect the validity or enforceability of any other provision, each of which will be deemed to be independent and severable.
- 9.11 No Waiver of Governmental Immunity. By entering into this Agreement, neither Party waives or diminishes any defenses available to it, including, by example and without limitation, governmental immunity and statutory caps on damages.
- 9.12 No Discrimination. In the performance of this Agreement, each Party warrants that it shall not discriminate against any person on account of race, color, sex, religious creed, age, disability, ethnic or national origin, veteran status or other protected group of persons.
- 9.13 Signature Authority. Each of the individuals signing this Agreement warrants that he or she is duly and properly authorized to execute this Agreement on behalf of his or her respective Party.
- 9.14 Recitals. The recitals to this Agreement are incorporated herein.
- 9.15 Counterparts. This Agreement may be executed in identical counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.
- 9.16 Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

[Signatures on following page.]

DALLAS AREA RAPID TRANSIT

Nadine S. Lee
President & Chief Executive Officer

Date:

[CITY]

[City Official]
[Title]

Date:

EXHIBIT A

FORM OF
CONCURRENCE LETTER

[DATE]

[Name]
City Manager
[City]
[Address]

RE: Concurrence Letter for DART’s Contribution to Tax Increment Reinvestment Zone [Name of Zone] pursuant to the Interlocal Cooperation Agreement for DART’s Contributions to Tax Increment Reinvestment Zones, executed [Date]

Dear [Name]:

Dallas Area Rapid Transit (“DART”) has received your request for DART’s financial participation in the City of [City]’s Tax Increment Reinvestment Zone [Name of Zone], created by Municipal Ordinance [No. of Ordinance] (“Zone”), pursuant to the Interlocal Cooperation Agreement for Contributions to Tax Increment Reinvestment Zones executed between DART and [City] on [date of execution] (“ILA”). The documentation submitted in support of your request has been reviewed and determined to comply with the requirements of the ILA. As such, this Concurrence Letter constitutes DART and City’s agreement to commence DART’s contribution of Captured Funds to the subject Zone as set forth herein and in accordance with the ILA. DART agrees to commence contributions to the Zone in accordance with the ILA and the terms below:

- The Zone is geographically bounded as shown in the enclosed map and subject to the enclosed Project and Financing Plan.
- DART contributions to the Zone shall commence upon [execution of this Concurrence Letter/DART’s receipt of 30 calendar days’ written notice from City].
- The Base Value to calculate DART’s contributions is [Base Value]. *The Base Value includes only the following [addresses/companies], which shall be the same [addresses/companies] utilized to determine the Captured Funds during the Contribution Period:*
 - *[List of Addresses or Companies]*
- The Parties shall agree to the Base Value within the Zone. The Parties may agree to include only specific addresses and/or companies located within the Zone in calculating the Base Value of the Zone and Captured Funds during the Contribution Period.
- DART shall contribute [Percentage]% of its sales and use tax Increment.

- The amount of Captured Funds due under this Concurrence Letter shall be determined on a [quarterly/semi-annually/annual] basis.
- *DART performs administrative work:* DART shall perform the administrative work to determine the amount of Captured Funds due under this Concurrence Letter as follows: [methodology in accordance with Section 2.2(i) of the Agreement]. DART shall reduce the Captured Funds paid to CITY pursuant to this Concurrence Letter by the reasonable administrative costs DART actually incurs in connection with performing the administrative work to determine the amount of Captured Funds due.
- *CITY performs administrative work:* CITY shall perform the administrative work to determine the amount of Captured Funds due under this Concurrence Letter as follows: [methodology in accordance with Section 2.2(i) of the Agreement]. CITY shall reduce its match paid into the Tax Increment Fund pursuant to this Concurrence Letter by the reasonable administrative costs CITY actually incurs in connection with performing the administrative work to determine the amount of Captured Funds due.
- *For existing Transit Anchors:* The Transit Anchor is located at [Address] and served by DART's [bus/light rail/commuter rail/micromobility] services.
- *For new Transit Anchors:* The future Transit Anchor shall be located at [Address] and served by DART's [bus/light rail/commuter rail/micromobility/streetcar] services. The future Transit Anchor shall be substantially complete no later than [Date] in accordance with the enclosed Design and Construction Schedule.
- [Name, Title of DART Staff] shall serve on the Zone Board of Directors upon the commencement of DART's contributions

City represents that the information and documentation it submitted to DART in support of its request for DART's contributions to the Zone is accurate and truthful. The definitions set out in the ILA shall be applied in this Concurrence Letter.

DART appreciates the opportunity to invest in the [development/redevelopment] of the Zone and looks forward to working collaboratively with the City of [City] and the Zone Board of Directors to stimulate more transit-oriented development within the Zone, grow transit ridership, generate greater tax revenue, attract and retain businesses, and leverage DART's transportation services and facilities as a strategic economic development and mobility asset.

Sincerely,

Nadine S. Lee
President & Chief Executive Officer

For Concurrence:

Execution Version

[Name]
City Manager
[City]

Date:

Enclosures: Zone Map
 Project Plan
 Financing Plan
 [Design & Construction Schedule]

EXHIBIT B
CURRENT TRANSIT ANCHORS

- **Addison**
 - Addison Station
- **Carrollton**
 - North Carrollton/Frankford Station
 - Trinity Mills Station
 - Downtown Carrollton Station
- **Cockrell Hill**
 - Cockrell Hill Transfer Location
- **Dallas**
 - LBJ-Central Station
 - Forest Lane Station
 - Walnut Hill Station
 - Park Lane Station
 - Lovers Lane Station
 - SMU/Mockingbird Station
 - Cityplace/Uptown Station
 - Pearl/Arts District Station
 - Akard Station
 - West End Station
 - EBJ/Union Station
 - Convention Center Station
 - Cedars Station
 - 8th & Corinth Station
 - Dallas Zoo Station
 - Tyler/Vernon Station
 - Hampton Station
 - Westmoreland Station
 - UNT Dallas Station
 - Ledbetter Station
 - VA Medical Center Station
 - Kiest Station
 - Illinois Station
 - Morrell Station
 - White Rock Station
 - Lake Highlands Station
 - LBJ/Skillman Station
 - Buckner Station
 - Lake June Station
 - Lawnview Station
 - Hatcher Station
 - MLK, Jr. Station
 - Fair Park Station
 - Baylor Station

- Deep Ellum Station
- Victory Station
- Market Center Station
- SWMD/Parkland Station
- Inwood/Love Field Station
- TRE Medical/Market Center Station
- Bachman Station
- Royal Lane Station
- Knoll Trail Station
- Cypress Waters Station
- J.B. Jackson Transit Center
- CBD West Transfer Center
- CBD East Transfer Center
- Bernal/Singleton Transfer Location
- Red Bird Transit Center
- Malcolm X Transfer Location
- Greenbriar Streetcar Station
- Oakenwald Streetcar Station
- Beckley Streetcar Station
- 6th Street Streetcar Station
- Bishop Arts Streetcar Station
- **Farmers Branch**
 - Farmers Branch Station
- **Garland**
 - Forest/Jupiter Station
 - Downtown Garland Station
 - Lake Ray Hubbard Transit Center
 - South Garland Transit Center
- **Glenn Heights**
 - Glenn Heights Park & Ride
- **Irving**
 - TRE Downton-Irving Heritage Crossing Station
 - TRE West Irving Station
 - Belt Line Station
 - Dallas College Northlake Campus Station
 - Hidden Ridge Station
 - Irving Convention Center Station
 - Las Colinas Urban Center Station
 - University of Dallas Station
- **Plano**
 - Parker Road Station
 - Downtown Plano Station
 - 12th Street Station
 - Shiloh Street Station
 - Jack Hatchell Transit Center
 - NW Plano Park & Ride

- **Richardson**
 - Cityline/Bush Station
 - Galatyn Park Station
 - Arapaho Center Station
 - Spring Valley Station
 - UT Dallas Station
- **Rowlett**
 - Downtown Rowlett Station