

Skillman Corridor TIF District FY 2021-2022 Annual Report



Skillman Street Median Improvements



City of Dallas

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October 1, 2021 to September 30, 2022

Reinvestment Zone Number Fourteen Tax Increment Financing District

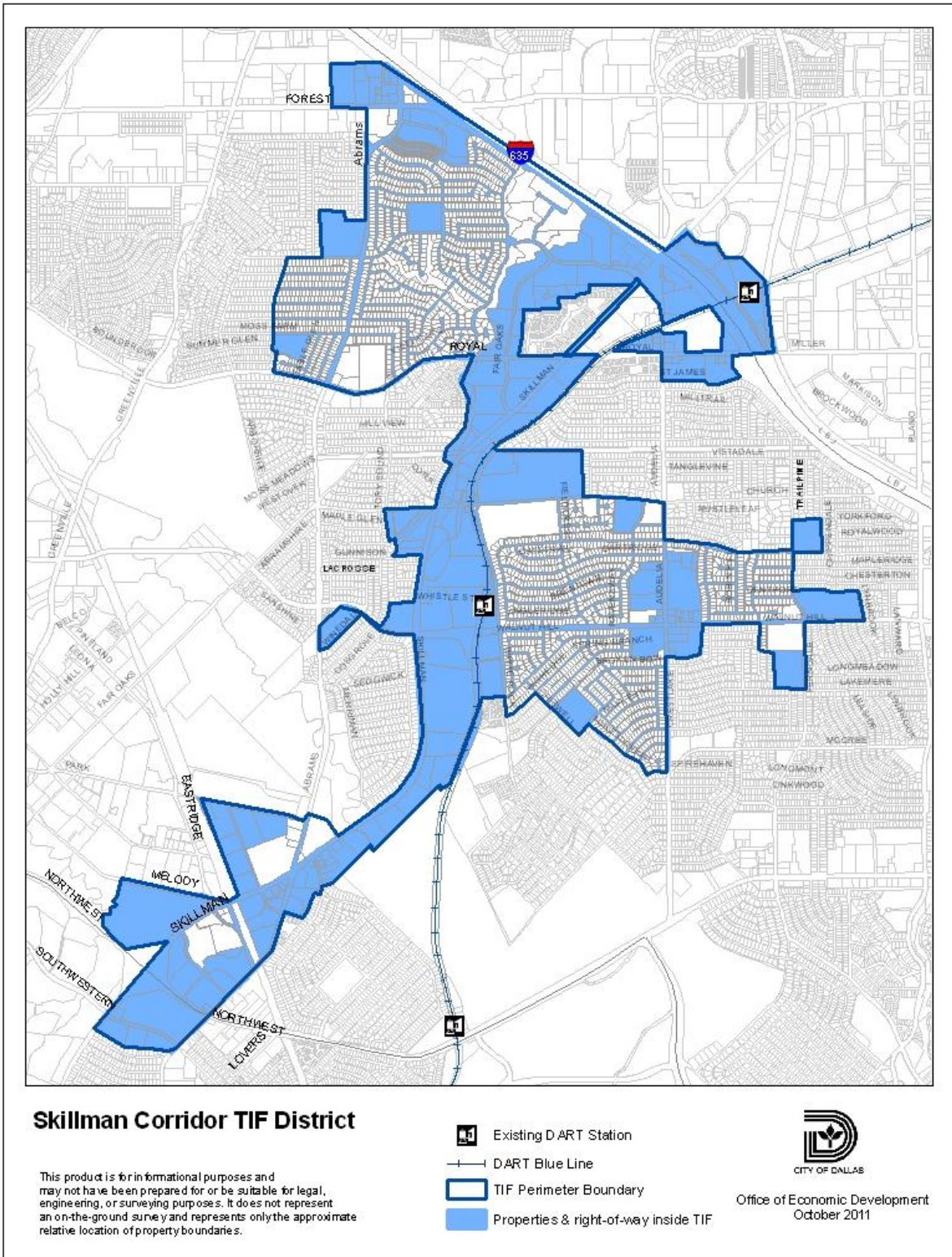


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Mission Statement

The mission of the Skillman Corridor TIF District is to provide a source of funding for public infrastructure improvements that will assist in creating a more sustainable mix of rental and owner-occupied residential property in the Skillman Corridor. This effort will help encourage the redevelopment of structurally obsolete apartment complexes and retail centers, better trail and recreational connections, and transit-oriented development near the Skillman/Walnut Hill DART light rail station and the existing Skillman/LBJ DART light rail station. The Skillman Corridor TIF District began on January 1, 2006 and will terminate on December 31, 2035 (including collection of the 2035 increment in calendar year 2036 and any related matters to be concluded in 2036).

Skillman Corridor TIF District Accomplishments

Dallas City Council established the Skillman Corridor TIF District by Ordinance Number 26148 on October 26, 2005. In December 2006, the TIF District's boundaries were amended to include several Richardson Independent School District (RISD) campuses to help RISD meet changing campus needs as the area is redeveloped. The RISD Board of Trustees approved contributing the debt service portion of future RISD increment to the TIF District up to \$10 million (net present value or a total amount of just over \$16 million). This financial participation marked the first financial participation by a school district in a Dallas TIF district since 1999. The Dallas City Council adopted the Skillman Corridor TIF District Project Plan and Reinvestment Zone Financing Plan on December 13, 2006 by Ordinance 26534.

In 2007, a development agreement with PC LH Land Partners, LP (PC LH) for the TIF District's catalyst project "Lake Highlands Town Center (LHTC)" was approved by the Skillman Corridor TIF Board and the City Council. The project also received funding commitments from Dallas Area Rapid Transit (DART) and the North Central Texas Council of Governments (NCTCOG) for a light rail station and related improvements at Skillman Street and Walnut Hill Lane along the existing DART Blue Line. In addition, the project received funds from Dallas County for infrastructure improvements and City of Dallas bond funds for infrastructure improvements.

Infrastructure and other public improvements as part of the LHTC horizontal site development phase have been completed. An operation and maintenance agreement for non-standard public improvements has been executed with PC LH, and the Lake Highlands Public Improvement District (LHPID) has agreed to partial assignment of those responsibilities.

The 20 acres of park land and trails constructed as part of the project was conveyed to the City on March 31, 2011 and named "Watercrest Park." Maintenance responsibility has been designated to PC LH, future owners, and/or the Lake Highlands Public Improvement District (LHPID).

Due to the economic downturn between 2008-2010, vertical development at the LHTC was delayed. In June 2011, the City approved an amended development agreement for LHTC that increased the TIF funding dedication of future TIF revenues from \$23,000,000 to a maximum of \$40,000,000 subject to certain conditions.

In May 2009, the Skillman Corridor TIF Board adopted a "Skillman Corridor TIF Strategic Implementation Plan" to guide the next phases of development and improvements in the TIF District.

In FY 2011, a development agreement with Audelia WGK, LLC for the White Rock Place development was approved by the Skillman Corridor TIF Board and the City Council. TIF funding assisted with reconfiguring the southwest corner of Walnut Hill Lane and Audelia Road into a smaller retail component of 18,000 square feet and infrastructure for 17 residential lots. All homes were completed in late 2013.

A development agreement with the Richardson Independent School District (RISD) was approved in FY 2011 to provide TIF funding pursuant to the Interlocal Agreement between the City and RISD for stadium facility improvements adjacent to Lake Highlands High School as funds are available.

During FY 2012, the TIF Board approved by-law amendments to reflect changes in state law for TIF Board composition so that only taxing jurisdictions that participate financially can have representation and a change in the TIF design review process to have that function undertaken as part of the City Design Studio Urban Design Peer Review Panel. The TIF Board also approved mixed-income housing guidelines.

During FY 2013, a development agreement with WRT/DK Residential, L.P. for the White Rock Trail Apartments project was approved by the TIF Board and City Council. The development, now called NorthRock Lake Highlands was completed in late 2014. In FY 2016, the developer terminated the agreement, forgoing the TIF subsidy.

During FY 2014-2015, staff held ongoing discussions on potential updated plans for LHTC (primarily the retail block as a next phase). Phase I requirements under the LHTC agreement were completed in 2015, and the City began disbursement of TIF funding. In September 2015, PC LH decided to terminate the remainder of the LHTC agreement.

During FY 2016, the TIF Board approved district-wide funding commitments including \$349,800 in local match funding for the Lake Highlands TOD Multimodal Connectivity Project (hike/bike trail extension) and \$35,000 to share in the cost for a Phase I Master Plan to study and prepare schematic design for enhancements to the proposed Lake Highlands Gateway Bridge at the intersection of Skillman Street and IH 635.

During FY 2017, a development agreement with NADG/SHOP Lakeridge LP for the Lakeridge shopping center project was approved by the TIF Board and City Council.

In June 2018, the TIF Board recommended district-wide funding up to \$350,000 toward median/gateway improvements along Skillman Street near the hike/bike trail extension project.

During fiscal year 2018-2019, the Lakeridge shopping center project was completed and the TIF subsidy was paid in full. The 90,476 square feet of upgraded retail space has resulted in a more than doubling of taxable value. The project also replaced much of the non-pervious parking lot with 8,000 square feet of public open space. The City of Dallas and SHOP Development were awarded the 2019 Urban Land Institute’s “Next Big Idea” award for three of their local projects, including the Lakeridge center project.



In 2021, the TIF Board recommended district-wide funding to support dredging and studying Watercrest Park pond at Lake Highlands Town Center and lighting of certain streets within the District.

Significant TIF District projects are shown in the following table.

| Skillman Corridor TIF District Projects¹ | | | | | | |
|---|--|-----------------------------------|--|---|---|-----------------------------------|
| Projects Within TIF District Utilizing TIF Funding | | | | | | |
| Project | Location | Calendar Year Complete | Status | Units/ SF² | Approx. or Estimated Value³ | TIF Investment⁴ |
| Lake Highlands Town Center, Phase I ^{2,8} | NE and SE corner Walnut Hill/Skillman. Haven Apts. – 7707 Watercrest Parkway | Public Improv – 2010; Ph I – 2014 | Sitework/public improvements & Phase I vertical development - Haven Apts. complete | 200 units; 7,500 square sf retail | \$30,661,400 | \$10,000,000 |
| White Rock Place | SW Corner Walnut Hill & Audelia | 2013 | Retail portion & infrastructure for SF lots complete | 17 SF lots; 18,000 sf retail reconfig. | \$21,100,440 | \$2,372,000 |
| Lakeridge | SE corner of Walnut Hill & Audelia | 2019 | Complete | 90,476 sf upgraded retail | \$9,725,000 | \$4,500,630 |
| Subtotal | | | | 217 res. Units; 115,976 square feet retail | \$61,486,840 | \$16,872,630 |
| Projects Within TIF District Not Utilizing TIF Funding⁵ | | | | | | |
| Project | Location | Calendar Year Complete | Status | Units/ SF² | Approx. Value³ | TIF Investment⁴ |

| | | | | | | |
|---|--|-----------|--------------------|--|---------------|------------|
| Trimark Town Homes | 9400 Block Timberleaf Dr | 2005 | Complete | 84 units | \$20,432,840 | n/a |
| Medallion Retail Center expansion/renov. ⁷ | 6300 E Northwest Hwy & 5720 Skillman St. | 2006 | Complete | 88,800 square feet new space | \$30,608,980 | n/a |
| Kingsley Square Redevelopment | 7203 & 7211 Skillman St. | 2007 | Complete | 76,000 square feet retail | \$17,924,650 | n/a |
| Wal Mart Supercenter | 9382 LBJ Fwy. | 2008 | Complete | 204,000 square feet retail | \$12,485,410 | n/a |
| The Avery on Southwestern (formerly Village View Apts) | 8910 Southwestern Blvd. | 2009 | Complete | 422 units | \$69,700,000 | n/a |
| Timbercreek redevelopment | Skillman St @Northwest Hwy | 2011-2012 | Complete | 485,000 square feet retail | \$53,471,560 | n/a |
| Century Lake Highlands (formerly White Rock Trail/ NorthRock Apts.) | 6808 Skillman St | 2014 | Complete | 362 units | \$64,500,000 | n/a |
| The Bordeaux at Lake Highlands | SW corner Skillman St & Church Rd. | 2014-2017 | Complete | 37 single family homes | \$31,201,490 | n/a |
| The Shops at Lake Highlands Town Center | SE corner Walnut Hill/Skillman | 2017 | Complete | 59,600 sf grocery/retail restaurant | \$21,250,000 | n/a |
| Lookout Apartments at Lake Highlands Town Center | Lookout Point/ Watercrest Parkway | 2018 | Complete | 259 units | \$56,500,000 | n/a |
| The Enclave at Lake Highlands Town Center | Skillman & Segwick Dr. | 2018-2021 | Complete | 86 townhomes | \$43,029,360 | n/a |
| Highpoint Crossing | 6375 & 6411 E. Northwest Hwy | 2018 | Complete | 181,993 square feet retail | \$41,750,000 | n/a |
| Lenox Lake Highlands (Lake Highlands Town Center North) | Whistle Stop Place | 2023 | Under Construction | 403 units | \$79,000,000 | n/a |
| Goose at White Rock Valley | 9601 White Rock Trail | 2023 | Under Construction | 36 homes | \$23,000,000 | n/a |
| Subtotal | | | | 1,689 res units; 1,095,393 square feet retail | \$564,854,290 | \$0 |

| Projects Utilizing and Not Utilizing TIF Funding | | | |
|--|--|---------------|---------------------|
| Total | 1,906 res units; 1,211,369 square feet retail | \$626,341,130 | \$16,872,630 |
| <p>¹ All information updated as of September 30, 2022.</p> <p>² As of 2015, only Phase I of the project relates to the TIF funding agreement.</p> <p>³ Based upon 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) DCAD taxable value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF District for redevelopment projects once pre-existing value and/or the demolition of structures is netted out.</p> <p>⁴ Principal amount not to be exceeded per the development agreement. TBD indicates that development agreement has not yet been adopted. Asterisk indicates investment also includes interest not shown.</p> <p>⁵ Selected significant projects included.</p> <p>⁶ Tax-exempt property. Amount shown is approximate investment in improvements.</p> <p>⁷ For Medallion Retail Center, previous reports FY 11 and prior only showed added value of \$8.4 million; however, to be consistent with other reporting of redevelopment sites the full DCAD value is now shown.</p> <p>⁸ Per the TIF program mixed-income housing requirement, the project is providing at least 20% of units as affordable for 15 years.</p> | | | |

Mixed-Income Housing Summary

Successful development efforts support a variety of housing options. Accordingly, twenty percent (20%) of all housing units in projects using direct site-specific TIF funding assistance are subject to the City’s and County’s established criteria for mixed-income housing. In this TIF District, as part of TIF funding, a total of 217 units have been built to-date, of which 40 are required to be set-aside as affordable. The White Rock Place project involved TIF funding for infrastructure for 17 single-family lots and previously, on a case-by-case basis, for-sale housing was not subject to specific affordability requirements.

A total of 1,467 residential units have been completed overall. Another 439 units are under construction without any TIF subsidy or affordable units anticipated.

TIF District Initiatives

In addition to TIF District funding, there have been other public funding commitments in support of the Lake Highlands Town Center (LHTC) and improvements to trails and gateways as shown in the TIF District Initiatives table below. A unique partnership was formed with PC LH and several public agencies (City, Dallas County, DART, and the North Central Texas Council of Governments (NCTCOG) as a result of the interdependent layering of funding for infrastructure and public improvements requiring coordination in support of the LHTC.

In June 2010, the North Central Texas Council of Governments (NCTCOG) Regional Transportation Council (RTC) awarded funding for two Sustainable Development (SD) Projects in the Skillman Corridor TIF District including the “LBJ/Skillman Urban Planning

Initiative” (planning study) and the “Lake Highlands TOD Sustainable Development Infrastructure Project.”

The LBJ/Skillman Urban Planning Initiative included evaluating the best land use and development mix in the LBJ/Skillman DART Station area and strategies to encourage transit-oriented development (TOD) and supporting pedestrian/bike improvements. In August 2009, the TIF Board approved a pledge of TIF funding in the amount of \$25,000 as matching funds for the project. NCTCOG funding includes \$100,000 with a required local 20% match of \$25,000 for a total study amount of \$125,000. The study was adopted by City Council in October 2014.

The “Lake Highlands TOD Sustainable Development Infrastructure Project”, with Dallas County and PC LH as partners, was selected for funding as an infrastructure project totaling \$3,243,000 to expand the hike and bike trail south from the LHTC to the existing White Rock Creek Trail (at Skillman Street, north of Abrams Road). In late 2015, the City took the lead on managing the project with the TIF District providing \$346,800 in local match support and Dallas County committing up to \$271,000 (net project management costs). The trail extension construction is complete.

In June 2018, the TIF Board recommended up to \$350,000 in TIF funding toward the construction costs of median/gateway improvements along Skillman Street between Merriman Parkway and Abrams Road. The Lake Highlands Public Improvement District funded the design work. Construction has been implemented in conjunction with the construction of the trail extension project. The medians are complete.

During fiscal year 2020-2021, the TIF Board recommended dedicating \$1,600,000 in TIF District funds to match the \$1,600,000 available 2017 proposition D bond funds for dredging of the Watercrest Park pond at Lake Highlands Town Center with the following conditions: 1) that the dredging is consistent with Alternative 7A as presented in Garver’s Technical Memorandum dated April 1, 2021 (partial dredge of the whole pond to a shallow 1.5 foot depth to remove all sediment above the normal water surface elevation and dredging of the southern “bowl” portion of the pond to full design depth to provide additional volume), with additional focus that the northern portion of the waterway receive a light dredge so as to preserve natural habitat, 2) that the TIF Board will not entertain future dredging funding requests, and 3) that the findings as presented in the recommended action are accepted. At the same TIF Board meeting, the TIF Board also recommended dedicating up to \$60,000 to supplement the professional services contract with Garver for Watercrest Park pond dredging improvements to provide engineering evaluations and cost estimates for up to three beautification and maintenance-reducing concepts of Watercrest Park pond. On March 9, 2022, City Council approved the construction contract to dredge Watercrest Park pond and the contract has been executed. An Administrative Action was approved on September 17, 2021 to conduct the study of Watercrest Park Pond.

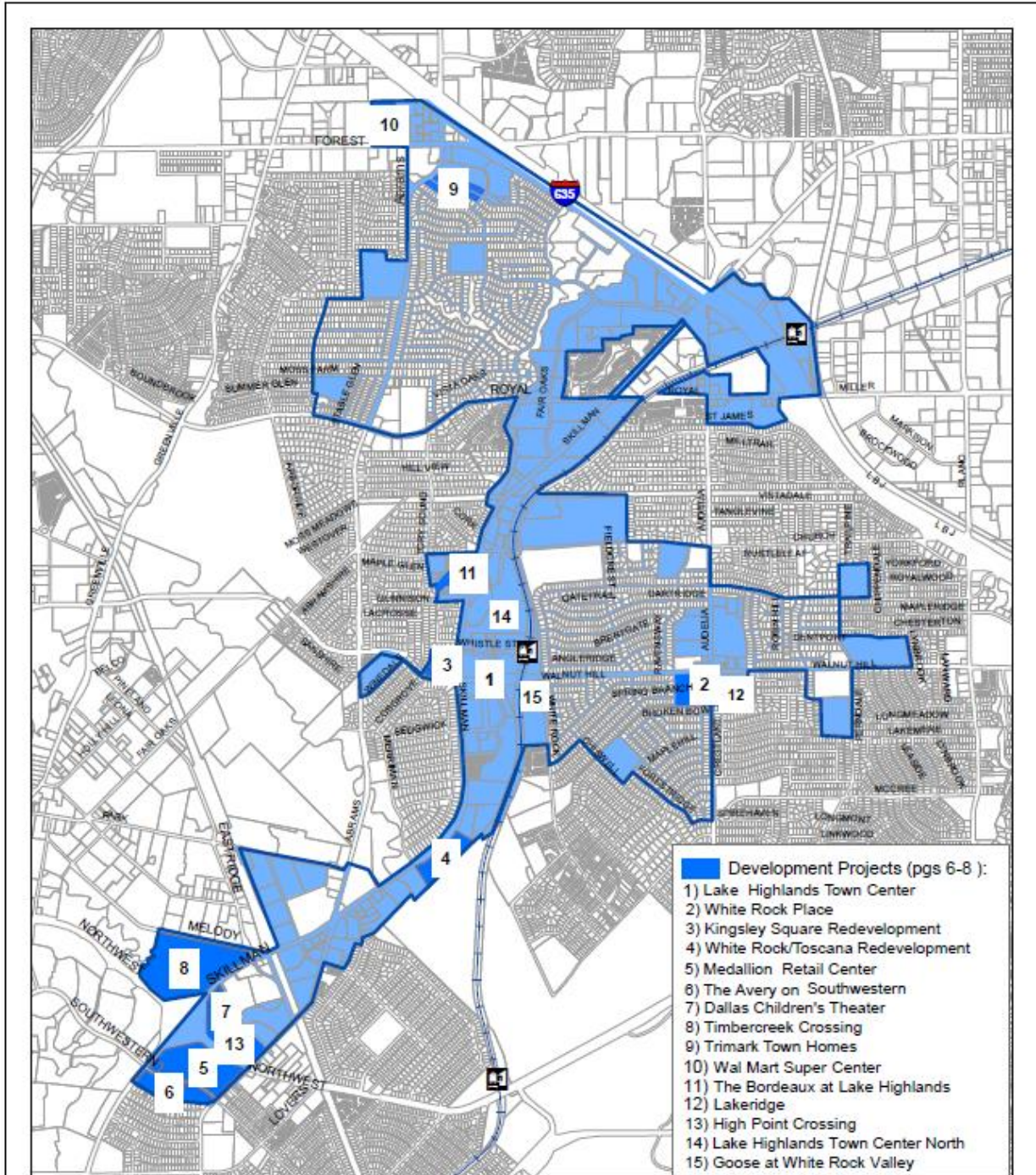
On December 3, 2021, the TIF District Board of Directors recommended a request by the City of Dallas Department of Transportation for TIF funding of public street lighting

improvements including (a) installation of approximately 26 new City light-emitting diode (LED) street lights in the amount of \$286,000 and (b) approximately 5,200 linear feet of fiber optics in the amount of \$286,000, for a total amount not to exceed \$572,000, along the following locations: (1) West and East Ferris Branch Boulevard: 3 street light poles, (2) Ferris Branch Boulevard from West/East Ferris Branch Boulevard to Whitehurst Drive: 5 street light poles, (3) Fair Oaks Crossing from Royal Lane to Whitehurst Drive: 12 street light poles, and (4) Fair Oaks Crossing from Royal Lane to Skillman Street: 6 street light poles. On March 9, 2022, the City Council approved Resolution 22-0456, authorizing \$572,000 to be transferred from the Skillman Corridor TIF District Fund to the Transportation Special Projects Fund to implement the public street lighting improvement project. As of the end of the fiscal year, construction was ongoing.

| District Initiatives | | | | |
|--|--|---|---|---|
| Activity | Scope | Status | Investment | Source |
| Lake Highlands Town Center (LHTC) related | | | | |
| New DART Light Rail Station – Skillman St./Walnut Hill Ln. | Along the existing DART Blue Transit Line, a new station will be added on the northeast side. | Funding approved by DART Board in 2006. Station opened Dec. 2010. | \$10,000,000 | DART |
| City 2006 Bond Funds – Proposition Eight | Public infrastructure support for a transit-oriented development at Skillman St/Walnut Hill Ln. | Council authorized bond sale and a Chapter 380 grant agreement in 2007. Infrastructure completed 2010. | \$4,677,282 | 2006 City Bond Program |
| Dallas County Major Capital Improvement Program (MCIP) | Funding in support of the LHTC for transportation infrastructure including bridge over Jackson Creek, collector streets, and pedestrian improvements. | Improvements completed in 2010. | \$3,421,846 | Dallas County MCIP Fund 196, Project 8201 |
| North Central Texas Council of Governments (NCTCOG) with DART local funding exchange. | Traffic and median improvements, collector streets, and pedestrian access and transit related improvements. | NCTCOG RTC approved 2007. Interlocal agreement with City executed May 2008. Construction completed in 2010. | \$5,150,000 \$1,287,500 | NCTCOG/RTC Local Match – Private (<i>eligible for TIF reimbursement</i>) |
| Watercrest Park pond dredge | Partial dredge of pond to 1.5 foot depth and dredging of the southern “bowl” portion of the pond to full design depth, with focus that the northern portion of the waterway receive a light dredge so as to preserve natural habitat | Construction contract approved. | \$3,200,000 \$1,600,000 bonds + \$1,600,000, of which \$1,200,700 is required for contract | 2017 City Bond Program Prop D Skillman Corridor TIF District Fund |

| | | | | |
|--|---|---|--|---|
| Watercrest Park pond study | Engineering evaluations and cost estimates for up to three beautification and maintenance-reducing concepts of Watercrest Park pond | Study has been completed. | \$60,000 | Skillman Corridor TIF District Fund |
| Public Street Light Improvements | Installation of approximately 26 new City light-emitting diode (LED) street lights and (b) approximately 5,200 linear feet of fiber optics | Underway. | \$572,000 | Skillman Corridor TIF District Fund |
| Other District-Wide Initiatives | | | | |
| Regional Transportation Council (RTC) 2009-10 Sustainable Development Program – Lake Highlands TOD Sustainable Development Infrastructure Project | Hike/bike trail extending from south end of Lake Highland Town Center Trail into the White Rock Creek Trail near Skillman Street. The original scope included intersection improvements at Walnut Hill and Skillman | Project selected by the RTC in June 2010. City Council authorized agreements in 2012. | \$3,467,778 max total includes: \$2,774,222 | RTC funds |
| Skillman Street median/gateway improvements | Improvements to medians between Merriman Parkway and Abrams Road near the trail extension. | Construction complete. | \$346,800 \$346,778 (\$271,000, net project management costs) | Skillman Corridor TIF Fund Dallas County Major Capital Improvement Program (MCIP) funds. Lake Highlands PID funded design as part of a larger contract. |
| | | | \$350,000 | TIF funds toward construction |
| Regional Transportation Council (RTC) 2009-10 Sustainable Development Program – LBJ/Skillman Urban Planning Initiative | Planning study to determine future land use, development scenarios, and zoning to facilitate transit-oriented development (TOD) near the LBJ/Skillman DART Station area, potential linkages, and opportunities for new trails and open spaces. | Project selected by RTC in June 2010. Study completed, and City Plan Commission approved. Council adopted October 8, 2014. | \$125,000 total includes: \$100,000 \$25,000 | RTC funds Local match from Skillman Corridor TIF Fund |
| Phase I Master Plan for schematic design of enhancements to the Skillman Gateway Bridge | Plan to build on the Lake Highlands Gateway Bridge project, a \$64 million interchange reconfiguration for Skillman and IH 635 “LBJ Freeway” that both TXDOT and the City of Dallas have committed construction funding. Enhancements being constructed as designed | LHIDC managed the consultant and design was completed in 2017. | \$55,000 estimated total cost \$35,000 \$25,000 | Skillman Corridor TIF Fund LHIDC funds |
| Total Investment | | | \$30,728,906 | |

TIF District Development Project Map



Skillman Corridor TIF District Current Development Projects

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

- Existing DART Station
- DART Blue Line
- TIF Perimeter Boundary
- Properties & right-of-way inside TIF



Office of Economic Development
November 2021

Value and Increment Revenue Summary

The Skillman Corridor TIF District's assessed 2022 taxable value was \$1,283,913,304 (and varies for other taxing jurisdictions due to exemption levels). This represents an increase of \$947,955,993 (282.2%) over the 2005 base year value and an increase of \$198,682,986 (18.3%) over last year's final value. The TIF District anticipates collecting approximately \$9,641,335 in incremental tax revenue for tax year 2022 (collected 2023), of which \$6,009,377 is the City's contribution. The anticipated RISD portion totals \$2,496,447 and 30% or \$748,934 will be earmarked for the RISD Facility Improvements TIF budget line item pursuant to RISD's interlocal agreement with the City.

Objectives, Programs, and Success Indicators

Among the goals of the Plan are:

- To create additional taxable value attributed to new private investment in projects in the Skillman Corridor TIF District totaling approximately \$592 million.
Over \$524 million in new investment is completed (88.5% of the goal).
- To attract new private development in the Skillman Corridor TIF District totaling approximately 740,000 square feet of new or upgraded retail space and 6.4 million square feet of new or upgraded residential development including town home, multi-family, and single-family projects.
1,211,369 square feet of new and upgraded retail space is completed (exceeding the goal by 64%). 1,467 residential units are completed and 439 units under construction, approximately 2,164,800 square feet total (calculated by using estimated average size by unit type; includes units only) (34% of the goal).



Residential developments at Lake Highlands Town Center that opened in 2018 including Lookout Apartments (left) and Enclave townhomes (right)

- To focus on encouraging the redevelopment of properties on the Skillman Street corridor and the existing DART Light Rail Station at LBJ and Skillman to increase density and provide enhanced urban design for the District.

The TIF Board adopted a TIF District Strategic Implementation Plan to focus redevelopment activities and TIF expenditures including supporting the Skillman/LBJ Gateway planning effort to promote TOD development at the LBJ/Skillman DART Station area. A NCTCOG Regional Transportation Council (RTC) funded planning study was completed in 2014 to explore development options and public improvements needed to facilitate TOD development around the LBJ DART station.

The Lake Highlands Gateway Bridge project, a \$64 million interchange reconfiguration for Skillman (incorporating the extensive efforts made by community leaders to present an alternative to an original flyover bridge design) and the LBJ East project is moving forward as one project. Construction officially began Fall 2020 and was ongoing during the fiscal year. The TIF Board funded \$35,000 to share in the cost in partnership with the Lake Highlands Public Improvement District for a Phase I Master Plan that studied and prepared schematic design for enhancements to the bridge (completed in 2017).

- To maintain the stability of local schools as redevelopment occurs in the housing market.

In May 2007, the TIF Board adopted “Skillman Corridor TIF District Relocation Assistance/Student Retention Program Guidelines” with substantial input from the Richardson Independent School District (RISD) and private partners as part of negotiating the LHTC development agreement. A concerted effort was made at the start of the LHTC redevelopment to relocate remaining tenants to other apartment complexes within the RISD. Occupancy levels were low at the time and of the 110 unit relocations specifically tracked in August 2007, 78% relocated to another complex in the RISD.

In September 2022, RISD broke ground on the new Lake Highlands Middle School. The 3-story school will house 1,500 students and is anticipated to be complete August 2024. Phase 2 of the project includes demolition of the existing Lake Highlands Junior High School.

Current RISD enrollment data for FY 2022 indicates that overall enrollment for the eleven RISD campuses within the TIF District is up 37.9% compared to the 2006-07 school year when tracking for the potential impact of TIF related redevelopment began. Over the sixteen-year period, all but one RISD schools gained students and Lake Highlands High School enrollment has increased 67.5% since the 2006-2007 school year. Staff and the Board will continue to work with school district representatives to monitor enrollment.

- To reach ridership at existing and future DART light rail stations in the District averaging over 3,000 riders per weekday by 2015.

The annualized ridership for FY 2022 for the LBJ/Skillman station is 183,897, according to DART. This represents a decrease of 53.87% over the base year (FY 2005) and 9.28% increase from last year. The average daily (weekday) ridership level is 583, a 9.79% increase from last year.

The Lake Highlands Station in its first full operating year 2011 had average daily ridership of 435 and annualize ridership of 102,394. The annualized ridership for FY 2022 is 73,269 which represents a 28.44% decrease over the base year and a 32.76% increase over last year. The average daily ridership level is 228 (weekday count), a 33.33% increase from last year.

| Year | Station | Annualized Ridership | Change from Previous Year | Change from Base Year |
|---------|--------------|----------------------|---------------------------|-----------------------|
| FY 2005 | LBJ/Skillman | 398,664 | - | - |
| FY 2006 | LBJ/Skillman | 412,972 | 3.59% | 3.59% |
| FY 2007 | LBJ/Skillman | 410,944 | -0.49% | 3.08% |
| FY 2008 | LBJ/Skillman | 458,432 | 11.56% | 14.99% |
| FY 2009 | LBJ/Skillman | 466,593 | 1.78% | 17.04% |
| FY 2010 | LBJ/Skillman | 419,418 | -10.11% | 5.21% |
| FY 2011 | LBJ/Skillman | 420,294 | 0.21% | 5.43% |
| FY 2012 | LBJ/Skillman | 455,667 | 8.42% | 14.30% |
| FY 2013 | LBJ/Skillman | 465,269 | 2.11% | 16.71% |
| FY 2014 | LBJ/Skillman | 427,755 | -8.06% | 7.30% |
| FY 2015 | LBJ/Skillman | 415,159 | -2.94% | 4.14% |
| FY 2016 | LBJ/Skillman | 385,132 | -7.23% | -3.39% |
| FY 2017 | LBJ/Skillman | 363,885 | -5.52% | -8.72% |
| FY 2018 | LBJ/Skillman | 361,137 | -0.76% | -9.41% |
| FY 2019 | LBJ/Skillman | 361,148 | .003% | -9.41% |
| FY 2020 | LBJ/Skillman | 240,001 | -33.54% | -39.80% |
| FY 2021 | LBJ/Skillman | 168,278 | -29.88% | -57.79% |
| FY 2022 | LBJ/Skillman | 183,897 | 9.28% | - 53.87% |

| Year | Station | Annualized Ridership | Change from Previous Year | Change from Base Year |
|---------|----------------|----------------------|---------------------------|-----------------------|
| FY 2011 | Lake Highlands | 102,394 | - | - |
| FY 2012 | Lake Highlands | 153,439 | 49.85% | 49.85% |
| FY 2013 | Lake Highlands | 175,425 | 14.33% | 71.32% |
| FY 2014 | Lake Highlands | 161,445 | -7.97% | 57.67% |
| FY 2015 | Lake Highlands | 162,719 | 0.79% | 58.91% |
| FY 2016 | Lake Highlands | 153,156 | -5.88% | 49.58% |
| FY 2017 | Lake Highlands | 145,841 | -4.78% | 42.43% |
| FY 2018 | Lake Highlands | 138,839 | -4.80% | 35.59% |
| FY 2019 | Lake Highlands | 137,806 | -.74% | 34.58% |
| FY 2020 | Lake Highlands | 92,665 | -32.76% | -9.5% |
| FY 2021 | Lake Highlands | 55,191 | -40.44% | -46.1% |
| FY 2022 | Lake Highlands | 73,269 | 32.76% | -28.44% |

- To improve access and connections to the DART light rail system within the District.

The Lake Highlands DART opened December 6, 2010. The station is the first infill station constructed by DART while DART Rail is in operation. The station area was intended to be incorporated with the development of the Lake Highlands Town Center (LHTC).

- To increase recreational opportunities and improve connections to the City of Dallas trails and open space system in the District.

The 20 acres of park and trails as part of the LHTC has been completed and was conveyed to the City in March 2011. Maintenance of that recreational space is handled privately and/or by the Lake Highlands Public Improvement District (PID).

The NCTCOG Regional Transportation Council (RTC) has also committed funding to expand the hike and bike trail south from the LHTC to the existing White Rock Creek Trail (at Skillman, north of Abrams). The project is complete.

- To generate approximately \$49.7 million net present value (NPV) in increment over 20 years of collections.

The TIF District's 2022 total taxable value is \$1,283,191,711. The economic downturn in the early years of the TIF District impacted the pace of new construction, including delaying the build out of the Lake Highlands Town Center, but recent growth, including the 18.3% increase in values between 2021 and 2022, has allowed for significant strides in meeting the goal. The total NPV collections to-date is \$27.3 million, 55% of the goal.

- To diversify retail and commercial uses in the TIF District.

Upgrades were made at the Kingsley Square and Medallion Center. A WalMart Supercenter and the Timbercreek Crossing development is complete with Wal Mart/Sam's Club as an anchor. The "White Rock Place" project included upgraded signage and site improvements as part of consolidating viable retail space that has attracted new tenants. The "Shops at Lake Highlands Town Center" includes a Sprouts grocery anchor along with new restaurants and retail. An additional 181,993 square feet in retail space, including a Marshalls, Burlington and Academy, was added to the TIF District with the development of Highpoint Crossing in 2018.



Taco Diner at the Shops at Lake Highlands Town Center (left) and Andy's Frozen Custard (right) at the upgraded "White Rock Place" retail center.



Year-End Summary of Meetings

The Skillman Corridor TIF District Board of Directors met one time during the fiscal year: December 3, 2021. The Board approved and forwarded two items to City Council (the 2020-2021 Annual Report and street lighting improvement funding).

The Board, based on amended composition, can consist of up to nine members, including seven City of Dallas appointees, one Richardson School District appointee, and one Dallas County appointee. During FY 2021-2022, the Board members were (FY 2021-2022 Board meetings attended):

John Dean, Presiding Officer – City Representative (1 of 1 meeting)
Bill Boyd – City Representative (1 of 1 meeting)
Gregory Duval – City Representative (1 of 1 meeting)
Gary Griffith – City Representative (1 of 1 meeting)
Susan Morgan – City Representative (1 of 1 meeting)
John Torres – City Representative (0 of 1 meeting)
Asheya Warren - City Representative (1 of 1 meeting)
Luis Tamayo – Dallas County Representative (0 of 1 meeting)
Chris Poteet – RISD Representative (1 of 1 meeting)

During the fiscal year, the City Council approved three items directly associated with the Skillman Corridor TIF District:

- On February 23, 2022, the City Council approved Resolution 22-0389 accepting the FY 2020-2021 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Fourteen (Skillman Corridor TIF District or District) and authorizing the City Manager to submit the annual report to the Chief Executive Officer of each taxing jurisdiction that levies taxes on real property in the District, and to the State Comptroller, as required by state law.
- On March 9, 2022, the City Council approved Resolution 22-0456, authorizing \$572,000 to be transferred from the Skillman Corridor TIF District Fund to the Transportation Special Projects Fund to implement a public street lighting improvement project in Tax Increment Financing Reinvestment Zone Number Fourteen (Skillman Corridor TIF District), such improvements being necessary and convenient to the implementation of the Final Project Plan and Reinvestment Zone Financing Plan for the Skillman Corridor TIF District.
- On March 9, 2022, the City Council approved Resolution 22-0478, authorizing the execution of a construction services contract with Energy Resources, Inc., approved as to form by the City Attorney, for dredging of the pond located within Watercrest Park at Lake Highlands Town Center at 7070 Skillman Street, in an amount not to exceed \$2,800,700.

Pending TIF District Items

- Consideration of the FY 2021-2022 TIF District Annual Report and a recommendation to the City Council for approval.

Budget and Spending Status

Each TIF District establishes a budget for the public improvement expenditures necessary to support private investment in the District in the Project Plan and Reinvestment Zone Financing Plan. The current TIF District budget is shown below:

| Skillman Corridor TIF District Projected Increment Revenue to Retire TIF Fund Obligations | | | |
|---|-------------------------|------------------------|---------------------|
| Category | TIF Budget ¹ | Allocated ² | Balance |
| Skillman/Walnut Hill TOD Town Center: environmental remediation, interior/exterior demolition, street & utility improvements, streetscape, land acquisition, park/plaza design & acquisition, and economic development grants | \$45,748,366 | \$12,006,800 | \$33,741,566 |
| Other Skillman Corridor Improvements: environmental remediation, interior/exterior demolition, street & utility improvements, streetscape, land acquisition, park/plaza design & acquisition, and economic development grants | \$54,346,578 | \$7,386,604 | \$46,959,974 |
| Relocation Assistance/Student Retention | \$1,000,000 | \$0 | \$1,000,000 |
| RISD Facility Improvements | \$5,000,000 | \$5,000,000 | \$0 |
| Administration and implementation³ | \$6,059,368 | \$727,183 | \$5,332,185 |
| Total Project Costs | \$112,154,313 | \$25,120,587 | \$87,033,726 |

1. Budget shown above in total dollars. However, TIF plan shows the budget in net present value. 2. Allocated amount for Other Skillman Corridor Improvements category includes a portion as a grant in lieu of interest up to \$457,000; Interest paid on White Rock Place was in the amount of \$13,974. 3. TIF administration costs shown are expended or committed through FY 2021-2022. Costs include \$25,000 local match for a NCTCOG grant funded planning study. 4. The local match commitment \$346,800 for the Lake Highlands TOD Connectivity project as a district-wide improvement has been allocated to this budget category. 5. District-wide funding of \$350,000 for a median improvement project at Skillman/Abrams has been allocated to this budget category.

| Skillman Corridor TIF District Project Plan Budget | |
|--|---------------------|
| Category | TIF Budget* |
| Skillman/Walnut Hill TOD Town Center: environmental remediation, interior/exterior demolition, street & utility improvements, streetscape, land acquisition, park/plaza design & acquisition, and economic development grants | \$20,000,000 |
| Other Skillman Corridor Improvements: environmental remediation, interior/exterior demolition, street & utility improvements, streetscape, land acquisition, park/plaza design & acquisition, and economic development grants | \$23,809,003 |
| Relocation Assistance/Student Retention | \$531,833 |
| RISD Facility Improvements | \$2,659,164 |
| Administration and implementation | \$2,684,296 |
| Total | \$49,684,296 |

** As approved in the Project Plan and Reinvestment Zone Financing Plan (discounted to 2006 dollars).*

| Skillman Corridor TIF M/WBE Participation | | | |
|--|---|------------------------------------|-------------------------------|
| Project | Contractor | Total Contract Award Amount | Minority Participation |
| Lake Highlands Town Center (LHTC) Project | | | |
| LHTC Civil Engineering/Design | Pacheco Koch & TBG Landscape Architects | \$1,225,000 | 76% |
| LHTC – Environmental Consulting (<i>private competitive bidding</i>) | Southwest Geoscience | \$256,365 | 100% |
| LHTC – Abatement (<i>private competitive bidding</i>) | AMX Environmental | \$2,954,777 | 33% |
| LHTC – Demolition (<i>private competitive bidding</i>) | Intercon Demolition | \$1,861,230 | 21% |
| LHTC – Geotechnical Services (<i>private competitive bidding</i>) | Terracon | \$11,500 | 47% |
| LHTC – Public Bid (City) Package #1 for dirtwork, storm sewer, sanitary sewer, and retaining wall construction | Walton Construction | \$9,782,947 | 18% |
| LHTC – Utilities (<i>private competitive bidding</i>) | Tri-Dal | \$1,102,291 | 6% |
| LHTC – Tree relocation/ test lab | Environmental Design & Terracon | \$567,331 | n/a |
| LHTC – Park/Trail improvements (<i>private competitive bidding</i>) | Valley Crest | \$2,500,000 | 35% |
| City/Private Bid Total | | \$20,261,441 | \$5,227,256 (25.8%) |
| Dallas County Public Bid Package – LHTC bridge, roads, streetscape, signals | Austin Bridge and Road, Inc. | \$8,076,506 | 9% |
| White Rock Place (WRP) Project | | | |
| WRP – Flat work | W.O.E. Construction | \$5,179 | 0.70% |
| WRP – Erosion control | Brock Environmental Services, LLC | \$14,459 | 1.96% |
| WRP - Utilities | JT Dersner | \$369,204 | 49.99% |
| WRP – Building demo | E.W. Wells Group, LLC | \$272,360 | 40.39% |
| WRP Bid Total | | \$1,412,775 | \$661,202 (46.8%) |
| White Rock Trail Apartments (WRT) Project | | | |
| WRT – Building demo | Lindamood Demolition, Inc. | \$553,665 | 37.9% |
| WRT - Abatement | Southwest Geoscience | \$60,500 | 4.14% |
| WRT Bid Total | | \$1,460,986 | \$614,165 (42%) |
| Overall Total | | \$31,211,708 | \$7,229,509(23.2%) |
| Overall Total (excluding Dallas County bid) | | \$23,135,202 | \$6,502,623 (28.1%) |

| Skillman Corridor TIF M/WBE Participation Continued | | | |
|--|------------------------------|------------------------------------|-------------------------------|
| Project | Contractor | Total Contract Award Amount | Minority Participation |
| Lakeridge Project | | | |
| Lakeridge – Electrical Services | Vanguard Electrical Services | \$175,000 | 31.76% |
| Lakeridge – Asbestos remediation/abatement | Ponce Contractors | \$176,816 | 32.09% |
| Lakeridge Overall Total | | \$551,018 | \$351,816 (63.85%) |

FY 2022-2023 Work Program

The FY 2022-2023 work program includes:

- Continuing coordination efforts for the LHTC and other development projects.
- Continuing work to support the efforts of the LBJ/Skillman Gateway Plan.
- Continuing work on improved connections to the City of Dallas trails and open space system in the TIF District and enhancing TIF District open space amenities, including improvements to the Watercrest Park pond at Lake Highlands Town Center.
- Monitoring and supporting the Watercrest Park pond dredge and study.
- Monitoring the impact of redevelopment on RISD student enrollment.
- Exploring TIF District boundary amendments to support the City of Dallas owned property at the northwest quadrant of Forest and Audelia.

Appendix A – Financials

City of Dallas, Texas
Skillman Corridor Tax Increment Financing District Fund
Balance Sheet as of September 30, 2022 (Unaudited)
With Comparative Totals for September 30, 2021, 2020, 2019, and 2018 (Audited)

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|--------------------|--------------------|
| Assets: | | | | | |
| Pooled cash and cash equivalents | \$23,301,305 | \$17,048,563 | \$10,549,256 | \$9,661,086 | \$4,696,930 |
| Interest receivable | \$38,346 | \$3,527 | \$8,131 | \$10,472 | \$10,764 |
| Total assets | \$23,339,651 | \$17,052,090 | \$10,557,387 | \$9,671,558 | \$4,707,694 |
| Liabilities and Fund Balance (Deficit): | | | | | |
| Liabilities: | | | | | |
| Accounts and contracts payable | \$24,872 | \$23,840 | \$307,312 | \$34,119 | \$10,519 |
| Advances from developers | \$0 | \$0 | \$0.00 | \$0 | \$0 |
| Accrued interest | \$0 | \$0 | \$0.00 | \$0 | \$0 |
| Due to general fund | \$223,699 | \$170,737 | \$161,140 | \$60,378 | \$0 |
| Total liabilities | \$248,571 | \$194,577 | \$468,452 | \$94,497 | \$10,519 |
| Fund Balance (Deficit): | | | | | |
| Fund Balance (Deficit) | \$23,091,081 | \$16,857,513 | \$10,088,935 | \$9,577,062 | \$4,697,175 |
| Total Liabilities and Fund Equity | \$23,339,651 | \$17,052,090 | \$10,557,387 | \$9,671,559 | \$4,707,695 |

Skillman Corridor Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
Balance Sheet as of September 30, 2021 (Unaudited)
With Comparative Totals for September 30, 2021, 2020, 2019, and 2018 (Audited)

| | ITD | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| Revenues: | | | | | | |
| Tax increment-Governmental | \$27,853,813 | \$4,926,975 | \$4,609,814 | \$3,656,790 | \$3,323,169 | \$2,673,768 |
| Tax increment-Intergovernmental | \$14,649,707 | \$2,903,916 | \$2,752,046 | \$2,257,501 | \$1,921,453 | \$1,445,707 |
| Interest income | \$508,117 | \$110,401 | \$38,553 | \$83,878 | \$116,629 | \$51,558 |
| Net increase (decrease) in fair value of investments | (\$446,631) | (\$464,969) | (\$17,220) | \$24,105 | \$30,099 | (\$10,310) |
| Total revenues | \$42,565,007 | \$7,476,322 | \$7,383,193 | \$6,022,274 | \$5,391,350 | \$4,160,723 |
| Expenditures: | | | | | | |
| Administrative expenses | \$752,105 | \$52,961 | \$69,286 | \$100,824 | \$60,679 | \$0 |
| Non-Capital Outlay | \$8,449,000 | \$1,169,148 | \$545,330 | \$3,955,955 | \$376,066 | \$276,782 |
| Capital outlay | \$10,258,846 | \$20,645 | \$0 | \$1,453,622 | \$74,719 | \$4,344,560 |
| Interest and fiscal charges | \$13,974 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total expenditures | \$19,473,926 | \$1,242,754 | \$614,616 | \$5,510,401 | \$511,464 | \$4,621,342 |
| Excess (Deficiency) of Revenues over Expenditures | \$23,091,081 | \$6,233,568 | \$6,768,577 | \$511,874 | \$4,879,886 | (\$460,619) |
| Fund balance (Deficit) at beginning of year | | | | | | |
| as previously reported | \$0 | \$16,857,513 | \$10,088,935 | \$9,577,062 | \$4,697,175 | \$5,157,794 |
| Fund balance (Deficit) at beginning of year, as restated | | | | | | |
| | \$0 | \$16,857,513 | \$10,088,935 | \$9,577,062 | \$4,697,175 | \$5,157,794 |
| Fund balance (deficit) at end of year | \$23,091,081 | \$23,091,081 | \$16,857,513 | \$10,088,935 | \$9,577,062 | \$4,697,175 |

Note: Fiscal year 2021-22 unaudited financial statements are based on preliminary close numbers and are subject to review by the City Controller's Office prior to approval by the City Council. In case of any material changes, TIF board will be provided with the updated financial statements.

City of Dallas, Texas
Skillman Corridor Tax Increment Financing District Fund
Reinvestment Zone Number Fourteen
As of September 30, 2022

Chapter 311.016 of V.C.T.A. requires the following information as part of the annual report on the status of the TIF District. Information is contained in detail on the attached financial statements.

1. Amount and source of revenue in the tax increment fund established for the zone:

| | |
|---|---------------|
| (354,569) Interest Income | |
| \$7,830,891 Ad Valorem Taxes (Collected in FY 2021-22 based on 2021 Final Tax Roll) | |
| <u>\$7,476,322</u> | Total Revenue |

2. Amount and purpose of expenditures from the fund:

| | |
|---|--------------------|
| \$52,961 Administrative Expense - TIF admin.cost for FY 2021-2022 | |
| \$1,169,148 Non-Capital outlay (1) | |
| \$20,645 Capital outlay (1) | |
| \$0 Additional Subsidy in Form of Grant (in lieu of interest expense) | |
| <u>\$1,242,754</u> | Total Expenditures |

(1) These expenditures were for the following projects:

| | |
|--|--------------------|
| Non Capital - Partial payment #13 for RISD Public Imp. | \$597,148 |
| Non Capital - Transfer to the Transportation Special Projects Fund for a public street lighting imp. project | \$572,000 |
| Other | \$0 |
| Total Non - Capital | <u>\$1,169,148</u> |
| Capital - Public Improvements | <u>\$20,645</u> |
| Total Capital | <u>\$20,645</u> |
| Total Capital and Non-Capital | <u>\$1,189,793</u> |

3. The Zone began reimbursing the General Fund for administrative costs in fiscal year 2008-09.

4. a. Amount of Principal and Interest due-on outstanding bonded indebtedness is as follows:

Skillman Corridor TIF District has incurred no bonded indebtedness as of September 30, 2022.

b. The Zone entered into a development agreement; as amended, with PC LH Land Partners, LP for the "Lake Highland Town Center" development in the TIF in an amount not to exceed \$40,000,000; however, developer opted to terminate the agreement after Phase I, (\$10 million TIF commitment) and began disbursing payments to the developer in fiscal year 2011 with the status as follows:

| Project | Principal | Accrued Add'l Subsidy (1) | Less Payments | Total Outstanding |
|------------------------------------|---------------------|---------------------------|--------------------|--------------------|
| Demolition, Env. Remediation, etc. | \$643,000 | \$0 | \$643,000 | \$0 |
| Water, Wastewater & San. Sewers | \$257,000 | \$0 | \$257,000 | \$0 |
| Street & Utility Improvements | \$6,100,000 | \$0 | \$4,437,748 | \$1,662,252 |
| Land Acquisition | \$3,000,000 | \$0 | \$3,000,000 | \$0 |
| Grant | \$0 | \$0 | \$0 | \$0 |
| Total | <u>\$10,000,000</u> | <u>\$0</u> | <u>\$8,337,748</u> | <u>\$1,662,252</u> |

c. The Zone also entered into a development agreement with Audelia WGK, LLC for the White Rock Place redevelopment in an amount not to exceed \$2,372,000. The Zone fully disbursed payment to the developer in fiscal year 2014 with status as follows:

| Project | Principal | Accrued Add'l Subsidy (1) | Less Payments | Total (P & I) Outstanding |
|--------------------------|-------------|------------------------------|------------------|------------------------------|
| White Rock Place Project | \$1,915,000 | \$13,974 | \$1,928,974 | \$0 |
| Total | \$1,915,000 | \$13,974 | \$1,928,974 | \$0 |

(1) Additional Subsidy in Form of Grant (in lieu of interest expense)

d. The Zone entered into a development agreement with WRT/DK Residential, L.P. for the White Rock Trail Apartments project in 2013 in an amount up to \$4,000,000 however, developer opted to terminate the agreement in FY 2016; therefore no payment will occur.

e. The Zone entered into a development agreement with NADG/SHOP Lakeridge LP for the development of the Lakeridge Project in an amount not to exceed \$4,500,630 with payment to begin upon completion of the all requirements and the availability of funds. Full payment was made in FY 2020.

| Project | Principal | Accrued Add'l Subsidy | Less Payments | Total (P & I) Outstanding |
|-------------------------------|-------------|--------------------------|------------------|------------------------------|
| Environmental Remediation | \$286,799 | \$0 | \$286,799 | \$0 |
| Street & Utility Improvements | \$529,500 | \$0 | \$529,500 | \$0 |
| Streetscape Improvements | \$463,271 | \$0 | \$463,271 | \$0 |
| Economic Development Grant | \$3,221,060 | \$0 | \$3,221,060 | \$0 |
| Total | \$4,500,630 | \$0 | \$4,500,630 | \$0 |

5. Tax increment base and current captured appraised value retained by the zone:

| Taxing Jurisdiction | Taxable Value 2022* | Base Year 2005 Value | Est. Captured Value 2022* |
|--|------------------------|-------------------------|------------------------------|
| City of Dallas | \$1,283,913,304 | \$335,957,311 | \$947,955,993 |
| Dallas County | \$1,283,191,711 | \$335,909,087 | \$947,282,624 |
| Richardson School District # 1 (INS) | \$948,731,862 | \$235,461,409 | \$713,270,453 |
| Richardson School District # 2 (Operating) | \$0 | \$0 | \$0 |

*Taxable value shown for participating taxing jurisdictions. County & RISD #1 values are approximate and will vary slightly from the City value due to different exemption levels.

**Based on Certified Taxable Value. The final values will be determined on February 01, 2023.

6. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality:

A. Estimated tax increment shared by the municipality and other participating taxing jurisdictions:

| Taxing Jurisdiction | Assessment Per \$100*** | Amount of Estimated 2022 Increment*** |
|--|----------------------------|---|
| City of Dallas | 0.63393 | \$6,009,377 |
| Dallas County | 0.11987 | \$1,135,511 |
| Richardson Independent School District # 1 (INS) | 0.35000 | \$2,496,447 |
| Richardson Independent School District # 2 (Operating) | 0.96460 | \$0 |
| Total for all Jurisdictions | \$2.06840 | \$9,641,335 |

***Participation rate for City of Dallas is 85% for tax years 2008 - 2035.

***Participation rate for Dallas County is 55% for tax years 2008 - 2027.

Richardson Independent School District (RISD) participates with the debt service portion of the tax rate, currently \$0.35 per \$100 for tax year 2022. The Zone will set aside 30% or \$748,934 of the anticipated 2022 (tax year) RISD increment of \$2,496,447 disburse payment to RISD for Facility Improvements TIF budget line item pursuant to RISD's interlocal agreement with the City of Dallas.

B. The total amount of estimated tax increment to be billed for the 2022 tax year is \$9,641,335. For the 2021 tax year, increment in the amount of \$7,830,891 was received.

City of Dallas, Texas
Skillman Corridor Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2022

1. The measurement focus used for the Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred.
2. The Zone's cash balances are invested in the City's investment pool and include amounts in demand deposits as well as short-term investments. Pooled investments and short-term non-pooled investments are treated as cash equivalents. Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.
3. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
4. The Zone's Financing Plan permits expenditures not to exceed \$6,123,084 over the life of the Zone to reimburse the City for administrative costs. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.
5. "Due to general fund" amount of \$223,699 at September 30, 2022 represents the Zone administration costs for the fiscal year 2018-2019 (\$49,921), fiscal year 2019-2020 (\$50,840), fiscal year 2020-2021 (\$69,976), and fiscal year 2021-2022 (\$52,961) that have been earned but will be reimbursed to the General Fund in future years based on the availability of TIF District funds. Note that these administrative costs do not include billing to other City departments.
6. All project costs resulting in capital improvements that are owned by the City are capitalized by the City.

Appendix B – Financial Obligations Estimated Payoff

The TIF District currently has one outstanding developer obligation:

- Lake Highlands Town Center, Phase I has an outstanding obligation of \$1,662,252. An available payment of this final amount is pending verification of compliance.

Appendix C – District-Wide Set-Aside Funds

The Increment Allocation Policy for the TIF District allows the TIF Board discretion to set aside increment for “district-wide improvements” such as gateways, trails, open space, public facilities, or utility/streetscape improvements benefiting multiple properties or blocks. The intent of these funds is to leverage TIF funds as a match for other funding.

Below are district-wide funding commitments to date:

- In 2009, TIF funding of \$25,000 was paid toward the required 20% local match for the LBJ/Skillman Urban Planning Initiative that evaluated the best land use and development mix in the LBJ/Skillman DART Station area and strategies to encourage transit-oriented development (TOD) and supporting pedestrian/bike improvements. The North Central Texas Council of Governments (NCTCOG) funded \$100,000 toward the total study amount of \$125,000.
- In 2016, a TIF funding commitment of \$346,800 was recommended towards the local match for the NCTCOG “Lake Highlands TOD Sustainable Development Infrastructure” Project, to expand the hike and bike trail south from the LHTC to the existing White Rock Creek Trail (at Skillman Street, north of Abrams Road). The total project cost is up to \$3.4 million. TIF funds have been set aside from available cash, and a portion of the funds have been disbursed.
- In 2016, a TIF funding commitment of \$35,000 was recommended to share in the cost for a Phase I Master Plan to study and prepare schematic design for enhancements to the proposed Lake Highlands Gateway Bridge at the intersection of Skillman Street and IH 635. The Lake Highlands Public Improvement District (LHPID) also committed at least \$25,000 toward the cost and managing the process. TIF funds have been used to reimburse the LHPID for the completed study and schematic designs.
- In 2018, a TIF funding commitment of \$350,000 was recommended towards the construction costs of median/gateway improvements along Skillman Street between Merriman Parkway and Abrams Road. The Lake Highlands Public Improvement District funded the design work. Construction is being implemented in conjunction with the construction of the trail extension project.
- In 2021, a TIF funding commitment of \$1,600,000 was recommended to match the \$1,600,000 available in 2017 Proposition D bond funds for dredging of the Watercrest Park pond at Lake Highlands Town Center.
- In 2021, a TIF funding commitment of \$60,000 was recommended to supplement the professional services contract with Garver for Watercrest Park pond at Lake Highlands Town Center dredging improvements to provide engineering evaluations and cost estimates for up to three beautification and maintenance-reducing concepts of Watercrest Park pond.
- In 2021, a TIF funding commitment of \$572,000 was recommended to providing 26 new City LED street lights and approximately 5,200 linear feet of fiber optics in the Skillman Corridor TIF District.