

**TIF Funding Increment Allocation Policy
Skillman Corridor TIF District**

First Approved by TIF Board on May 30, 2007 and Amended June 1, 2011 and August 31, 2017

It is important for the City of Dallas to encourage as many projects as possible in the Skillman Corridor TIF District. In that spirit, Skillman Corridor TIF District funds will be allocated to projects proportionately, dependent on the portion of the increment created by the project and other projects by that developer in the District.

Definitions:

Project (TIF-eligible) - development or redevelopment that adds taxable real property value at a particular site or is a space or facility of public benefit such as open space, trails or cultural facilities. The Project has been approved for TIF funds and all requirements set forth in the development agreement have been completed.

Developer – A person or entity that has completed all requirements for a TIF-eligible Project as set out in the fully executed development agreement for the Project.

Related Project/Developer – if a Developer or a Developer's affiliates (as defined in a development agreement) has other development or redevelopment projects in addition to a TIF-eligible Project, increment from those Related Project(s) may be included in Individual Increment for reimbursement of the TIF-eligible Project expenses. A Developer of a TIF-eligible Project must have direct or indirect control of the ownership interest in any Related Project. These requirements will be further specified in a development agreement where applicable.

Related Projects must create new taxable real property value for the District based on the following criteria:

- New development on previously vacant land or demolished structures.
- Redevelopment or major modification of an existing building if this results in an increased taxable value of 50% or more of the original building or any increase in the floor area of an original building if the expansion is over 50% for residential projects, over 65% for mixed-use projects, and over 75% for office/commercial projects.

Total Increment – the annual amount of increment deposited into the TIF fund from the participating jurisdictions.

Individual Increment – the portion of the increment that a Project or Related Project creates each year less (1) expected legal and administrative fees, (2) 30% of the RISD tax increment reserved for RISD facility improvements in the TIF Budget until a \$5 million total dollar amount has been allocated, and (3) the portion set aside for District-Wide improvements if applicable.

Net Individual Increment – Individual Increment less the Project's and/or Related Project's portion of Administrative Expenses each year. This portion will be based on the ratio of Individual Increment to Total Increment.

Administrative Expenses – the City will take a share of TIF revenue from this District for the amount it bills to the District for costs necessary for administration of the TIF District program, which may include charges from other departments, each year.

District-Wide Improvements – improvements that are not specific to a single development site such as gateways, trails, open space, public facilities, or utility/streetscape improvements benefiting multiple properties or blocks.

Shared Increment – the Total Increment less (1) expected legal and administrative fees, (2) 30% of the RISD tax increment reserved for RISD facility improvements in the TIF Budget until a \$5 million total dollar amount has been allocated, (3) the portion set aside for District-Wide Improvements if applicable, and (4) the sum of the Individual Increments of all eligible projects.

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

Developers that are approved for TIF funding from the Skillman Corridor TIF District will be eligible, after completion of all requirements, to receive their Individual Increment. Annual allocations for each project will then be based on the Individual Increment from that project. For example, the Individual Increment for a project worth \$20 million is estimated to be approximately \$300,000 annually, but may be less depending on the actual taxable value as determined by the Dallas County Appraisal District (DCAD).

In addition to the Individual Increment, projects will be eligible to receive a portion of the Available Cash and Shared Increment, if any, from Skillman Corridor TIF District funds. The portion of the Available Cash and Shared Increment allotted to an eligible Project shall be the proportion of each eligible Project's Individual Increment to the sum of the Individual Increments for all eligible Projects for that year *with the exception of the Lake Highlands Town Center (LHTC) which may receive Shared Increment, based on provisions made in a pre-existing agreement as amended for Phase I (other phases of the agreement were terminated by the developer), and the Lakeridge Project as outlined below.*

Lake Highlands Town Center – Amended Agreement Specific Provisions

- a. Annually, after 1) administrative fees have been paid, 2) 30% of the RISD tax increment is reserved for RISD facility improvements in the TIF Budget until a \$5 million total dollar amount has been allocated, and 3) a portion of the increment, as determined by the TIF Board, has been set aside for District-wide improvements, Owner will be eligible to receive the balance of the portion of the increment that the Project or Related Projects creates (the Individual Increment).
- b. An initial lump sum one-time payment in June 2011 or thereafter from up to 75% of Available Cash will be made available once conditions specified in an amended agreement are met.
- c. In addition to this increment, the project is eligible to receive 75% of Shared Increment towards a Phase I \$10 million of TIF subsidy

Lakeridge Project –Agreement Specific Provisions

- The Lakeridge Project includes a significantly higher level of public amenities for a retail center renovation that will be impactful for the surrounding community; therefore, with the exception of any existing obligation to the Lake Highlands Town Center Phase I, at least 10% of shared increment will be allocated to reimburse the Project until payoff. Any shared increment amount above that level will be on a proportional basis (as described in the above general policy) with any other projects.

Notes

In general, the assignment of increment will be done annually, after each participating jurisdiction has deposited its annual increment into the TIF fund. However, in most cases this method requires a developer with a completed project to wait months before receiving any TIF funding. Therefore, in addition to the annual allocations, upon completion of a project, and on a first-in-first-out basis, developers may apply for funding from Available Cash currently in the TIF fund, if any. This funding would be applied toward the outstanding TIF obligation.

If the appraised value of the remaining property in the TIF District decreases in value despite new development, the TIF subsidy for projects that year may be reduced or unpaid. Likewise, if the sum of 1) administrative fees, 2) RISD increment, 30% set aside for facilities, 3) District-wide improvements, and 4) the sum of the Individual Increments is greater than the Total Increment, then the Individual Increments shall be allotted on a pari passu basis dependent on the proportion of each eligible project's Individual Increment to the sum of the Individual Increments for that year.

The arrangement described herein shall not require the City to modify any prior agreement that may be inconsistent with the foregoing formula. For example, any projects approved under earlier arrangements, particularly under the first-in-first-out arrangement, shall be fully funded from the district's Available Cash and Shared Increment before newer projects are assigned additional increment.

The Skillman Corridor TIF Board may make adjustments to this funding formula at its discretion.