

## **A G E N D A**

### **LEWISVILLE TAX INCREMENT REINVESTMENT ZONE, NUMBER THREE August 7, 2023**

**LEWISVILLE CITY HALL  
CITY COUNCIL CONFERENCE ROOM  
1ST FLOOR  
151 WEST CHURCH STREET  
LEWISVILLE, TEXAS**

**IMMEDIATELY FOLLOWING THE COMPLETION OF THE LEWISVILLE  
TAX INCREMENT REINVESTMENT ZONE, NUMBER TWO BOARD  
MEETING SCHEDULED AT 6:00 P.M.**

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- 1. Call to Order and Announce that a Quorum is Present**
- 2. Election of Officers – Chairperson and Vice Chairperson**
- 3. Approval of the Minutes from the November 21, 2022 Meeting**
- 4. Approval of the 2022 Annual Report for Tax Increment Reinvestment Zone, Number Three**
- 5. Approval of the FY 23-24 Budget for Tax Increment Reinvestment Zone, Number Three**
- 6. Adjournment**

#### **NOTICE OF ASSISTANCE AT THE PUBLIC MEETINGS**

The Lewisville City Hall & City Council Conference Room are wheelchair accessible. Access to the building and special parking are available at the front entrance along Church Street. Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, or large print, are requested to contact the Economic Development Office at (972) 219-3455 or by FAX (972) 219-3698 at least two (2) working days prior to the meeting so that appropriate arrangements can be made.

**TAX INCREMENT REINVESTMENT ZONE, NUMBER THREE  
BOARD OF DIRECTORS MEETING**

**NOVEMBER 21, 2022**

**Present:**

Bob Troyer, Chairman  
TJ Gilmore  
Brandon Jones  
County Commissioner Bobbie Mitchell  
Kristin Green  
William Meridith  
Rob Marchant (Absent)

**City Staff:**

Claire Powell, City Manager  
Liz Plaster, City Attorney  
Julie Worster, City Secretary  
Marichelle Samples, Economic Development Director  
Christina Williams, ED Manager  
Christina Barrera, ED Coordinator  
D'Ann Tompkins, Budget Manager  
Gina McGrath, Assistant City Manager  
David Erb, Director of Finance

With a quorum of the Board of Directors present, the meeting of the Tax Increment Reinvestment Zone, Number Three, Board of Directors was called to order by Chairman Bob Troyer at 5:53 p.m. on Monday, November 21, 2022, in the City Council Conference Room of the Lewisville City Hall, 151 West Church Street, Lewisville, Texas.

**Approval of Approval of the Minutes From  
the August 29, 2022 Meeting**

**(Agenda Item 2)**

**MOTION:** Upon a motion made by Board Member Kristin Green and seconded by Board Member TJ Gilmore, the Board of Directors voted six (6) “ayes” and no (0) “nays” to approve the Minutes from the August 29, 2022 Meeting. The motion carried.

**Approval of a Supplemental Appropriation  
to the FY 2022-23 Adopted Budget for the  
Tax Increment Reinvestment Zone #3 in the  
Amount of \$3,728,845 Related to the  
Amended and Restated TIRZ  
Reimbursement Agreement**

**(Agenda Item 3)**

Economic Development Director Marichelle Samples presented the history of TIRZ #3 and the Developer Agreement in relation to the TIRZ #3 zone. Samples talked through the FY 22-23

budget not including developer reimbursements related to the amended agreement as City staff was still working through 2022 audit, therefore a supplemental appropriation in the amount of \$3,728,845 is now being requested. City Manager Claire Powell explained this does not change any participation percentage.

**MOTION:** Upon a motion made by Board Member Brandon Jones and seconded by Board Member Kristin Green, the Board of Directors voted six (6) “ayes” and no (0) “nays” to approve a supplemental appropriation for the FY 2022-23 adopted budget for the Lewisville Tax Increment Reinvestment Zone, Number Three in the amount of \$3,728.845 related to the amended and restated TIRZ reimbursement agreement. The motion carried.

**Adjournment**

**(Agenda Item 4)**

**MOTION:** Upon a motion made by Board Member Bob Troyer and seconded by Board Member Kristin Green, the Board of Directors voted six (6) “ayes” and no (0) “nays” to adjourn the meeting of the Lewisville Tax Increment Reinvestment Zone Number Three Board of Directors at 5:53 p.m. on Monday, November 21, 2022. The motion carried.

These minutes approved by the Tax Increment Reinvestment Zone, Number Three, Board of Directors on August 7, 2023.

**TAX INCREMENT REINVESTMENT ZONE,  
NUMBER THREE, BOARD OF DIRECTORS  
NOVEMBER 21, 2022**

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APPROVED

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Bob Troyer  
CHAIRMAN

ATTEST:

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Thomas Harris III  
CITY SECRETARY



2022 TAX INCREMENT REINVESTMENT ZONE  
NUMBER THREE  
ANNUAL REPORT  
CITY OF LEWISVILLE



**LEWISVILLE**  
Deep Roots. Broad Wings. Bright Future.

This report is prepared and submitted to comply with the statutory requirement that an annual report be supplied to the Texas Attorney General and all taxing jurisdictions within the Zone.

# Introduction

## About Tax Increment Reinvestment Zones

A tax increment reinvestment zone (TIRZ) is an infrastructure financing tool made possible by Chapter 311 of the Texas Tax Code to assist cities in developing or redeveloping blighted and substandard areas within their boundaries. Cities may create a TIRZ where an area's sound development is impaired and where growth is not likely to occur without public infrastructure improvements financed by the zone. By passing an ordinance, a city may establish a TIRZ and set guidelines for the composition and appointment of a board of directors for the zone.

The total appraised value of real property in the zone at the time the TIRZ is established creates the base year value. Additional property value growth beyond the base year value is known as the TIRZ increment. The success of the TIRZ depends on increased real property values in the zone as a result of better infrastructure and new development.

Other taxing jurisdictions, such as a county, may contribute to the TIRZ by approving a participation agreement with the city that allocates a portion of the entity's property tax revenue from the incremental value to the TIRZ fund. Once all projects are completed, or after a defined period of time, the TIRZ is dissolved.

During the life of the zone, the city and other participating taxing jurisdictions collect tax revenue on the base value of the zone as well as sales tax and franchise fee revenue generated by new development. When the zone is dissolved, the city and other participating taxing jurisdictions also collect tax revenue on the incremental value created by new development.

## Lewisville Tax Increment Reinvestment Zone, Number Three

The City of Lewisville created the Lewisville Tax Increment Reinvestment Zone, Number Three ("TIRZ #3" or the "Zone") on December 3, 2018. Denton County has partnered with the City of Lewisville, through a participation agreement, to contribute to TIRZ #3 and ensure successful redevelopment in the area.

The TIRZ revenues shall first be used to pay debt service on City refunding bonds issued to refund Combination Contract Revenue and Assessment debt previously issued by DCFWSD 1-G and 1-H. Only City revenues may be used to pay this refunded debt. Both City and County revenues can next be used to reimburse the Developer for roadway, water, sewer, and drainage improvements. Annexation ended the current method of issuing Combination Contract Revenue and Assessment Bonds to pay for public improvements constructed by the developer. The developer fronted the costs to build the public infrastructure and will receive reimbursement as tax increment revenue is generated by the project. Public infrastructure improvement costs ("project costs") to be financed by the Project and Reinvestment Zone Financing Plan ("Plan") is \$88,685,915.

Prior to creation of a TIRZ, the statute requires preparation of a Preliminary Project and Reinvestment Zone Financing Plan ("Preliminary Plan") and for the City to hold a public hearing and receive comments on the creation of the Zone. The Preliminary Plan detailed the projects proposed to address existing conditions in the area as well as the method and means to finance them. This hearing was held on December 3, 2018, and the Preliminary Plan was approved as

well as the Zone being created. Denton County approved a participation agreement on December 11, 2018. The final Project and Reinvestment Zone Financing Plan was approved January 28, 2019.

# Zone Term, Boundary Map, and Uses

The duration of the Zone is 30 years. The TIRZ base year was established as January 1, 2018 and the TIRZ will terminate on December 31, 2048, or earlier, if all project cost and debt service has been funded.

The Zone consists of approximately 708 acres of land. The boundary encompasses Fresh Water Supply Districts 1-G and 1-H of the Castle Hills Development as shown in the following map. The Castle Hills Development is located in Denton County, just east of the City of Lewisville, north of the Dallas Metroplex area and south of the City of Denton. The area was annexed into the City limits in November of 2021. The City began to collect property taxes after annexation.



Land uses within the Zone upon build-out will include single family, multifamily, retail, and office development. The development will include Crown Center, to be located at the interchange of State Highway 121 and State Highway 121 Business. Crown Center is a pedestrian oriented, mixed-use urban development designed to promote an efficient, compact land use pattern; encourage pedestrian activity; reduce reliance on private automobiles; and provide a functional and attractive community through the use of recognized principles of urban design. Additionally, the Zone includes the Realm at Castle Hills located along State Highway 121. This area includes Discovery at the Realm, an approximately 750-unit gated luxury apartment complex; Valor at the Realm, 260-unit apartment complex geared towards corporate relocation residents; Sojourn, an 80-unit, five-story luxury development of one-level condominiums with boutique-style retail shops on the ground floor; and Cottages at the Realm Castle Hills, 72 upscale, single-family rental homes in a gated development; along with the Offices at the Realm and a variety of retail and restaurant options.



# 2022 in Review

## Development Activity

Property value in TIRZ #3 grew in 2022, increasing the Zone’s increment and adding to the fund balance. An overview of major projects within TIRZ #3 are provided in Attachment A (Private Projects – New Development).



Discovery at the Realm, which is part of The Realm Castle Hills, was completed in 2022. It’s a 735-unit apartment complex and townhome community. The Realm Castle Hills serves as an extension of the existing 2,900-acre luxury master-planned community that will provide a mix of uses that include multi-family development, single-family cottage homes, Class A office, retail, and restaurants.

Attachments B-C contains private and institutional investment and a list of certificates of occupancy obtained for TIRZ #3 in 2022. Attachment F is the Project Finance Plan.

# Financials

## Incremental Growth & Projections

In 2022, the TIRZ #3 taxable value for the City was \$936,068,816, which is \$501,771,628 greater than the base year value, generating a total of \$5,018,078.65 in Denton County and City of Lewisville contributions to TIRZ #3. Attachment D details TIRZ #3 revenues from 2019 through 2022 for the City of Lewisville and Denton County increments.

## Budget

Attachment E details the actual FY 2022 budget for TIRZ #3 (Fund 795) as well as the anticipated revenue and expenditures, if any, for FY 2023 which will be presented to the TIRZ #3 Board for approval.

## Debt Summary

At this time, TIRZ #3 has not incurred any debt to be secured by the revenue from the Zone. At such time as any debt is issued or refinanced, an overview of the term and the elements of the project plan to be financed will be detailed in this section. Expenditures as set forth in Attachment E will include TIRZ #3 administrative costs, among other cost.

## City and County Increment Participation

The City will designate 100% of the increment captured by the district within the boundaries of the Zone from the date of annexation of the area. Additionally, the City will contribute 100% of the base property tax from the base value of same properties until the infrastructure improvements are reimbursed fully to the developer. This provided a projected payback to the developer of 15 years. Denton County will designate 80% of the increment captured by the district to TIRZ #3, until the expiration of the district's term.

# Attachments

Attachment A – Private Projects – New Development

Attachment B – Public and Institutional Investment

Attachment C – Certificates of Occupancy

Attachment D - TIRZ #3 Incremental Growth

Attachment E – Proposed Budget FY 23-24

Attachment F – Project Finance Plan

# Attachment A

## Private Projects- New Development

PROJECT NAME	PROJECT TYPE	INVESTMENT	STATUS
Discovery at the Realm – MSU – Tranche 2	Multi-Family	\$3,347,850	Under Construction
SWC JWH Shell Buildings – 2, 3, 4	Retail/Restaurant	\$1,895,400	Under Construction
Wild Fork Foods – lot 1	Grocery	\$849,000	Completed, 2022
Aura at the Realm	Mixed Use Residential and Retail	\$60,124,950	Completed, 2021
Discovery at the Realm Phase II	Multi-Family	\$24,000,000	Completed, 2021
Discovery at the Realm – MSU – Tranche 1	Multi-Family	\$1,259,600	Completed, 2021
Valvoline Instant Oil Change	Service	\$960,000	Completed, 2021
Offices at the Realm	Retail – 9 story building	\$34,229,618	Completed, 2021
Valor at the Realm	Mixed Use Residential and Retail	\$34,664,500	Completed, 2021
Bliss Pet Resort	Service	\$1,412,907	Completed, 2021
The London Baker	Bakery	\$102,000	Completed, 2021
Bright Equities	Service	\$1,303,700	Completed, 2021
American Legend Homes	Service	\$77,540	Completed, 2021
Global Medical Response	Service	\$3,000,000	Completed, 2021
Bright Realty	Service	\$1,306,850	Completed, 2021

Lakeway Castle Hills (Previously Aura Castle Hills II)	Multi-Family	\$21,063,000	Completed, 2020
Crown Centre Tilt	Retail	\$13,252,559	Completed, 2020
ICODE Lewisville	Service	\$150,000	Completed, 2020
Lakewood Hills Dental	Service	\$123,000	Completed, 2020
El Patio	Restaurant	\$870,000	Completed, 2020
Global Wealth Advisors/Texas VA Mortgage	Service	\$334,389	Completed, 2020
Republic Title	Service	\$450,000	Completed, 2020
Corptax- Dfw	Service	\$720,000	Completed, 2020

# Attachment B

## Public and Institutional Investment

PROJECT NAME	PROJECT TYPE	INVESTMENT	STATUS
<i>No projects have been completed yet</i>			

# Attachment C

## Certificates of Occupancy

DATE ISSUED	NAME	ADDRESS	SQ FT.
09/16/2021	MEMORIAL ELEMENTARY SCHOOL	1001 JOSEY LN	118,762
1/11/2022	PACE JOINT INTERESTS, CASTLE HILLS, LLC	6225 JOSEY LN SUITE 106	1,200
3/31/2022	SALON BELLUS	4440 SH 121 SUITE 55	1,700
4/28/2022	WILD FORK FOODS	6139 Josey Lane	4,950
5/11/2022	COOL HEADS SALON	4440 SH 121 Suite 30	1,412
5/27/2022	DISCOVERY AT THE REALM	3600 WINDHAVEN PKWY BLDG M-5	8,056
7/20/2022	SALUBRIOUS JUICE & MORE	4440 SH 121 SUITE 33	1,390
8/22/2022	DESI CHOWRASTHA	4600 SH 121 SUITE 110	2,200
8/22/2022	IMPACT CUTS BARBERSHOP, LLC	4940 SH 121 SUITE 108	1,250
11/22/2022	PREMIER MARTIAL ARTS LEWISVILLE/CASTLE HILLS	4690 WINDHAVEN PKWY SUITE 200	1,326
12/13/2022	ICONIC DENTAL	4680 WINDHAVEN PKWY SUITE 200	1,817
12/27/2022	BAHAMA BUCKS	4622 WINDHAVEN PKWY SUITE 100	1,500

# Attachment D-

## TIRZ #3 Incremental Growth

	Base Value 2008	Lewisville Net Taxable Value	Lewisville Captured Increment	Lewisville Current Tax Rate	Increment Participation	City Revenue
	\$434,297,188					
2019		\$ 455,002,149	\$ 21,087,816	\$ 0.443301	100%	N/A
2020		\$ 573,412,566	\$ 139,115,378	\$ 0.443301	100%	N/A
2021		\$ 749,099,475	\$ 314,802,287	\$ 0.443301	100%	N/A
<b>2022</b>		<b>\$ 936,068,816</b>	<b>\$ 501,771,628</b>	<b>\$ 0.443301</b>	<b>100%</b>	<b>\$4,149,602.42</b>
	Base Value 2008	Denton Certified Value	Denton Captured Increment	Denton Current Tax Rate	Increment Participation	County Revenue
	\$434,297,188					
2019		\$ 454,531,926	\$ 20,234,738	\$ 0.225278	80%	\$ 36,467.53
2020		\$ 572,157,489	\$ 137,860,301	\$ 0.224985	80%	\$248,132.00
2021		\$ 751,825,003	\$ 317,527,815	\$ 0.233086	80%	\$ 592,090.31
<b>2022</b>		<b>\$ 933,322,799</b>	<b>\$ 499,025,611</b>	<b>\$ 0.217543</b>	<b>80%</b>	<b>\$ 868,476.23</b>
<b>2022 TIRZ #3 Combined City and County Revenue</b>		<b>\$ 5,018,078.65</b>				



# Attachment E – Proposed Budget FY 23-24

## Tax Increment Reinvestment Zone3

(#795)

Tax Increment Fund No. 3 is a special taxing district that was created on December 3, 2018 to capture the City and County portions of increased property tax revenue. The district does not levy a tax but only dedicates future increased revenue from the district back to projects within the district. The boundary of the district encompasses Fresh Water Supply Districts 1-G and 1-H of the Castle Hills Development. The TIRZ will terminate on December 31, 2048, or earlier, if all project costs and debt service have been funded.

	FY 2019-2020 ACTUAL	FY 2020-2021 ACTUAL	FY 2021-2022 ACTUAL	FY 2022-2023 ORIGINAL BUDGET	FY 2022-2023 ADJUSTED BUDGET	FY 2022-2023 YTD	FY 2023-2024 PROPOSED BUDGET
<b>BEGINNING FUND BALANCES</b>	-	36,468	286,065	868,156	877,746	877,746	3,387
<b>REVENUES</b>							
Taxes	36,468	248,132	592,090	2,824,784	5,018,078	5,018,079	5,018,078
Investment Earnings and Contributions	-	1,465	4,093	2,199	2,199	18,170	2,500
<b>Total Revenues</b>	<b>36,468</b>	<b>249,597</b>	<b>596,183</b>	<b>2,826,983</b>	<b>5,020,277</b>	<b>5,036,249</b>	<b>5,020,578</b>
<b>Total Resources</b>	<b>36,468</b>	<b>286,065</b>	<b>882,248</b>	<b>3,695,139</b>	<b>5,898,023</b>	<b>5,913,995</b>	<b>5,023,965</b>
<b>EXPENDITURES</b>							
Non-Departmental	-	-	4,502	1,696,814	5,894,636	5,038,469	4,996,814
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>4,502</b>	<b>1,696,814</b>	<b>5,894,636</b>	<b>5,038,469</b>	<b>4,996,814</b>
<b>Current Rev. - Current Exp.</b>	<b>36,468</b>	<b>249,597</b>	<b>591,681</b>	<b>1,130,169</b>	<b>(874,359)</b>	<b>(2,220)</b>	<b>23,764</b>
<b>ENDING FUND BALANCE</b>	<b>36,468</b>	<b>286,065</b>	<b>877,746</b>	<b>1,998,325</b>	<b>3,387</b>	<b>875,526</b>	<b>27,151</b>
<b>OPERATING RESERVE: NONE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNDESIGNATED RESERVE</b>	<b>36,468</b>	<b>286,065</b>	<b>877,746</b>	<b>1,998,325</b>	<b>3,387</b>	<b>875,526</b>	<b>27,151</b>

# Attachment F – Project Finance Plan

Reinvestment Zone Number Three, City of Lewisville, Texas Amended and Restated Project Costs		
Location	Public Improvements	Cost <sup>2</sup>
District 1-G	Water	\$ 3,609,311
District 1-G	Sewer	\$ 2,831,156
District 1-G	Storm Drainage	\$ 6,291,961
District 1-G	Road <sup>3</sup>	\$ 16,643,148
District 1-H	Water	\$ 5,465,247
District 1-H	Sewer	\$ 4,447,284
District 1-H	Storm Drainage	\$ 11,145,899
District 1-H	Road <sup>3</sup>	\$ 28,364,505
<b>Public Improvements Subtotal</b>		<b>\$ 78,798,512</b>
<b>Economic Development Projects<sup>4,5</sup></b>		<b>\$ 54,000,000</b>
<b>Subtotal<sup>1</sup></b>		<b>\$ 132,798,512</b>
Administrative Costs		\$ 530,165
Maximum TIRZ Contribution <sup>1</sup> :		\$ 88,685,915
Total City District Debt <sup>6</sup> :		\$ 106,422,914
<b>Total Project Costs:</b>		<b>\$ 195,638,994</b>

1) Maximum TIRZ Contribution to Developer is \$88,685,915.  
 2) Costs provided by Developer in correspondence dated May 4, 2021.  
 3) Road costs may include paving, earthwork, and roadway acquisitions, subject to an independent third-party appraisal.  
 4) Economic Development Payments are available for Economic Development Projects, pursuant to the Economic Development Agreement.  
 5) \$54 million is available for either Economic Development Projects or Public Improvements.  
 6) Total Debt Service as provided by City's Financial Advisor, less first year payment of \$7,012,340 to be funded by the Districts' I&S Rate levied for Fiscal Year 2021-2022.