



Tax Increment Reinvestment Zone Number One

Annual Report 2017

With a copy to the State of Texas Comptroller's Office, Collin County, McKinney Independent School District and Collin College District

City of McKinney, Texas

City Officials

City Council

| | |
|------------|------------------------------|
| Mayor | George Fuller |
| At Large | Charlie Philips |
| At Large | Tracy Rath |
| District 1 | La'Shadion Shemwell |
| District 2 | Rainey Rogers, Mayor Pro-Tem |
| District 3 | Scott Elliott |
| District 4 | Chuck Branch |

City Staff

| | |
|-------------------------------|----------------|
| City Manager | Paul Grimes |
| Deputy City Manager | Jose Madrigal |
| Assistant City Manager | Steve Tilton |
| Assistant City Manager | Barry Shelton |
| Assistant to the City Manager | Trevor Minyard |
| Chief Financial Officer | Mark Holloway |
| Financial Analyst | Chance Miller |

TIRZ No.1

City of McKinney, Texas

Board of Directors

| | |
|--|---|
| Tracy Rath, Chairman City Council At Large | |
| La'Shaddon Shemwell City Council District 1 | Rainey Rogers City Council District 2 Mayor Pro-Tem |
| Scott Elliott City Council District 3 | Chuck Branch City Council District 4 |
| George Fuller Mayor | Charlie Philips City Council At Large |
| Bill Cox Planning & Zoning Designee | Chris Hill Collin County Commissioner Precinct 3 |

Note: Collin College District and McKinney Independent School District have waived their rights to appoint members to the Board of Directors for TIRZ No.1

Purpose: To make recommendations to City Council concerning administration of the TIRZ No.1 (Town Center TIRZ).

Duties & Responsibilities: The Board of Directors has been granted authority and duties related to the reinvestment zone project plan and financing plan. An annual budget will be adopted by the Board, which has the authority to enter into contracts and agreements within the fiscal year budget allocation.

Membership: TIRZ No.1 is comprised of nine board members, each serving a staggered two-year term. Each year, the City Council shall designate one Board of Directors member to serve as chairman for a one-year term that begins on January 1 of the following year. The Council shall endeavor to appoint a member from the Planning and Zoning Commission.

Description of Zone

In accordance with the Tax Increment Financing Act (Texas Tax Code Chapter 311), Reinvestment Zone Number One, McKinney, Texas (TIRZ No.1) was established by Ordinance 2010-09-034 of the McKinney City Council on September 21, 2010.

TIRZ No.1 consists of 947 acres located generally in and around the historic Town Center of McKinney and along State Highway 5 from US 380 to Spur 399/US 75 Interchange.

An illustrative site plan of the TIRZ No.1 boundaries is found on page 6 (*Figure 1*).

Purpose of Zone

The purpose of TIRZ No.1, also known as the Town Center TIRZ, is to provide support for infrastructure and projects, such as the Flour Mill, that will support continued revitalization of the Historic Town Center.

The adopted Town Center Study calls for the preservation of the Historic Core with enhancements for an eventual Transit Village around the proposed rail transit station.



Town Center TIRZ 1
(Historic Downtown McKinney)

Financial State of Zone

Chapter 311.016 (a)(1) of the Texas Tax Code requires an annual status report be filed with the chief officer of each taxing unit that levies property taxes in a reinvestment zone and the state comptroller. The established base year for TIRZ No. 1 reporting was 2010.

During the 2013 TIRZ 1 board of directors meeting, a motion was passed to transition the TIRZ 1 tax increment reporting period from a calendar year (January 1st – December 31st) to the City of McKinney’s fiscal year (October 1st – September 30th). **Therefore, the 2017 report reflects a reporting period of October 1st, 2016 through September 30th, 2017.**

1. Amount and source of revenue:

\$1,695,947 from Ad Valorem and Sales & Use Taxes

2. Amount and purpose of expenditures:

The TIRZ 1 fund had five expenditures for the 2017 reporting period as follows:

- General and Administrative Expense
 - \$39,000
- 101 W. Louisiana Street (facade repairs, exterior ramp, steps, door openings, and window openings)
 - \$25,000
- 101 W. Louisiana Street (167 linear foot parapet with decorative details and new cornices along the north and east elevations of the Structure)
 - \$25,000
- 106, 108, and 110 S. Tennessee Street (reconstruction of the entire building’s façade)
 - \$25,000
- 100 E. Louisiana Street “Spoons Café” (historical façade improvements and the restoration of exterior windows and awnings)
 - \$25,000

3. Amount of Principal and Interest due on outstanding indebtedness:

\$ 0 - TIRZ No. 1 has not incurred any indebtedness.

4. Tax Increment base and current captured appraised value retained:

Ad Valorem

| Taxing Jurisdiction | Base Year Value (2010) ¹ | Net Taxable Value (2016) | Captured Appraised Value (2016) ² |
|---------------------|-------------------------------------|--------------------------|--|
| City of McKinney | \$209,880,377 | \$307,175,255 | \$97,294,878 |
| Collin County | \$208,256,060 | \$288,972,634 | \$80,716,574 |

¹ *Base Year Value* is the total appraised value of all real property in the zone taxable as of January 1, 2010 (per the Certified Totals reports prepared by the Collin Central Appraisal District).

² *Captured Appraised Value* is the total appraised value of all real property in the zone taxable for the current reporting year LESS the *Base Year Value*.

5. Captured appraised value (ad valorem) shared by the municipality and other taxing units, the total amount of the tax increment (sales & use tax) received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality.

Ad Valorem

| Taxing Jurisdiction & Participation Rate | Captured Appraised Value (2016) | Tax Rate per \$100/Value (2016) | Amount of Increment (2016) ³ |
|--|---------------------------------|---------------------------------|---|
| City of McKinney (100%) | \$97,294,878 | 0.573 | \$557,499.65 |
| Collin County (50%) | \$80,716,574 | 0.208 | \$84,104.65 |

³ *Amount of Increment (current reporting year)* is equal to 100% of ad valorem taxes levied and collected in the zone by the City of McKinney and 50% of ad valorem taxes levied and collected in the zone by Collin County.

Sales & Use Tax

| Taxing Jurisdiction & Participation Rate | Base Year Value (2010) ⁴ | Collected Sales & Use Tax (2017) ⁵ | Captured Sales & Use Tax Increment (2017) ⁶ |
|--|-------------------------------------|---|--|
| City of McKinney (100%) | \$1,396,599 | \$2,450,578 | \$1,053,979 |

⁴ *Base Year Value* is the total sales and use taxes collected in the zone by the City of McKinney for the 2010 calendar year (January 1 - December 31).

⁵ *Collected Sales & Use Tax* only includes tax increment reporting for October 1st, 2016 through September 30th, 2017.

⁶ *Captured Sales & Use Tax Value* is the total value of all sales & use tax collected in the zone by the City of McKinney for the current reporting year LESS the *Base Year Value*.

| | |
|----------------------------------|------------------------|
| Total Fiscal Year 2017 Increment | \$ 1,695,947.16 |
|----------------------------------|------------------------|

6. TIRZ 1 Fund Balance History:

| Fiscal Year | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Revenues | 774,255 | 475,461 | 1,485,504 | 1,333,225 | 1,560,753 | 1,740,723 |
| Expenditures | - | (10,500) | (510,500) | (35,500) | (35,500) | (139,000) |
| Net Income (Loss) | 774,255 | 485,961 | 1,996,004 | 1,368,725 | 1,596,253 | 1,879,723 |
| Ending Fund Balance | 774,255 | 1,239,216 | 2,214,220 | 3,511,945 | 5,037,198 | 6,638,921 |

Figure 1: TIRZ No. 1 Boundary (Town Center)

