



Tax Increment Reinvestment Zone Number One

Annual Report 2021

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 | Patrick Cloutier |
| District 1 | Justin Beller |
| District 2 | Rainey Rogers, Mayor Pro Tem |
| District 3 | Geré Feltus |
| District 4 | Rick Franklin |

City Staff

| | |
|------------------------------|----------------|
| City Manager | Paul Grimes |
| Assistant City Manager | Kimberly Flom |
| Assistant City Manager | Steve Tilton |
| Assistant City Manager | Barry Shelton |
| Strategic Services Manager | Trevor Minyard |
| Chief Financial Officer | Mark Holloway |
| Financial Compliance Manager | Chance Miller |
| Planning Manager | Paula Nasta |

TIRZ No.1

City of McKinney, Texas

Board of Directors

| | |
|---|--|
| Charlie Phillips, Chairman City Council At Large | |
| Justin Beller City Council District 1 | Rainey Rogers City Council District 2, Mayor Pro Tem |
| Geré Feltus City Council District 3 | Rick Franklin City Council District 4 |
| George Fuller Mayor | Patrick Cloutier City Council At Large |
| Bry Taylor Planning & Zoning Designee | Darrell Hale 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.

The 2021 report reflects a reporting period of October 1st, 2020 through September 30th, 2021. This is consistent with the reporting period of the City of McKinney.

1. Amount and source of revenue:

\$3,769,941 from Ad Valorem and Sales & Use Taxes

2. Amount and purpose of expenditures:

The TIRZ 1 fund had seven expenditures for the Fiscal Year 2021 as follows:

- General and Administrative Expense
 - \$40,630
- Transfer for E Louisiana Parking Lot (Purchase & Construction)
 - \$4,500,000
- 407/415 E. Louisiana Street (Facade improvements)
 - \$14,000
- 101 W. Louisiana Street (Building Renovation)
 - \$80,000
- 119 S. Tennessee Street (Façade Improvements)
 - \$22,630
- 110 E. Louisiana Street (Fire Suppression System Improvements)
 - \$26,182.50
- 112 N. Tennessee Street (Renovating Historic Building)
 - \$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 (Tax Year 2010) ¹ | Net Taxable Value (Tax Year 2020) | Captured Appraised Value (Tax Year 2020) ² |
|---------------------|---|--------------------------------------|--|
| City of McKinney | \$209,880,377 | \$537,515,676 | \$327,635,299 |
| Collin County | \$208,256,060 | \$518,639,491 | \$310,383,431 |

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 ³ | Captured Appraised Value (Tax Year 2020) | Tax Rate per \$100/Value (Tax Year 2020) | Amount of Increment (Fiscal Year 2021) |
|---|---|---|---|
| City of McKinney (100%) | \$327,635,299 | 0.509 | \$1,666,501 |
| Collin County (50%) | \$310,383,431 | 0.173 | \$267,754 |

³ The *Participation Rate* is 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 (Calendar Year 2010) | Collected Sales & Use Tax (Fiscal Year 2021) | Captured Sales & Use Tax Increment (Fiscal Year 2021) ⁴ |
|--|--------------------------------------|--|--|
| City of McKinney (100%) | \$1,396,599 | \$3,232,286 | \$1,835,687 |

⁴ 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 2021 Increment | \$ 3,769,941 |
|----------------------------------|---------------------|

6. TIRZ 1 Fund Balance History:

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| Revenues | 1,740,723 | 2,618,351 | 3,029,685 | 2,971,502 | 3,775,819 |
| Expenditures | (139,000) | (55,826) | (3,999,128) | (4,401,153) | (4,708,443) |
| Net Income (Loss) | 1,601,723 | 2,562,525 | (969,443) | (1,429,651) | (932,623) |
| Ending Fund Balance | 6,638,921 | 9,201,446 | 8,232,003 | 6,802,352 | 5,869,729 |

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

