



# **Tax Increment Reinvestment Zone Number One**

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# **Annual Report 2022**

*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

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### 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
Director of Strategic Services	Trevor Minyard
Chief Financial Officer	Mark Holloway
Accounting Manager	Chance Miller
Planning Manager	Paula Nasta
Financial Analyst	Nicole Bradshaw

# TIRZ No.1

## City of McKinney, Texas

### Board of Directors

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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

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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

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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

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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 2022 report reflects a reporting period of October 1<sup>st</sup>, 2021 through September 30<sup>th</sup>, 2022. This is consistent with the reporting period of the City of McKinney.**

**1. Amount and source of revenue:**

- \$4,659,651 from Ad Valorem and Sales & Use Taxes
- \$94,049 from Interest Income
- \$16,715,668 from the proceeds of issuance of long-term debt

**2. Amount and purpose of expenditures:**

The TIRZ 1 fund had seven expenditures for the Fiscal Year 2022 as follows:

- General and Administrative Expense
  - \$40,630
- Bond Issuance Costs
  - \$216,049
- 117 W. Louisiana Street (Store Front Restoration Project)
  - \$25,000
- 119 W. Louisiana Street (Downtown Dry Goods Storefront Restoration)
  - \$25,000
- 113 N. Kentucky Street, Ste.102 (Façade Improvements)
  - \$7,545.38
- 129 S. Tennessee Street (Renovating Historic Building)
  - \$14,500

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

\$16,145,000 of total principal due on outstanding bonded indebtedness

\$ 0 of principal due in FY 2023

\$ 675,260 of interest due in FY 2023

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

**Ad Valorem**

Taxing Jurisdiction	Base Year Value (Tax Year 2010) <sup>1</sup>	Net Taxable Value (Tax Year 2021)	Captured Appraised Value (Tax Year 2021) <sup>2</sup>
City of McKinney	\$209,880,377	\$582,190,227	\$372,309,850
Collin County	\$208,256,060	\$562,189,200	\$353,933,140

<sup>1</sup> *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).

<sup>2</sup> *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 <sup>3</sup>	Captured Appraised Value (Tax Year 2021)	Tax Rate per \$100/Value (Tax Year 2021)	Amount of Increment (Fiscal Year 2022)
City of McKinney (100%)	\$372,309,850	0.498	<b>\$1,852,819</b>
Collin County (50%)	\$353,933,140	0.168	<b>\$297,458</b>

<sup>3</sup> 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 2022)	Captured Sales & Use Tax Increment (Fiscal Year 2022) <sup>4</sup>
City of McKinney (100%)	\$1,396,599	\$3,905,974	<b>\$2,509,375</b>

<sup>4</sup> 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 2022 Increment	<b>\$ 4,659,651</b>
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#### 6. TIRZ 1 Fund Balance History:

	2018	2019	2020	2021	2022
Revenues	2,618,351	3,029,685	2,971,502	3,775,819	21,469,368
Expenditures	(55,826)	(3,999,128)	(4,401,153)	(4,708,443)	(328,724)
Net Income (Loss)	2,562,525	(969,443)	(1,429,651)	(932,623)	21,140,644
<b>Ending Fund Balance</b>	<b>9,201,446</b>	<b>8,232,003</b>	<b>6,802,352</b>	<b>5,869,729</b>	<b>27,010,373</b>



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

