

ORDINANCE NO. 2020-11-____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS APPROVING THE TAX INCREMENT REINVESTMENT ZONE NUMBER 1 (TOWN CENTER) THIRD AMENDED PROJECT PLAN, CITY OF MCKINNEY, AS ADOPTED BY ITS BOARD OF DIRECTORS; REPEALING ALL CONFLICTING ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, On September 21, 2010, the City Council of McKinney, Texas ("City"), approved Ordinance Number 2010-09-034 creating the Reinvestment Zone Number 1, City of McKinney and establishing a Board of Directors for such zone; and

WHEREAS, pursuant to Section 311.011(a) of the Tax Increment Financing Act, as amended, the Board of Directors of a reinvestment zone shall prepare, or cause to be prepared, and adopt a project plan for the zone and submit the plan to the governing body of the municipality that created the zone for its approval; and

WHEREAS, On October 19, 2010 the Board of Directors adopted the project plan and financing plan for the Zone by Resolution Number 2010-10-0010 (TR1R); and

WHEREAS, on November 16, 2010 the City Council of the City of McKinney, Texas approved the adopted project plan and financing plan for the Zone by Resolution Number 2010-11-141(R); and

WHEREAS, on February 20, 2018 the City Council of the City of McKinney, Texas previously approved and adopted an amendment to the project plan identified as the "Tax Increment Reinvestment Zone No. 1 (Town Center) First Amended Project Plan"; and

WHEREAS, on January 21, 2020 the City Council of the City of McKinney, Texas previously approved and adopted an amendment to the project plan identified as the "Tax Increment Reinvestment Zone No. 1 (Town Center) Second Amended Project Plan"; and

WHEREAS, the Board of Directors of Reinvestment Zone Number 1, City of McKinney have prepared, or cause to be prepared, and adopted an amendment to the project plan identified as the "Tax Increment Reinvestment Zone No. 1 (Town Center) Third Amended Project Plan" ("Third Amended Project Plan") and recommended approval of the Third Amended Project Plan to the McKinney City Council; and

WHEREAS, the McKinney City Council finds that the Third Amended Project Plan is consistent with the preliminary project plan and desires to approve the Third Amended Project Plan as recommended by the Board of Directors of Reinvestment Zone Number 1, City of McKinney.

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, THAT:

Section 1. FINDINGS

The findings set forth above are found to be true and correct and are hereby incorporated into the body of this Ordinance for all purposes as if fully set forth herein.

Section 2. APPROVAL OF THE THIRD AMENDED PROJECT PLAN

From and after the effective date of this Ordinance the McKinney City Council hereby approves the "Tax Increment Reinvestment Zone No. 1 (Town Center) Third Amended Project Plan", attached hereto as Exhibit A and incorporated herein by reference for all purposes allowed by law, adopted by the Board of Directors for Reinvestment Zone Number 1 as the official project plan for Tax Increment Reinvestment Zone Number 1.

Section 3. **SEVERABILITY CLAUSE**

It is hereby declared to be the intention of the City Council that the words, phrases, clauses, sentences, paragraphs and sections of this Ordinance are severable, and if any word, phrase, clause, sentence, paragraph or section of this Ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining words, phrases, clauses, sentences, paragraphs and sections of this Ordinance, since the same would have been enacted by the City Council without the incorporation of any such unconstitutional word, phrase, clause, sentence, paragraph or section.

Section 4. **REPEALER CLAUSE**

Any provision of any prior ordinance of the City, whether codified or uncodified, which is in conflict with any provision of this Ordinance, is hereby repealed to the extent of the conflict, but all other provisions of the ordinances of the City, whether codified or uncodified, which are not in conflict with the provisions of this Ordinance shall remain in full force and effect.

Section 5. **EFFECTIVE DATE**

This Ordinance shall become effective from and after the date of its final passage and publication as provided by law and it is accordingly so ordained.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 3RD DAY OF NOVEMBER, 2020.

CITY OF MCKINNEY, TEXAS

GEORGE C. FULLER
Mayor

CORRECTLY ENROLLED:

EMPRESS DRANE
City Secretary
JOSHUA STEVENSON
Deputy City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER, City Attorney

EXHIBIT A

**Tax Increment Reinvestment Zone No. 1
(Town Center)**

Third Amended Project Plan¹



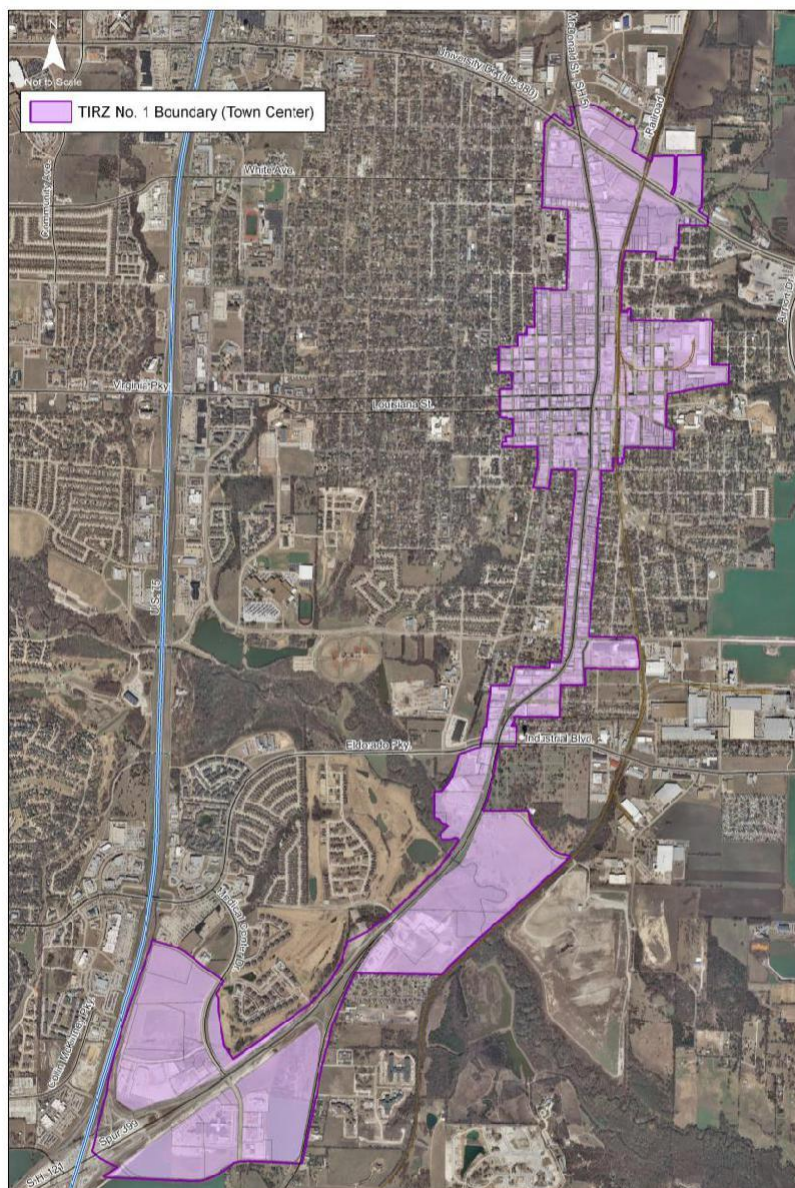
¹ As amended by Resolution No. _____ of the Tax Increment Reinvestment Zone No.1, and approved to be effective on the ____ day of _____, 2020 by Ordinance No. 2020-____-__ of the City Council of the City of McKinney, Texas.

Background

The City of McKinney TIRZ No. 1 (outlined in Figure 1) will support the investment and development of the Town Center of the City of McKinney. The Town Center redevelopment is guided by the Town Center Study approved on March 18, 2008 by the McKinney City Council after a comprehensive stakeholder and design process. This Project Plan has been prepared in conjunction with the preliminary TIRZ Financing Plan for TIRZ No. 1.

TIRZ No. 1 will provide support for catalytic infrastructure and projects that will support continued revitalization of the Historic Town Center; link the Town Center across Highway 5 to the proposed future Transit-Oriented Development (TOD) around the future rail transit station; provide infrastructure and development support for the TOD; support the street and other infrastructure needed for the safe and pedestrian-oriented transportation circulation needed within the historic core of the Town Center; improve and remediate key locations that have suffered from historic industrialization; and provide other support allowed by law for the redevelopment of the Town Center within the TIRZ boundary.

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



Existing Conditions and Uses

The Town Center is anchored by the Historic Square, which has been recently reconstructed. To the east of the Historic Square and across State Highway 5 is a future Rail Transit Station along the rail line, which once anchored a vibrant industrial area of Town. Today, stable neighborhoods surround the Historic Square and the future Rail Transit Station. Highway 5 contains a mix of commercial and industrial uses, many of which are auto-oriented uses.

The Town Center is home to about 20% of McKinney's population with a significant minority and mixed-income population. The neighborhoods in the Town Center offer

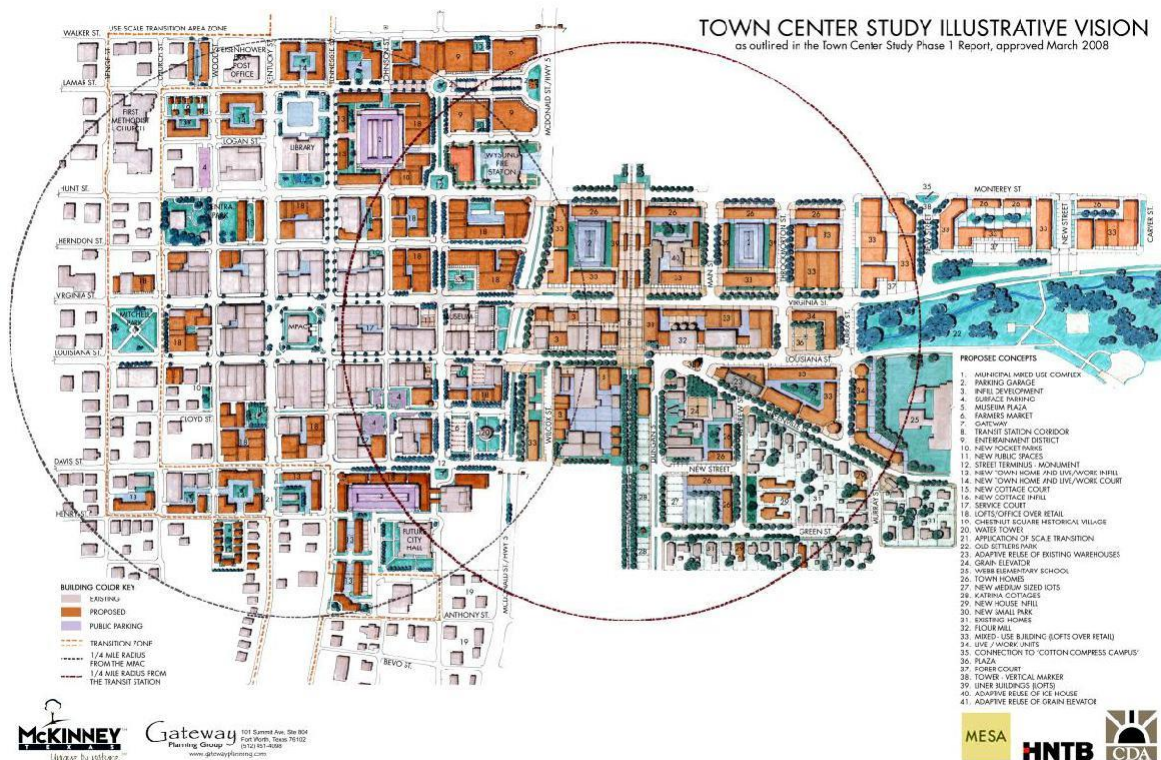
historic and varied housing for a range of incomes and housing preferences. The adopted Town Center Study calls for the continued support for these neighborhoods as redevelopment occurs over time.

In terms of current zoning, the Historic Square has a mix of zoning currently related to the downtown conditions. Around the Historic Square, zoning consists of General Business, Light Manufacturing and some Heavy Manufacturing. The southern end of the Town Center adjacent to US 75 is a planned development for office/retail and medical uses.

Proposed Improvements and Uses

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. In addition, State Highway 5 is envisioned to redevelop as a walkable, urban destination that links the west and east sides of the corridor together into a transit-friendly neighborhood to encourage urban living, while preserving the surrounding neighborhoods. Outlined in Figure 2, the master plan derived from the Town Center Study provides an illustrative delineation of the redevelopment character and supporting infrastructure proposed for the project.

Figure 2: Town Center Study Illustrative Master Plan



In addition, key catalytic projects are envisioned including the reuse of historic buildings, such as the Flour Mill, and historic sites, such as the Cotton Compress, as well as the reuse of the former county offices site into a mixed-use campus on the south side of the Historic Square. In addition, the area north of the Historic Square is envisioned to be an entertainment district of mixed-use, including retail and urban residential. In order to accommodate such development, improvements in street infrastructure, new investments in parking and additional other infrastructure is planned.

In this context, the following specific projects are proposed:

I. Catalyst Projects – Significant Town Center projects with individual sites, buildings or groups of buildings for which total project investment from all sources will exceed \$5.0 million per project. Catalyst projects anticipated during the life of the Town Center TIRZ are listed below and are illustrated on Figure 3:

- State Highway 5 (McDonald Street) improvements (paving, water, wastewater, storm water, and landscape/streetscape)

- Parking facilities (locations will vary per Town Center Master Plan and subsequent parking studies)
- Development of new buildings (or redevelopment of existing buildings) as mixed-use/residential/civic projects or other related projects with a direct community benefit
- Development of a major employment center that is supported by associated high-density residential, retail, and entertainment uses that serve as an iconic/signature development within the community
- Transit improvements providing for the accommodation of a variety of modes over time including station platforms, rail bed reconstruction, structures, utility relocation, bus queuing areas, depot/mixed-use facilities, maintenance facilities, and other supporting improvements for transit facilities construction

II. Vacant/Underutilized Sites/Buildings – Relatively smaller projects (under \$5.0 million) for the incremental redevelopment of vacant/underutilized Town Center sites or buildings. The Vacant/Underutilized Sites/Buildings Improvement Area is illustrated on Figure 3.

I and II: The following categories of TIRZ-eligible expenditures shall be applicable to both Catalyst Projects and Vacant/Underutilized Sites/Buildings:

(a) Environmental Remediation, Interior/Exterior Demolition, and Historic Façade Restoration Improvements/Easements: The City of McKinney Town Center has several buildings that contribute to the character and fabric of the Town Center, but these buildings sometimes are financially unfeasible to properly redevelop because of the cost of environmental remediation of asbestos, lead-based paint and other contaminants, interior and exterior demolition costs, and façade improvement costs. Interior and exterior demolition expenses are tied directly to the remediation expenses. These costs are TIRZ-eligible expenditures. Remediation of environmentally hazardous materials and associated improvements, using TIRZ funds, greatly improves the marketability of these buildings. This budget category is necessary for attracting highly desired mixed-use and adaptive reuse projects to the Town Center TIRZ, including attracting new retail, office, and residential uses.

Historic façade improvements and new construction under this program will be reviewed for compliance with design standards to ensure compatibility with other improved structures and investment in the Town Center area.

Acquisition and restoration of historic sites: Several key historic buildings in the Town Center are vacant or substantially underutilized. As such, these historic buildings are falling into a serious state of disrepair so as to result in the deterioration of exterior architectural features and structural elements which produce a detrimental effect upon the character of the historic Town Center as a whole (and/or the life and character of the properties themselves). Acquisition and restoration of historic buildings by public entities will be supported as a TIRZ-eligible project cost to enable the redevelopment of these structures.

Only buildings that are designated as a local or State historic landmark; that are listed on the National Register of Historic Places; or that are designated by the City's Historic Preservation Officer will be eligible for assistance under this program. The intent of this program is to support and preserve these recognized historic structures within the Town Center TIRZ.

Acquisition of a conservation or beautification easement may preserve the architectural effects of these buildings enhancing the façade of new or redeveloped structures in the Town Center. The City of McKinney, using TIRZ funds, can acquire such an interest in these architecturally or aesthetically significant structures in the TIRZ, leaving long-term maintenance to the property owner.

Façade easements may include funding for projects which, first, preserve and/or rehabilitate existing facades and, secondly, aid in the restoration of facades that have been significantly altered.

As part of a proposed catalyst project, TIRZ funds may be used by public entities to purchase a vacant/underutilized property or building and costs related to purchasing the property/building and developing a redevelopment plan for the property/building, consistent with the economic development concepts and objectives of the Town Center TIRZ.

(b) Street, Utility, and Streetscape Improvements: This category includes TIRZ-eligible expenditures for improvements to local streets, including paving, utility infrastructure upgrades/relocation (water, wastewater, storm water), burial of overhead utilities as well as lighting improvements, street trees/planters, and sidewalk improvements for enhancing pedestrian linkages between the historic downtown core, the north downtown quadrant, the south downtown quadrant, and the anticipated transit station/transit village. Key street,

utility, and streetscape improvements (based on the Town Center Study Phase 1 Report and vision) anticipated during the life of the TIRZ are illustrated on Figure 3.

(c) Land Acquisition: The City may consider acquiring property (using eminent domain as necessary and to the extent permitted by law) to implement the Town Center TIRZ plan. Potential land acquisitions may include:

- Properties needed for pedestrian safety and accessibility, or transportation circulation;
- Pocket parks/plazas as identified in the Town Center Study Phase I Report and illustrative vision;
- Key development sites, which may be:
 - Locations generally recommended in the Town Center Study Phase II Parking Study as priority locations for public parking, or
 - Catalyst projects, or
 - Land or rights to land obtained for a redevelopment project in accordance with a development agreement.

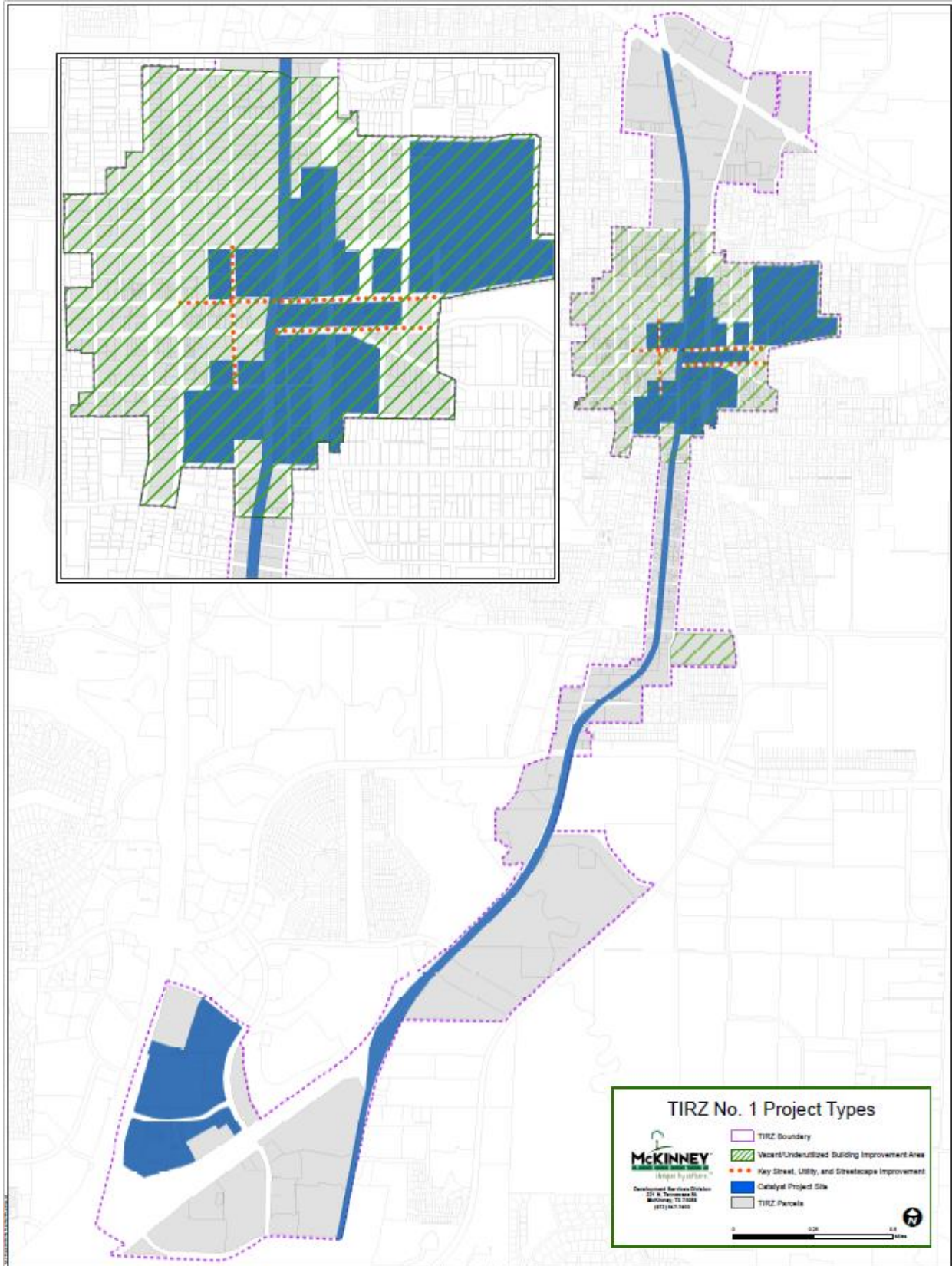
(d) Critical Maintenance Items: The City of McKinney Town Center has several buildings that contribute to its character and fabric. These buildings can sometimes have high maintenance costs for key structural components or outdated mechanical, electrical, or plumbing systems. This category includes TIRZ-eligible expenditures for improvements to structural and foundation repairs, roof repair or replacement, gutters, mechanical, electrical, and plumbing upgrades and/or replacement.

(e) Fire Suppression: This category includes TIRZ-eligible expenditures for fire suppression improvement costs (including sprinkler systems), and fire accessibility issues. These grants could be part of a unified plan for fire suppression for the historic square or used for individual buildings.

III. Mixed-Income Housing -- Funding to encourage and assist in the creation of new affordable, workforce and mixed-income housing inside or outside the Town Center TIRZ is included. A mixture of housing types and pricing is important and desired for McKinney's Town Center consistent with the adopted Town Center Study Master Plan.

Based on the categories above, Figure 3 delineates the projects within the TIRZ Boundary:

Figure 3: TIRZ No. 1 Project Types



Administration and Implementation

Administrative costs, including reasonable charges for the time spent by City of McKinney employees and/or employees associated with any non-profit groups established to assist with implementation within the Town Center TIRZ will be eligible for reimbursement as project costs, upon approval by the TIRZ Board of Directors and in connection with the implementation of the Town Center TIRZ Project Plan and Financing Plan. Other related administrative expenses including legal fees and consulting fees, including planning, engineering and design fees, of the City, management expenses, meeting expenditures and equipment are included in this category.

Non-Project Costs

It is anticipated that the City of McKinney may make economic development loans or grants either to the Town Center TIRZ or to the Town Center Redevelopment Authority in furtherance of implementing this Plan. Should such loans or grants be made, consistent

with the financing documents authorizing the issuance of bonds or other obligations issued by the Redevelopment Authority to finance project costs, tax increments may be transferred to the City to reimburse the City for the funds made available by any such Chapter 380 economic development loans or grants in furtherance of the implementation of this Plan, and fulfilling the public purposes of developing and diversifying the economy of the Town Center TIRZ, eliminating unemployment or underemployment in the Town Center TIRZ, and developing or expanding transportation, business, and commercial activity in the Town Center TIRZ. It is not possible to quantify the non-project costs at this time, other than to say that they are anticipated. All bonds issued by the Town Center Redevelopment Authority are subject to City Council approval, and to minimize the exposure to the City's general fund revenues, the Town Center Redevelopment Authority shall maintain sufficient debt reserve accounts and coverage ratios.

Summary of Project Costs

The following summarize the projected project costs of the projects delineated above:

Category	Estimated Cost (in 2010 Dollars)
Catalyst Projects	85,000,000
State Highway 5 (McDonald Street) improvements	
Parking facilities	
Development of new buildings (or redevelopment of existing buildings) as mixed-use/residential/civic projects or other related projects with a direct community benefit	
Development of a major employment center that is supported by associated high-density residential, retail, and entertainment uses which serve as an iconic/signature development within the community	
Transit improvements	
Vacant/ Underutilized Sites/Buildings	3,000,000
Mixed-Income Housing	2,000,000
Administration & Implementation	1,000,000
Total Project Cost	91,000,000

Proposed Changes in Municipal Master Plans, Zoning Ordinances, Building Codes, and Subdivision Regulations

In order for the realization of the project plan described herein based on the adopted Town Center Study, it is anticipated that significant portions of the Town Center will need to be rezoned under a form-based code.

The form-based code is intended to preserve and enhance the existing historic core and the surrounding areas by encouraging a mix of retail, entertainment, restaurant, office, residential, and civic uses. Development standards not only encourage the preservation of existing historic buildings, but also require new buildings to be built to emphasize pedestrian orientation. The area east of Highway 5 is intended to provide the highest intensity of residential and commercial uses around the transit stop which is to be the Transit Village Core. In addition, the area surrounding the Transit Village Core and to the east of Hwy 5 is intended to encourage a range of commercial (retail, office, light/cottage industrial and live-work) as a transition between the Transit Village Core and the adjoining neighborhoods.

Relocation of Displaced Persons

This plan currently does not call for nor anticipate the displacement and relocation of persons for the proposed projects.