



CITY OF MCKINNEY, TEXAS

Agenda

Reinvestment Zone Number One

Tuesday, February 20, 2018

5:00 PM

Council Chambers
222 N. Tennessee Street
McKinney, Texas

CALL TO ORDER

18-154 [Election of Vice Chair](#)

CONSENT ITEMS

This portion of the agenda consists of non-controversial or "housekeeping" items required by law. Items may be considered individually by any Commission member making such request prior to a motion and vote on the Consent items.

18-155 [Minutes of the Reinvestment Zone Number One Meeting of December 5, 2017](#)

Attachments: [Minutes](#)

REGULAR ITEMS

18-156 [Consider/Discuss/Act on a Resolution Amending the Project Plan for Tax Increment Reinvestment Zone Number One](#)

Attachments: [Resolution](#)
 [TIRZ 1 Project Plan - Redline](#)

ADJOURN

Posted in accordance with the Texas Government Code, Chapter 551, on the 16th day of February, 2018 at or before 5:00 p.m.

Sandy Hart, TRMC, MMC
City Secretary

In accordance with the Americans with Disabilities Act, it is the policy of the City of McKinney to offer its public programs, services, and meetings in a manner that is readily accessible to everyone, including individuals with disabilities. If you are a person with a disability and require information or materials in an appropriate alternative format; or if you require any other accommodation, please contact the ADA Coordinator at least 48 hours in advance of the event. Phone 972-547-2694 or email contact-adacompliance@mckinneytexas.org. Advance notification within this guideline will enable the City to make reasonable arrangements to ensure accessibility. ADA grievances may also be directed to the ADA Coordinator or filed online at <http://www.mckinneytexas.org/ada>.



18-154

TITLE: Election of Vice Chair

COUNCIL GOAL: Operational Excellence

MEETING DATE: February 20, 2018

DEPARTMENT: City Secretary

CONTACT: Sandy Hart, TRMC, MMC

RECOMMENDED CITY COUNCIL ACTION:

- Election of Vice Chairman of the Reinvestment Zone Number One

ITEM SUMMARY:

- Ordinance 2011-07-046 was adopted by City Council on July 19, 2011.
- The Ordinance states:
 - “Each year the City Council shall annually designate one (1) member of the Board of Directors to serve as chairman for a one (1)-year term that begins on January 1 of the following year. The Board of Directors shall elect from its members a vice chairman to preside in the absence of the chairman or when there is a vacancy in the office of chairman.”
- On December 19, 2017, the City Council appointed Chuck Branch to serve a one year term as Chairman starting on January 1, 2018.
- Rainey Rogers has served as Vice Chairman of Reinvestment Zone Number One since January 2017.
- Current Board members:
 - Chuck Branch
 - Bill Cox
 - Scott Elliott
 - George Fuller
 - Charlie Philips
 - Tracy Rath

- Rainey Rogers
- La'Shadi Shemwell
- John Thomas

BACKGROUND INFORMATION: N/A

FINANCIAL SUMMARY: N/A

BOARD OR COMMISSION RECOMMENDATION: N/A

SUPPORTING MATERIALS:

18-155



TITLE: Minutes of the Reinvestment Zone Number One Meeting of December 5, 2017

SUPPORTING MATERIALS:

[Minutes](#)

REINVESTMENT ZONE NUMBER ONE

DECEMBER 5, 2017

The Reinvestment Zone Number One of the City of McKinney, Texas met in regular session in the Council Chambers, 222 N. Tennessee Street, McKinney, Texas on December 5, 2017 at 5:00 p.m.

Board members Present: Chairwoman Tracy Rath, Vice Chair Rainey Rogers, Board members: Bill Cox, Chuck Branch, Scott Elliott, La'Shadi Shemwell and John Thomas. Absent: Board members George Fuller and Charlie Philips.

Staff Present: City Manager Paul Grimes; Assistant City Manager Steve Tilton; Assistant to the City Manager Trevor Minyard; Assistant City Attorney Alan Lathrom; City Secretary Sandy Hart; and Planning Manager Matt Robinson.

There were three guests present.

Chairwoman Rath called the meeting to order at 5:30 p.m. after determining a quorum present.

17-1176 Minutes of the Tax Increment Reinvestment Zone Number 1 Meeting of July 18, 2017. Board members unanimously approved the motion by Board member Branch, seconded by Board member Elliott, to approve the minutes of the Tax Increment Reinvestment Zone Number 1 Meeting of July 18, 2017.

17-1166 Chairwoman Rath called for Consideration/Discussion/Action on a Resolution Approving a Chapter 380 Economic Development Agreement with Gather Restaurant, LLC. for the Façade Improvement Project at 207 E. Virginia Street. Planning Manager Matt Robinson stated this item is for a Chapter 380 Agreement with Gather Restaurant LLC for the façade improvement project at 207 E. Virginia Street. The agreement will facilitate the replacement of fabric awning with a 51 foot long metal awning which would be consistent with the historic store front. The project qualifies for reimbursement under the category of vacant and underutilized sites and buildings within the TIRZ project plan and has received a certificate of appropriateness from the Historic Preservation

Officer. Under the policy, a maximum of \$25,000 is allowed per qualifying project. Staff is recommending approval of the agreement. Applicant, Ms. Jennifer Klassen, owner of Gather in downtown McKinney, stated that she appreciates this opportunity and thanked staff for the hard work on this application to bring back the historic nature of the building. Board members unanimously approved the motion by Board member Shemwell, seconded by Board member Rogers, to approve a Resolution approving a Chapter 380 Economic Development Agreement with Gather Restaurant, LLC. for the Façade Improvement Project at 207 E. Virginia Street. Caption reads as follows:

RESOLUTION NO. 2017-12-003 (TR1R)

A RESOLUTION OF THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY, TEXAS APPROVING A CHAPTER 380 ECONOMIC DEVELOPMENT AND PROJECT PLAN IMPLEMENTATION AGREEMENT WITH GATHER RESTAURANT, LLC FOR THE 207 E. VIRGINIA STREET – GATHER IN DOWNTOWN MCKINNEY AWNINGS PROJECT

- 17-1167** Chairwoman Rath called for Consideration/Discussion/Action on a Resolution Approving a Chapter 380 Economic Development Agreement with DFA 205, LP for the project at 205 W. Louisiana Street. Planning Manager Matt Robinson stated this item is for a Chapter 380 Agreement with the proposed project at 205 W. Louisiana Street with DFA 205 LP. The proposed agreement is intended to assist with the installation of a fire suppression and fire alarm system for the new building at that location. The project qualifies under the vacant and underutilized requirements under the project plan and as such staff is recommending approval. Applicant, Mr. Don Day, 110 E. Louisiana, McKinney requested the Board's approval and thanked staff for their assistance. Board members unanimously approved the motion by Board member Branch, seconded by Board member Elliott, to approve a Resolution approving a Chapter 380 Economic Development Agreement with DFA 205, LP for the project at 205 W. Louisiana Street. Caption reads as

follows:

RESOLUTION NO. 2017-12-004 (TR1R)

A RESOLUTION OF THE BOARD OF DIRECTORS OF
REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY,
TEXAS APPROVING A CHAPTER 380 ECONOMIC
DEVELOPMENT AND PROJECT PLAN IMPLEMENTATION
AGREEMENT WITH DFA 205, LP FOR THE 205 W. LOUISIANA
STREET OFFICE BUILDING PROJECT

Board members unanimously approved the motion by Board member Shemwell,
seconded by Board member Elliott, to adjourn. Chairwoman Rath adjourned the
meeting at 5:15 p.m.

TRACY RATH
Chair

ATTEST:

Sandy Hart, TRMC, MMC
City Secretary



18-156

TITLE: Consider/Discuss/Act on a Resolution Amending the Project Plan for Tax Increment Reinvestment Zone Number One

MEETING DATE: February 20, 2018

DEPARTMENT: Planning

CONTACT: Matt Robinson, AICP, Planning Manager
Brian Lockley, AICP, Director of Planning
Michael Quint, Executive Director of Development Services

RECOMMENDED ACTION:

- Staff recommends approval of the Resolution amending the Project Plan for TIRZ Number One (TIRZ 1).

ITEM SUMMARY:

- The proposed amended project plan would identify additional catalyst project sites, including the area around the cotton compress site northeast of the Flour Mill in addition to the Southgate site located at the interchange of U.S. 75 and Sam Rayburn Tollway. Additional proposed changes for the Project Plan include the addition of a project category for “development of a major employment center supported by high-density residential, retail, and entertainment uses which serve as an iconic/signature development within the community”, other projects with a direct community benefit, and the consolidation of projected catalyst project costs.
- Currently, the TIRZ 1 Project Plan Map does not identify the area around the old McKinney Cotton Compress site or the Southgate area as a Catalyst Project site. As such, the use of TIRZ funds in these areas is limited to mixed-income housing and/or relatively small projects with a maximum funding of \$25,000 per project. By identifying additional catalyst project sites, specifically for the Southgate area and the area around the old McKinney Cotton Compress, funding will be available to use to assist with the development/redevelopment of these areas.
- Should the resolution be approved by the TIRZ Board, City Council will need to approve an ordinance for final action and approval. The proposed ordinance is scheduled to be acted upon at their February 20, 2018 regular meeting.

BACKGROUND INFORMATION:

- The Project Plan of the TIRZ focuses on support for catalytic projects for the continued revitalization of the Town Center; key regional transportation infrastructure for effective access and linkages throughout the Town Center including connections between the Historic Square to the west of Highway 5 and the future Transit-Oriented Development (TOD) to the east of Highway 5, as well as safe auto, pedestrian and bicycle movements along Highway 5 and within the supporting street network of the Town Center; infrastructure and development of the TOD; and for other potential locations and projects that provide opportunity for redevelopment.
- TIRZ 1 was created with the primary intention of collecting and retaining revenues (in the TIRZ) for aggregation to facilitate long-term financing for critical transportation infrastructure and other substantial catalyst projects to support and encourage sustained revitalization of the Town Center.
- The authority of the Board of Directors is established by City Ordinance No. 2010-09-034 creating the TIRZ. Board authority includes the making of recommendations to the City Council concerning the administration of the TIRZ; and adopting (and amending as needed in the future) a project plan and financing plan consistent with the preliminary project plan and finance plan subject to final approval by the City Council.

FINANCIAL SUMMARY:

- N/A

SUPPORTING MATERIALS:

[Resolution](#)

[TIRZ 1 Project Plan - Redline](#)

RESOLUTION NO. 2018-02-001 (TR1R)

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY,
ADOPTING THE FIRST AMENDED PROJECT PLAN FOR
REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY**

WHEREAS, on the 21st day of September, 2010, the City Council of the City of McKinney, Texas (the "City Council") approved tax increment financing Reinvestment Zone Number One, City of McKinney (the "Zone"), pursuant to the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code, as amended; and

WHEREAS, Ordinance Number 2010-09-034, which created the Zone, also created and established a Board of Directors for the Zone; and

WHEREAS, the Zone is a duly constituted reinvestment zone under Chapter 311 of the Texas Tax Code, as amended, acting by and through its duly appointed Board of Directors, 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, pursuant to Section 311.011(a) of the Tax Increment Financing Act, as amended, the plans must be as consistent as possible with the preliminary plans developed for the zone before the creation of the board; 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, pursuant to Section 311.011(e) of the Tax Increment Financing Act, as amended, the project plan may be amended from time to time to accurately reflect the wishes of the Board of Directors; and

WHEREAS, the Board of Directors has determined a need to expand both the types of projects that may qualify as "Catalyst Projects" and the land areas that may be used for "Catalyst Projects" as defined and identified in the Project Plan; and

WHEREAS, the Board of Directors desires to amend the Project Plan to accurately reflect the wishes of the Board of Directors.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY, THAT:**

Section 1. The Board of Directors of Reinvestment Zone Number One, City of McKinney, hereby adopts the First Amended Project Plan for the Zone attached hereto as Exhibit A and further finds that the First Amended Project Plan is consistent with the preliminary project plan developed for the Zone before the creation of the Board of Directors.

DULY PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF
REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY, ON THE 20th DAY OF
FEBRUARY, 2018.

TRACY RATH
Chairperson

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE, TRMC
Deputy City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney

EXHIBIT A

Tax Increment Reinvestment Zone No. 1 (Town Center)

First Amended Project Plan¹



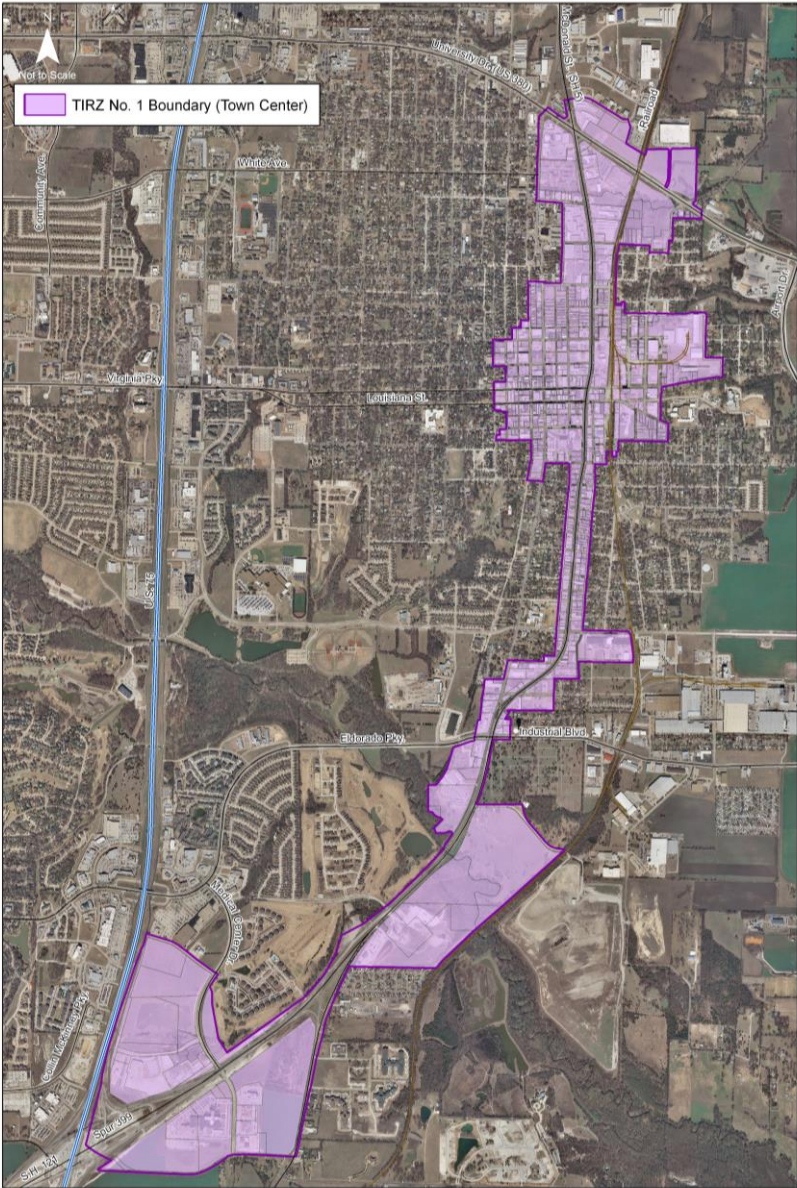
¹ As amended by Resolution No. 2008-02-001(TR1R) of the Tax Increment Reinvestment Zone No.1, and approved to be effective on the 25th day of February, 2018 by Ordinance No. 2008-02-1-011 of the City Council of the City of McKinney, Texas.

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.

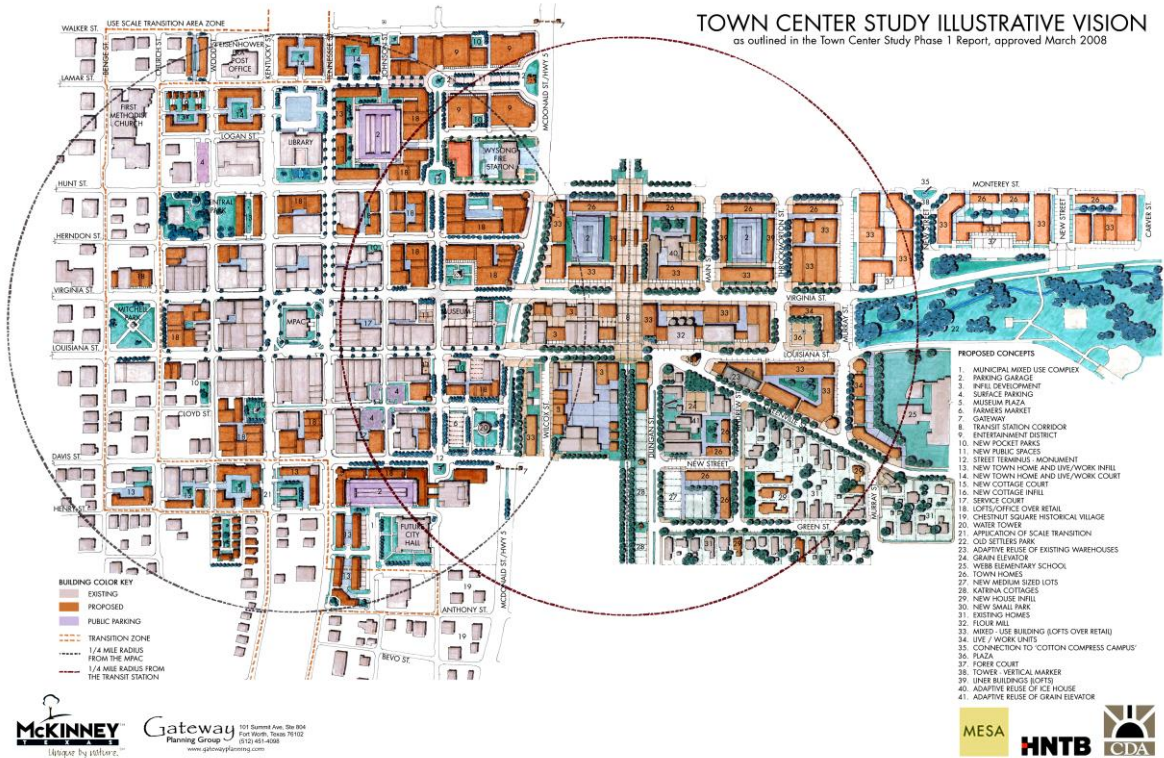
In terms of current zoning, the Historic Square has a mix of zoning currently related to the

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, Historic Façade Restoration Improvements/Easements and Fire Safety Improvements/Grants: 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, façade improvement costs and fire accessibility issues. 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.

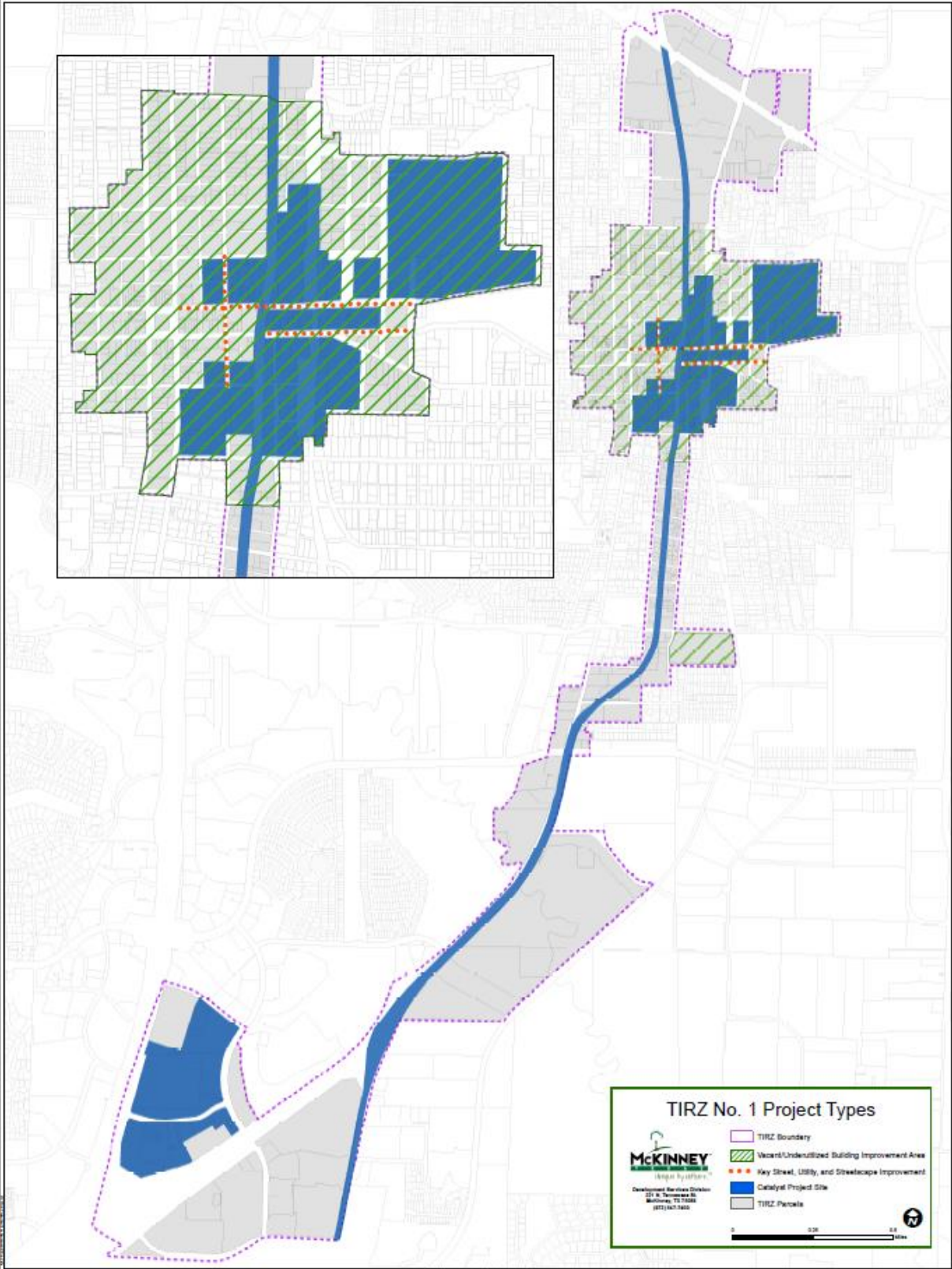
(c) Land Acquisition: The City may consider acquiring property (using eminent domain as necessary and to the extent permitted by law) to implement the Town Center TIRZ plan. Potential land acquisitions may include:

- 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.

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 and 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.

Tax Increment Reinvestment Zone No. 1 (Town Center)

First Amended Project Plan¹



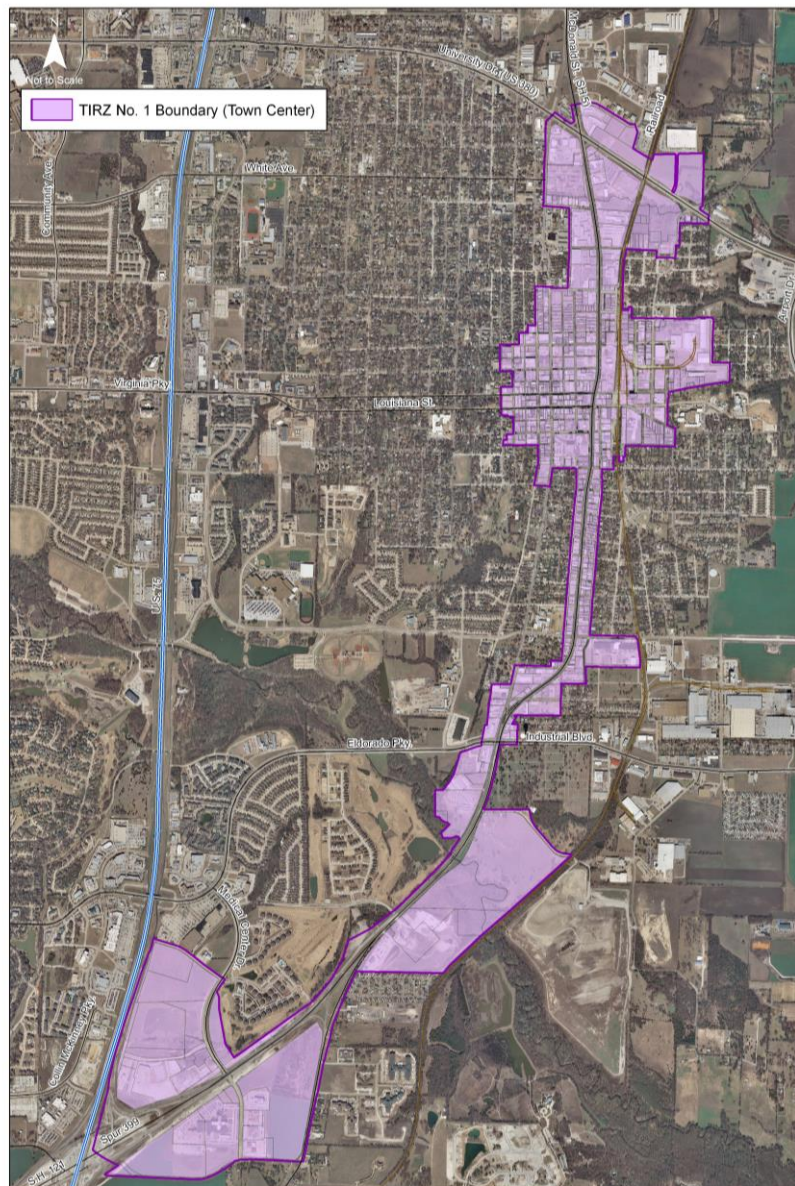
¹ As amended by Resolution No. _____ of the Tax Increment Reinvestment Zone No.1, and approved to be effective on the _____ day of February _____, 2018 by Ordinance No. _____ of the City Council of the City of McKinney, Texas.

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.

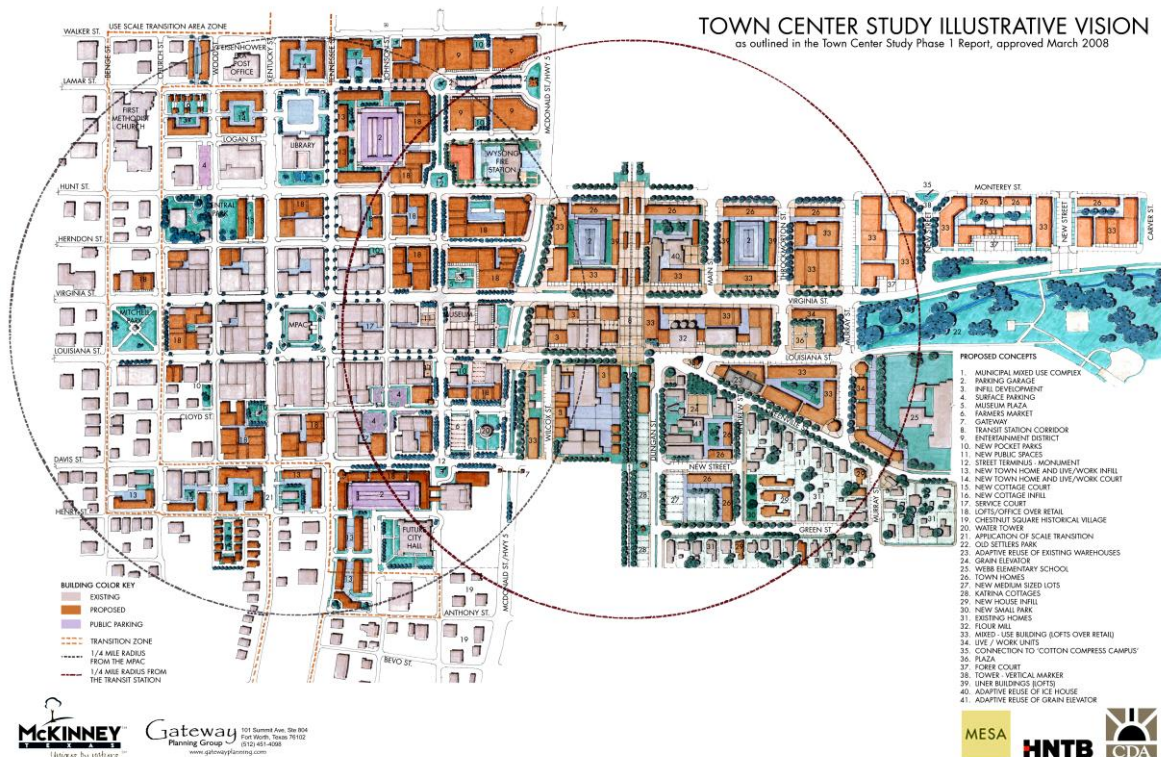
The Town Center is home to about 20% of McKinney's population with a significant minority and mixed-income population. The neighborhoods in the Town Center offer historic and varied housing for a range of incomes and housing preferences. The adopted Town Center Study calls for the continued support for 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, Historic Façade Restoration Improvements/Easements and Fire Safety Improvements/Grants: 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, façade improvement costs and fire accessibility issues. 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:

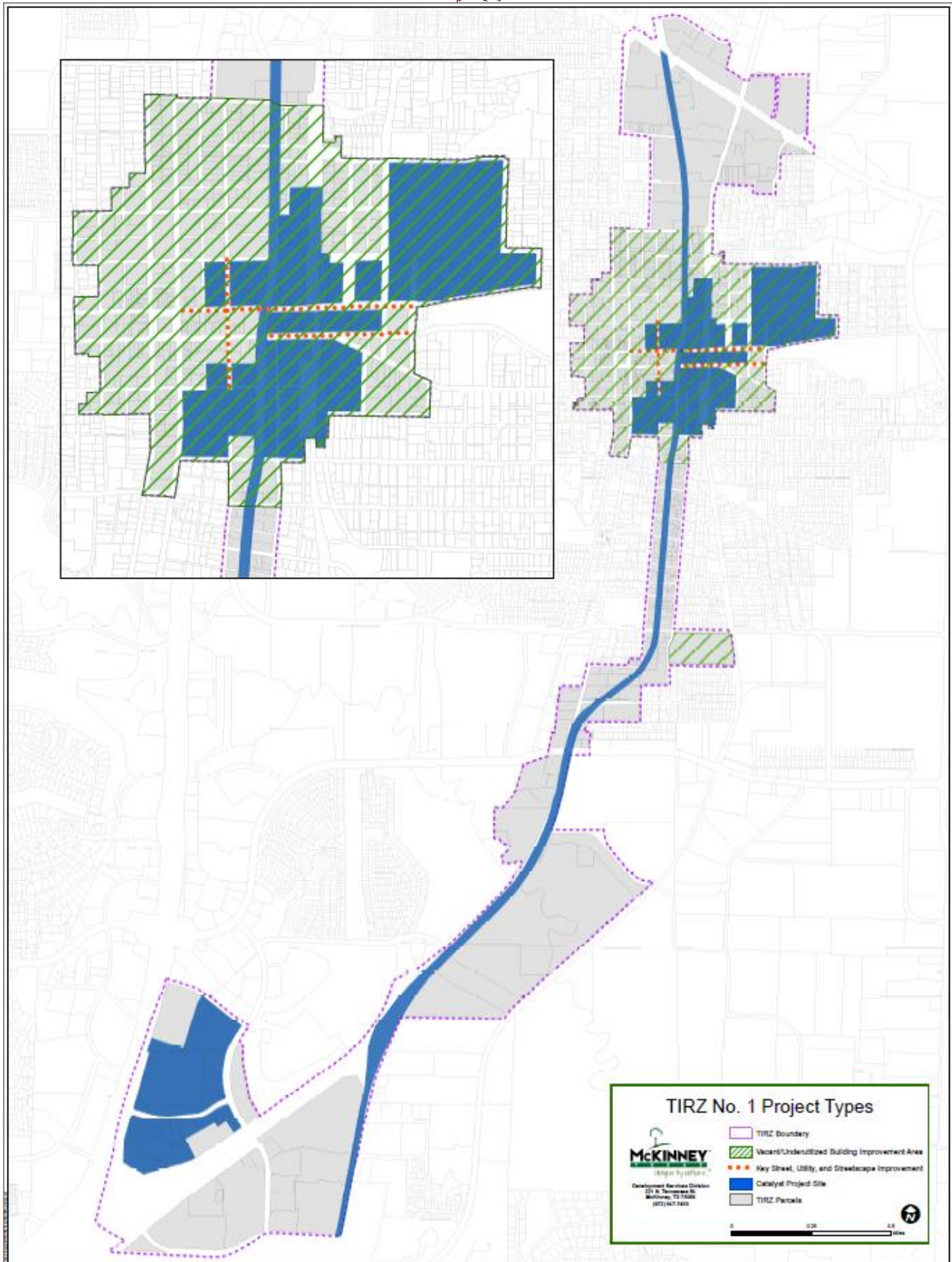
- Properties needed for pedestrian safety and accessibility, or transportation circulation;
- Pocket parks/plazas as identified in the Town Center Study Phase I Report and illustrative vision;
- Key development sites, which may be:
 - Locations generally recommended in the Town Center Study Phase II 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.

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

[MQ1]



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	
State Highway 5 (McDonald Street)	\$ 50,000,000
Parking facilities	\$ 15,000,000
Development of new buildings (or redevelopment of existing buildings) as mixed-use/residential/civic projects	\$ 15,000,000
Transit improvements	\$ 5,000,000
Vacant/Underutilized Sites/Buildings	\$ 3,000,000
Mixed-Income Housing	\$ 2,000,000
Administration and Implementation	\$ 1,000,000
Total Project Cost	\$ 91,000,000

<u>Category</u>	<u>Estimated Cost (in 2010 Dollars)</u>
<u>Catalyst Projects</u>	<u>\$ 85,000,000</u>
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	
<u>Vacant/Underutilized Sites/Buildings</u>	<u>\$ 3,000,000</u>
<u>Mixed-Income Housing</u>	<u>\$ 2,000,000</u>
<u>Administration and Implementation</u>	<u>\$ 1,000,000</u>
<u>Total Project Cost</u>	<u>\$ 91,000,000</u>

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.