



Tax Increment Reinvestment Zone Number One

Annual Report 2025

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 | Bill Cox |
| At Large | Ernest Lynch |
| At Large | Michael Jones |
| District 1 | Justin Beller |
| District 2 | Patrick Cloutier |
| District 3 | Geré Feltus, Mayor Pro Tem |
| District 4 | Rick Franklin |

City Staff

| | |
|-------------------------------|------------------|
| City Manager | Paul Grimes |
| Assistant City Manager | Jennifer Arnold |
| Assistant City Manager | Steve Tilton |
| Assistant City Manager | Barry Shelton |
| Assistant City Manager | Trevor Minyard |
| Chief Financial Officer | Mark Holloway |
| Assistant Director of Finance | Chance Miller |
| Planning Manager | Cassie Bumgarner |
| Senior Financial Analyst | Nicole Bradshaw |

TIRZ No.1

City of McKinney, Texas

Board of Directors

| | |
|---|--|
| Ernest Lynch, Chairman City Council - At Large | |
| Justin Beller City Council District 1 | Patrick Cloutier City Council District 2 |
| Geré Feltus City Council District 3 Pro Tem | Rick Franklin City Council District 4 |
| Bill Cox Mayor | Michael Jones City Council At Large |
| Steve Lebo 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 2025 report reflects a reporting period of October 1st, 2024 through September 30th, 2025. This is consistent with the reporting period of the City of McKinney.

1. Amount and source of revenue:

- \$6,512,272 from Ad Valorem and Sales & Use Taxes
- \$1,223,697 from Interest Income

2. Amount and purpose of expenditures:

The TIRZ 1 fund had ten expenditures for the Fiscal Year 2025 as follows:

- General and Administrative Expense
 - \$150,851
- Bond Principal and Interest Payments
 - \$977,269
- Chestnut Water Tower
 - \$725,000
- Throckmorton Infrastructure Improvement
 - \$4,000,000
- 115 W Virginia Street (Façade Improvement)
 - \$25,000
- 415 E. Louisiana Street (Roof Improvement)
 - \$175,739
- 207 E. Virginia Street (Street Façade Improvement)
 - \$24,205
- 500 N. McDonald Street (Asbestos Abatement and Demolition)
 - \$38,877
- 114 W. Virginia Street (Critical Maintenance, Facade Restoration and Environmental Remediation)
 - \$111,310

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

\$15,585,000 of total principal due on outstanding bonded indebtedness

\$ 300,000 of principal due in FY 2026

\$ 676,619 of interest due in FY 2026

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 2024) | Captured Appraised Value (Tax Year 2024) ² |
|---------------------|---|--------------------------------------|--|
| City of McKinney | \$209,880,377 | \$918,826,368 | \$708,945,991 |
| Collin County | \$208,256,060 | \$892,553,948 | \$684,297,888 |

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 2024) | Tax Rate per \$100/Value (Tax Year 2024) | Amount of Increment (Fiscal Year 2025) |
|---|---|---|---|
| City of McKinney (100%) | \$708,945,991 | 0.416 | \$2,945,763 |
| Collin County (50%) | \$684,297,888 | 0.149 | \$510,976 |

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 2025) | Captured Sales & Use Tax Increment (Fiscal Year 2025) ⁴ |
|--|--------------------------------------|--|--|
| City of McKinney (100%) | \$1,396,599 | \$4,454,730 | \$3,058,131 |

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 2025 Increment | \$ 6,514,869 |
|----------------------------------|---------------------|

6. TIRZ 1 Fund Balance History:

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|----------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | 3,775,819 | 21,469,368 | 6,639,208 | 7,480,754 | 7,735,969 |
| Expenditures | (4,708,443) | (328,724) | (1,249,064) | (13,169,894) | (6,228,251) |
| Net Income (Loss) | (932,623) | 21,140,644 | 5,390,145 | (5,689,140) | 1,507,718 |
| Ending Fund Balance | 5,869,729 | 27,010,373 | 32,400,517 | 26,711,377 | 28,219,095 |

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

