

TAX INCREMENT REINVESTMENT ZONE NUMBER TWO (TIRZ2) BOARD

MARCH 17, 2026

The Tax Increment Reinvestment Zone Number Two (TIRZ2) Board of the City of McKinney, Texas met in regular session in the Council Chambers, 401 E. Virginia Street, McKinney, Texas on Tuesday, March 17, 2026 at 5:00 p.m.

The meeting was streamed live on the City of McKinney website at <https://mckinneytx.new.swagit.com/views/130>. A video recording of the meeting is available to the public through the City of McKinney video archive.

TIRZ2 Board Chair Justin Beller called the meeting to order at 5:00 p.m. upon determining a quorum consisting of himself and the following members were present: Patrick Cloutier, Rick Franklin, Michael Jones, Darrell Hale, Charles Wattley, Geré Feltus, and Bill Cox. Board member Ernest Lynch was absent.

These City of McKinney staff were present: City Manager Paul Grimes, Assistant City Manager Barry Shelton, First Assistant City Attorney Benjamin Samples, City Secretary Empress Drane, Chief Financial Officer Mark Holloway, Director of McKinney National Airport Ken Carley, and Audio / Video Technician Joshua Arias.

There were two (2) members of the public in the audience, including Capital Improvement Advisory Committee member Steve Wilson.

Chairman Beller called for Public Comments on Agenda Items. No one requested to make public comments.

Chairman Beller called for the agenda items:

26-0207 Minutes of the Tax Increment Reinvestment Zone Number Two Board Meeting of May 6, 2025

Board members unanimously approved the motion by Board member Darrell Hale, seconded by Board member Rick Franklin, to approve the minutes and refer them to City Council for City Council approval.

26-0208 Consider/Discuss/Act on a Request by the City of McKinney for TIRZ Funding for the McKinney National Airport, Air Service Marketing Program and Incentives; and Accompanying Resolution of the TIRZ 2 Board

Board members unanimously approved the motion by Board member Geré Feltus, seconded by Board member Bill Cox, to Approved 26-0208 Consider/Discuss/Act on a Request by the City of McKinney for TIRZ Funding for the Mckinney National Airport, Air Service Marketing Program and Incentives; and Accompanying Resolution of the TIRZ 2 Board; resolution caption reading as follows:

RESOLUTION NO. 2026-03-001 (TIRZ2)

A RESOLUTION BY THE CITY OF MCKINNEY, APPROVING TAX INCREMENT REINVESTMENT ZONE NUMBER TWO FUNDING FOR THE MCKINNEY NATIONAL AIRPORT, AIR SERVICE MARKETING PROGRAM; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF

The revised presentation is provided in these minutes as *Appendix A: 26-0208 Presentation (revised)*.

The TIRZ2 Board did not meet in Executive Session.

Board members unanimously approved the motion by Board member Bill Cox, seconded by Board member Rick Franklin, to adjourn the meeting at 5:33 p.m.

These minutes were approved by the TIRZ2 Board on May 5, 2026, and referred to the City Council Regular Meeting of May 19, for City Council approval.

SIGNED:

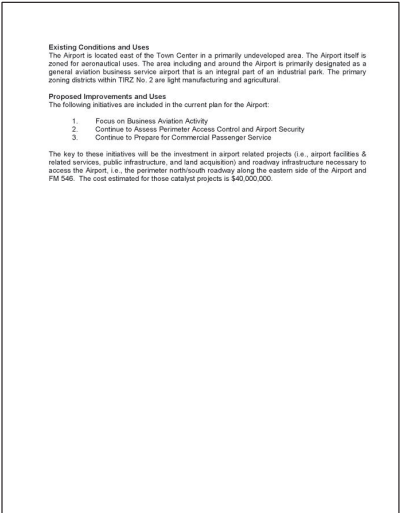
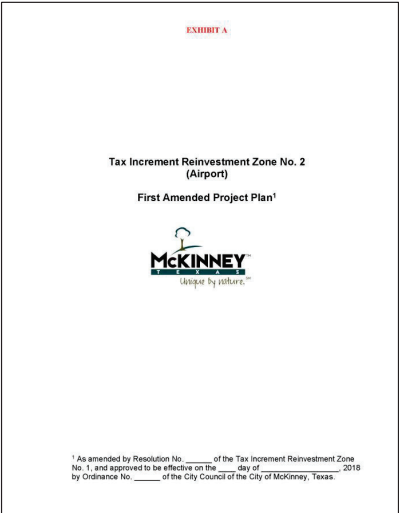
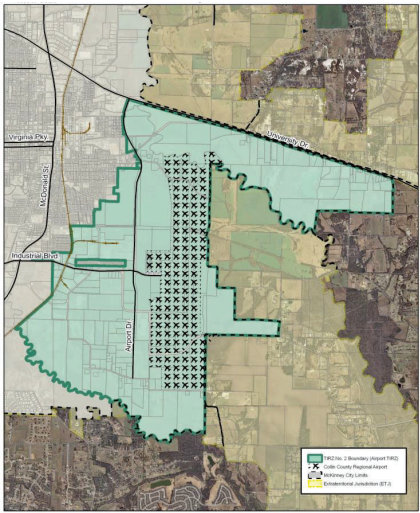
JUSTIN BELLER
TIRZ2 Chairman

ATTEST:

EMPRESS DRANE
City Secretary
TENITRUS PARCHMAN
Deputy City Secretary

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Appendix A: 26-0208 Presentation (revised)



TIRZ #2 Overview



TIRZ Explained: Project Types

Catalyst



- “Unnamed” north/south Perimeter Road and FM 546
 - *This item is no longer a priority with the Spur 399 project in design*
- Airport related projects (i.e., Airport Facilities & Related Services, Public Infrastructure, Land Acquisition)

Administration



- Administrative costs, including reasonable charges for the time spent by City of McKinney employees, MADC employees and/or employees associated with any non-profit groups established to assist with implementation within TIRZ No. 2



TIRZ #2 Use of Funds

- The TIRZ #2 Board has approved the following expenditures since creation of the TIRZ in 2010.
 - February 2, 2018 - **\$3,000,000** for acquisition of the 190 acres of land
 - January 4, 2022 - **\$2,000,000** for creation of Eastside Planning Documents
 - November 7, 2023 - **\$2,864,000** for construction of Taxiway A4
 - May 6, 2025 - **\$8,000,000** for construction of the commercial terminal



TIRZ #2 FY26 Financial Position

Beginning Fund Balance:	<u>\$4.1 M</u>
+ Budgeted Revenues:	<u>\$4.3M</u>
- Budgeted Expenses:	<u>\$0.05M</u>
Projected Ending Fund Balance:	\$8.4M



Air Service Incentive Program (ASIP) Overview

McKinney National Airport (TKI)



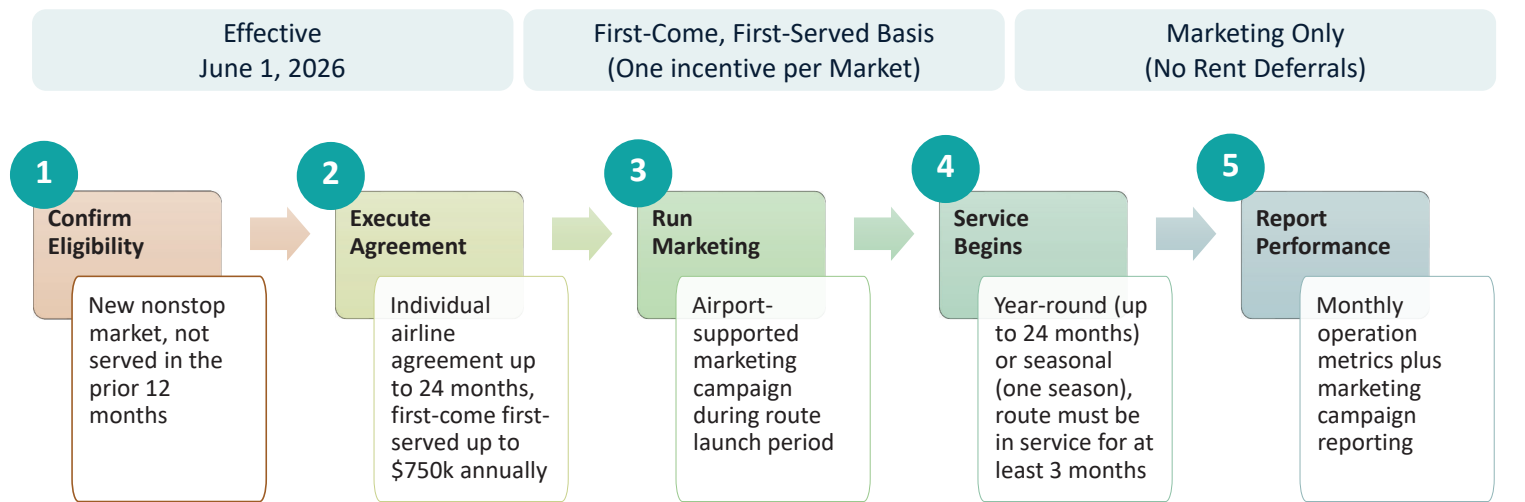
Air Service Incentive Program (ASIP) Overview

- The ASIP is a marketing incentive program to help launch and sustain commercial airline service at TKI
- Targets both year-round and seasonal nonstop markets not served within the prior 12 months
- Designed to expand connectivity for North Texas passengers and strengthen TKI’s regional position

Total 5-Year Program Funding \$2M–\$5M Program range	Annual Incentive Cap \$1.0M All airlines combined	Annual Per-Airline Limit \$750K Any 12-month period
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How the Program Works



Year-Round Marketing Incentives

- Routes must operate for at least three consecutive months. If the service ends earlier, the airline will either forfeit reimbursement or be required to repay any funds already issued
- Airlines that meet required performance criteria in their first year of service may qualify for additional marketing funds in Year 2 to help sustain and promote the route
- Seasonal marketing incentives are discounted and apply only during the first year of service

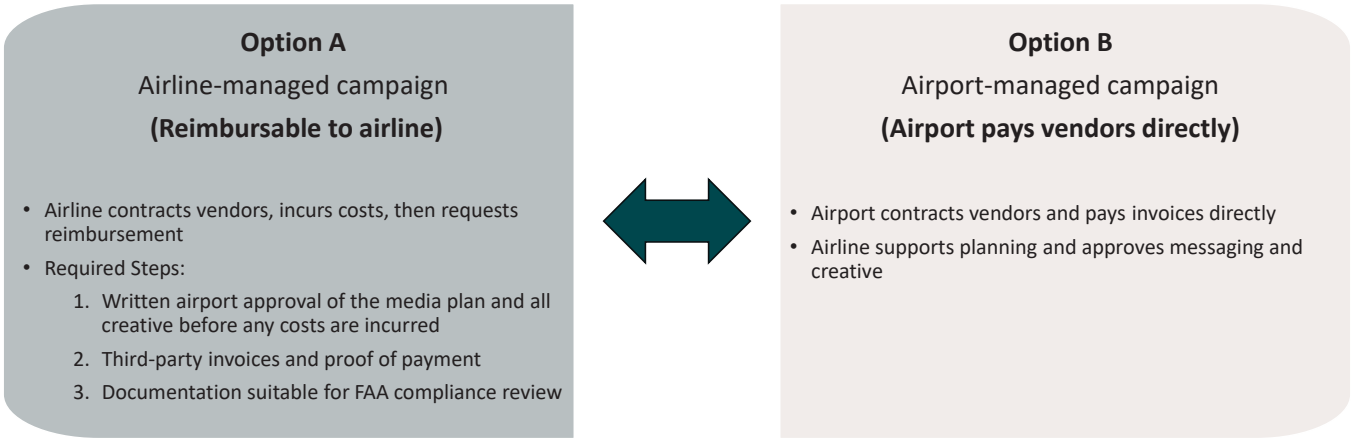
Service Level	Year 1	Year 2*	Total Potential
2x Weekly	\$50,000	\$25,000	\$75,000
3x Weekly	\$75,000	\$37,500	\$112,500
4x Weekly	\$100,000	\$50,000	\$150,000
5x Weekly	\$125,000	\$62,500	\$187,500
1x Daily	\$175,000	\$87,500	\$262,500
2x+ Daily	\$200,000	\$100,000	\$300,000

*Year 2 requires maintaining frequency for at least 7 months in Year 1.

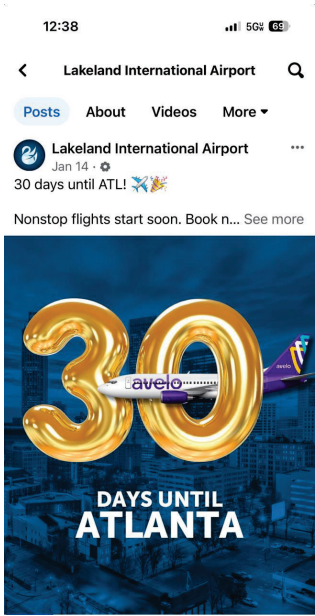


Marketing Administration

- Airline can select if the marketing campaign will be managed by either the airport or airline
- Majority of the agreements will be Option A



Airport Marketing Examples



ASIP Marketing Summary

Purpose

- Marketing incentive program to help launch and sustain new commercial airline service at TKI
- Targets year-round and seasonal nonstop routes unserved in the past 12 months
- Expands connectivity for North Texas and strengthens TKI's regional position

Program Requirements

- New unserved markets awarded on a first-come, first-served basis
- Minimum 3 consecutive months of service; early termination requires forfeiture/repayment
- Seasonal incentives apply only in Year 1 at discounted levels

Incentive Structure

- \$1M in annual ASIP funds; airlines eligible for \$15K–\$300K per route based on service level
- Maximum airline support: up to \$750K per year
- Year 1 performance may qualify airlines for additional Year 2 marketing funds

TKI's program aligns with industry standards, as similar air service marketing agreements exist across the country



Air Service Development Funding

- **\$300,000 – SCASDP Match (One-Time)**
 - Supports \$1.9M Small Community Air Service Development Program grant application
 - Funds used only if grant is awarded
- **SCASDP Proposed Allocation**
 - \$1,000,000 – Revenue Guarantees (2 × \$500,000) if route underperforms
 - \$600,000 – Airline-specific marketing (2 × \$300,000)
 - \$300,000 – General airport marketing
- **\$1,000,000 – Air Service Incentive Program (ASIP), Year 1**
 - Incentives to launch/sustain new nonstop service (year-round or seasonal)
 - Annual program cap: \$1,000,000
 - Per-airline cap: \$750,000
- **\$300,000 – General Airport Marketing**
 - Website, print, advertising, misc. support



Total funding under TIRZ 2 Resolution

Air Service Marketing Funding Needs			
Program	Amount	Term	Beginning
SCASDP	\$300,000	One-Time	FY 2026
Air Service Incentive Program	\$1,000,000	Year 1	FY 2026
General Marketing	\$300,000	Year 1	FY 2026

Total: \$1,600,000

- TIRZ 2 balance at the end of FY25: **\$4.1M**
- Projected accrual in FY26: **\$4.3M**
 - *Total end balance of **\$8,433,818 million***
- If approved, the total TIRZ 2 ending fund balance will be **\$6,833,818**



Questions?

FLYTKI.COM



Appendix

Parked Slides



How Airlines Get Reimbursed



Seasonal New Market Service

- Applies to new nonstop seasonal routes
- Seasonal defined as up to three consecutive months
- One-season marketing support only
- First carrier to initiate service in market qualifies
- Designed for leisure and peak-demand markets



Seasonal New Market Incentives

- 2x Weekly: \$15,000
- 3x Weekly: \$25,000
- 4x Weekly: \$35,000
- 5x Weekly: \$45,000
- 1x Daily: \$75,000
- 2x+ Daily: \$100,000



Monthly Reporting Requirements

- Total passengers enplaned and deplaned
- Average load factor
- Scheduled and completed departures
- Notice of material schedule or aircraft changes (minimum 30 days prior)



Marketing & Campaign Reporting

- Reporting Cadence
 - Weekly beginning three weeks after campaign launch
 - Continues through campaign duration or four weeks after inaugural flight
- Scope
 - Media plans outlining channel allocation and funding
 - Advance sharing of creative materials
 - Airport-funded metrics:
 - CPM, CTR, CPC, conversion rate, video completion rate
 - Route-level indicators:
 - Load factor trends, revenue performance, local vs. connecting mix, point-of-sale distribution

