

EXHIBIT A

Tax Increment Reinvestment Zone No. 1 (Town Center)

Administration Policy and Guidelines

Intent

The Board for TIRZ No. 1 of the City of McKinney, Texas, has deemed policies governing the allocation and/or awarding of TIRZ No. 1 funds should ensure the long-term success of the TIRZ as specified by the approved Project Plan and Finance Plan.

Allocation and/or Awarding of TIRZ No. 1 Funds

The governing policy for the allocation and/or awarding of TIRZ No. 1 funds shall be as follows:

I. Catalyst Projects

The policy governing the allocation and/or awarding of TIRZ No. 1 funds for Catalyst Projects as defined by the approved Project Plan shall be as follows:

- a. Reimbursement and/or grant requests for qualifying Catalyst Projects shall be evaluated by Staff on a case-by-case basis and brought before the Board for consideration and action.
- b. Qualifying Catalyst Projects must generate ad valorem or sales tax revenues into the TIRZ No. 1 district.

II. Vacant/Underutilized Sites/Buildings

The policy governing the allocation and/or awarding of TIRZ No. 1 funds for Vacant/Underutilized Sites/Buildings as defined by the approved Project Plan shall be as follows:

- a. Funding for Environmental Remediation, Interior/Exterior Demolition, Historic Façade Restoration Improvements/Easement activities identified on the approved Project Plan shall be as follows:
 - i. Reimbursement and/or grant requests for qualifying vacant/underutilized site/buildings shall be evaluated by Staff on a case by-case-basis and brought before the Board for consideration and action. These requests shall be limited to a maximum of \$50,000 per qualifying project or the entire reimbursement and/or grant request, whichever is less.
 - ii. A maximum of \$200,000 shall be awarded for qualifying activities during each fiscal year. Reimbursement and/or grant requests will be funded on a first-come, first-serve basis until the maximum fiscal year allotment has been reached. Once the maximum allotment for the fiscal year has been reached, Staff will

recommend that the Board not fund the request until the following fiscal year or deny the request.

- iii. Any remaining funding from the existing \$200,000 allocated from for reimbursement and/or grant requests for qualifying projects shall be rolled over from Fiscal Year to Fiscal Year with the maximum of \$400,000 set for rollover funding.
- b. Funding for Street, Utility and Streetscape Improvement activities identified on the approved Project Plan shall be as follows:
 - i. Reimbursement and/or grant requests for qualifying Street, Utility and Streetscape Improvements shall be evaluated by Staff on a case-by-case basis and brought before the Board for consideration and action.
 - c. Funding for Land Acquisition activities identified on the approved Project Plan shall be as follows:
 - i. Reimbursement and/or grant requests for qualifying Land Acquisitions shall be evaluated by Staff on a case-by-case basis and brought before the Board for consideration and action.
 - d. Funding for Critical Maintenance activities identified on the approved Project Plan shall be as follows:
 - i. Reimbursement or grant requests for qualifying critical maintenance items shall be evaluated by Staff on a case-by-case basis and brought before the Board for consideration and action. These requests shall be limited to the lesser of the grant/reimbursement or \$100,000 per qualifying project and shall be considered on a 50/50 match basis, up to \$100,000 matched.
 - ii. Items considered 'critical maintenance' include structural and foundation repairs, roof repair or replacement, gutters, mechanical, electrical, and plumbing upgrades and/or replacement.
 - iii. Activities associated with the upgrading or finishing out of a space for the sole purpose of converting the space for a new user shall not be considered 'critical maintenance'.
 - e. Funding for Fire Suppression activities identified in the approved Project Plan shall be as follows:
 - a. Reimbursement or grant requests for qualifying fire suppression items shall be evaluated by Staff on a case-by-case basis and brought before the Board for consideration and action. These requests shall be limited to the lesser of the grant/reimbursement or \$100,000 per qualifying project and shall be considered on a 50/50 match basis, up to \$100,000 matched.
 - i. Items considered 'fire suppression' include Underground lead-in mains, fire sprinkler risers and floor controls, fire sprinkler systems, standpipe hose systems, and fire alarm systems.

III. Mixed Income Housing

The policy governing the allocation and/or awarding of TIRZ No. 1 funds for Mixed Income Housing projects as defined by the approved Project Plan shall be as follows:

- c. Reimbursement and/or grant requests for qualifying Mixed Income Housing projects shall be evaluated by Staff on a case-by-case basis and brought before the Board for consideration and action.

IV. Innovation/Pilot Projects

The policy governing the allocation and/or awarding of TIRZ No. 1 funds for Innovation/Pilot Projects as defined by the approved Project Plan shall be as follows:

- d. Reimbursement and/or grant requests for qualifying Innovation/Pilot Projects shall be evaluated by Staff on a case-by-case basis and brought before the Board for consideration and action.

V. District Enhancement Projects

The policy governing the allocation and/or awarding of TIRZ No. 1 funds for District Enhancement Projects as defined by the approved Project Plan shall be as follows:

- e. Reimbursement and/or grant requests for qualifying District Enhancement Projects shall be evaluated by Staff on a case-by-case basis and brought before the Board for consideration and action.

Meritorious Exceptions: The TIRZ Board retains full authority on a case-by-case basis to determine if a meritorious exception to these policy guidelines shall be made for worthy projects. Reimbursement or grant requests for meritorious exceptions shall be brought before the Board for condition and action. These requests shall be limited to the lesser of the grant/reimbursement or \$200,000 per qualifying project and should be considered on a 50/50 match basis, up to \$200,000 matched. For those reimbursement or grant requests that receive a meritorious exception, additional funding through the TIRZ reimbursement or grants should not be awarded for a specific period of time, as determined by the Board. Specific findings shall be made in any meritorious exception award to avoid precedent in subsequent applications. Examples of such findings could be that rehabilitation costs far outweigh the value of the improvement or there are multiple critical maintenance items that need to be addressed.

Funding Policy and Guidelines Summary Table

Project type	Match required	Funding cap
Environmental Remediation, Demolition & Historic Façade Renovation	None	\$50,000 per project \$200,000 annual cap; unawarded funds roll over (max \$400,000)
Critical Maintenance	50 / 50	\$100,000 matched Structural/foundation, roofing, gutters, MEP; excludes tenant finish-out
Fire Suppression	50 / 50	\$100,000 matched Underground mains, sprinkler systems, standpipe, fire alarm
Meritorious Exceptions*	50 / 50	\$200,000 matched *Full Board authority; specific findings required; applicant ineligible for additional funding for Board-determined period
All other project types & expenditures	None	No cap — case-by-case Board review