

INTERLOCAL AGREEMENT

THE STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This **INTERLOCAL AGREEMENT** (the "Agreement") is made by and between the **CITY OF MCKINNEY, TEXAS** (the "City"), a municipal corporation and home-rule municipality of the State of Texas situated in Collin County, acting by and through its governing body, the City Council; **COLLIN COUNTY, TEXAS**, a body corporate and politic under the laws of the State of Texas, acting by and through its governing body, the Collin County Commissioners Court (the "County"); and **REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY** (the "Zone"), a reinvestment zone created by the City pursuant to Chapter 311 of the Texas Tax Code, as amended, acting by and through its Board of Directors. This Agreement is made pursuant to Chapter 791 of the Texas Government Code, and Chapter 311 of the Texas Tax Code, as amended.

The City, the County and the Zone hereby agree to the following terms and conditions of this Agreement.

I. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set out below:

"Agreement" means this Interlocal Agreement between the City, the County and the Zone.

"Captured Appraised Value" means the captured appraised value of the Zone, as defined by Chapter 311 of the Texas Tax Code, as amended.

"City" means the City of McKinney, Texas, and its successors and assigns.

"Countersignature Date" means that date shown as the date countersigned by the City Attorney on the signature page of this Agreement.

"County" means Collin County, Texas, and its successors and assigns.

"County Tax Increment Participation" means the amount of the County tax levy on the

Captured Appraised Value which the County agrees to contribute to the Zone pursuant to of Sections III (A) and (B) of this Agreement.

"Project" means the development of transportation improvements, and any supporting improvements, facilities, and infrastructure related to transportation improvements on property within the boundary of the reinvestment zone, and as further described in the Project Plan.

"Project Plan" means the project plan and reinvestment zone financing plan for the Zone, a true and correct copy of which is attached to this Agreement as **Exhibit "B"**, and such amendments and revisions to such plan as may be adopted by the Board of Directors of the Zone and approved by the City Council of the City.

"Tax Increment Fund" means the tax increment fund created by the City in the City's Depository Accounts for the Zone.

"Zone" means Reinvestment Zone Number One, City of McKinney, Texas, created by the City on September 21, 2010, by Ordinance No. 2010-09-034, a true and correct copy of said ordinance is attached to this Agreement as **Exhibit "A"**. Otherwise, the terms used herein have the meanings ascribed to them in Chapter 311 of Texas Tax Code, as amended.

II. BACKGROUND

On September 21, 2010, the City created the Zone by adoption of City Ordinance No. 2010-09-034, for the purposes of development and redevelopment of the property within the Zone pursuant to the Project Plan. The City has agreed to participate in the Zone by contributing tax increments produced in the Zone to the Tax Increment Fund. The County desires to participate in the Zone in consideration for the agreements set forth below. The parties now desire to enter into an Interlocal Agreement pursuant to Section 311.013(f) of the Texas Tax Code, as amended.

III. OBLIGATIONS OF COUNTY

A. Tax Increment Participation.

For and in consideration of the agreements of the parties set forth herein, and subject to

the remaining subsections of this section, the County agrees to participate in the Zone by contributing to the Tax Increment Fund during the term of this Agreement fifty percent (50%) of the tax increment attributed to the Captured Appraised Value in the Zone attributable to the County, and the County's contribution along with the contributions of the other participating entities shall fund Projects identified in the approved Project Plan, as amended, for the Zone.

B. County Tax Increment Limitation

The County is not obligated to pay the County Tax Increment Participation from any source other than taxes collected on the Captured Appraised Value. Furthermore, the County has no duty or obligation to pay the County Tax Increment Participation from any other County taxes or revenues, or until the County Tax Increment Participation in the Zone is actually collected. The obligation to pay the County Tax Increment Participation accrues as taxes representing the County Tax Increment Participation are collected by the County, and payment shall be due on May 1 of each year the County participates in the reinvestment zone. No interest or penalty will be charged to the County for any late payment received from the County; provided, however, the penalty and interest received by the County on any delinquent taxes from the County Tax Increment Participation shall be paid to the Tax Increment Fund. Any portion of the taxes representing the County Tax Increment Participation that are paid to the County and subsequently refunded pursuant to a provision of the Texas Tax Code, as amended, shall be offset against future payments to the Tax Increment Fund. Further, as provided in Section 311.013(d) of the Texas Tax Code, as amended; the County is not required to pay a tax increment into the Tax Increment Fund of the zone after three (3) years from the date the zone is created unless the following conditions exist or have been met within the three (3) year period: (1) bonds have been issued for the zone under Section 311.015 of the Texas Tax Code, as amended; or, (2) the City has acquired property in the zone pursuant to the Project Plan; or (3) construction of improvements pursuant to the Project Plan has begun in the zone; or (4) a development agreement (or agreements) has been approved for Project costs in

the zone.

C. Expansion of the Zone.

The obligation of the County to participate in the Zone is limited to the area described in the Project Plan. The County's participation does not extend to the tax increment on any additional property added to the Zone unless the County specifically agrees to participate in the additional area.

D. Board of Directors

Notwithstanding anything to the contrary in City's Ordinance creating the Zone, pursuant to the provisions of Section 311.009(a) of the Texas Tax Code, as amended, the County shall have the right to appoint and thereafter at all times maintain one (1) member on the Board of Directors of the Zone. Failure of the County to appoint a person to the Board of Directors of the Zone shall not be deemed a waiver of the County's right to make an appointment at a later date. The County will make good faith efforts to appoint and maintain a person to serve on the Board of Directors.

IV. OBLIGATIONS OF THE CITY AND THE ZONE

A. Project Plan

Any member of the County Commissioners Court may review and comment upon any amendment to the Project Plan prior to its approval by the City Council. The City agrees to provide the County with any proposed amendments to the Project Plan at least fourteen (14) days prior to their submission to the City Council for approval. The City agrees to work with the Zone Board of Directors to implement the Project Plan.

B. Disposition of Tax Increments

Upon termination of the Zone, and after all obligations and bonded indebtedness of the Zone have been paid, the City and the Zone shall pay to the County, within sixty (60) days of said termination, all monies remaining in the Tax Increment Fund that are attributable to the County Tax Increment Participation paid by the County into the Tax Increment Fund.

C. Audits

In the event the City creates a redevelopment authority in connection with the Zone, the City shall provide to the County a copy of each of the audits required by the agreement between the City, the Zone and any such redevelopment authority within thirty (30) days of receipt of each audit.

V. TERM AND TERMINATION

A. Agreement Term

This Agreement becomes effective as of the Countersignature Date. The term of this Agreement shall commence with the tax year beginning on January 1, 2011. This Agreement shall terminate on December 31, 2040, unless earlier terminated by the parties hereto. Nothing in this Agreement limits the authority of the Collin County Commissioners' Court to extend the term of this Agreement. Upon termination of this Agreement, the obligation of the County to contribute to the Tax Increment Fund for the Zone shall end; however, any refund obligations of the City, the Zone or any related redevelopment authority shall survive such termination.

B. Early Termination

The Zone may terminate pursuant to the provisions of Section 311.017 of the Texas Tax Code, as amended.

VI. MISCELLANEOUS

A. Severability

In the event any term, covenant or condition herein contained is held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained.

In the event any term, covenant or condition shall be held invalid and affects in any manner the limitations on the County's, or any other party's, contributions or participation, then neither the County, nor any other party, shall have any liability for any incremental or other payments as may otherwise be provided for in this Agreement.

B. Entire Agreement

This Agreement merges the prior negotiations and understandings of the parties hereto and embodies the entire agreement of the parties, and there are no other agreements, assurances, conditions, covenants (express or implied) or other terms with respect to the covenants, whether written or verbal, antecedent or contemporaneous, with the execution hereof.

C. Written Amendment

Unless otherwise provided herein, this Agreement may be amended only by written instrument duly executed on behalf of each party.

D. Notices

All notices required or permitted hereunder shall be in writing and shall be deemed delivered when actually received or, if earlier, on the third (3rd) day following deposit in a United States Postal Service post office or receptacle with proper postage affixed (certified mail, return receipt requested) addressed to the respective other party at the address set out below or at such other address as the receiving party may have theretofore prescribed by notice to the sending party.

The initial addresses of the parties, which any party may change by giving written notice of its changed address to the other parties, are as follows:

City of McKinney:

City of McKinney
222 N. Tennessee
McKinney, Texas 75069
Attn: City Manager's Office
Telephone: 972-547-7510
Facsimile: 972-547-2607

Collin County:

County Judge Keith Self
2300 Bloomdale Road, Suite 4192
McKinney, Texas 75071
Telephone: 972-548-4623

Facsimile: 972-548-4699

Zone:

Reinvestment Zone Number One
City of McKinney
222 N. Tennessee
McKinney, Texas 75069
Attn: City Manager's Office
Telephone: 972-547-7510
Facsimile: 972-547-2607

E. Non-Waiver

Failure of any party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, and to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any other right or remedy occurring as a result of any future default or failure of performance.

F. Assignment

No party shall assign this Agreement at law or otherwise without the prior written consent of the other parties. No party shall delegate any portion of its performance under this Agreement without the written consent of the other parties.

G. Successors

This Agreement shall bind and benefit the parties and their legal successors. This Agreement does not create any personal liability on the part of any officer, agent or employee of the City, County, or the Zone.

H. No Waiver of Immunity

No party hereto waives or relinquishes any immunity or defense on behalf of itself, its trustees, officers, employees, and agents as a result of its execution of this Agreement and performance of the covenants contained herein.

IN WITNESS HEREOF, the City, the County and the Zone have made and executed this

Agreement in multiple copies, each of which is an original.

CITY OF MCKINNEY, TEXAS



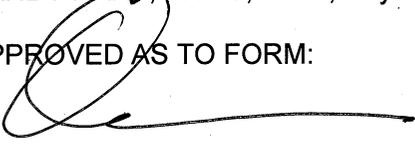
BRIAN LOUGHMILLER, Mayor
City of McKinney
Date: Nov. 10, 2010

ATTEST:



SANDY HART, TRMC, MMC, City Secretary

APPROVED AS TO FORM:



MARK S. HOUSER, City Attorney
Date: 11/8/10



COLLIN COUNTY, TEXAS

By: 
Name: KEITH SELF
Title: County Judge
Date: 11/16/10

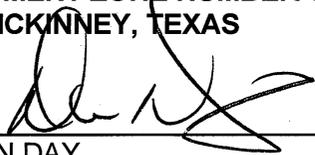
ATTEST:

By: 
Name: Stacey Kemp
Title: County Clerk
Date: 11-16-10

~~APPROVED AS TO FORM:~~

~~By: _____
Name: _____
Title: County Attorney
Date: _____~~

REINVESTMENT ZONE NUMBER ONE,
CITY OF MCKINNEY, TEXAS

By: 
Name: DON DAY
Title: Chairman, Board of Directors
Date: November 10, 2010

ATTEST:

By: 
Name: SANDY HART
Title: Secretary, Board of Directors
Date: 11/19/10



Exhibit "A"

**Ordinance No. 2010-09-034
Establishing
Reinvestment Zone Number One, City of McKinney, Texas**

ORDINANCE NO. 2010-09-034

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, DESIGNATING AN AREA WITHIN THE CITY OF MCKINNEY, COLLIN COUNTY, TEXAS, AS A TAX INCREMENT FINANCING REINVESTMENT ZONE TO BE KNOWN AS REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY, PURSUANT TO CHAPTER 311 OF THE TEXAS TAX CODE; ESTABLISHING THE BOUNDARIES OF THE REINVESTMENT ZONE NUMBER ONE, CITY OF MCKINNEY; ESTABLISHING A BOARD OF DIRECTORS FOR THE REINVESTMENT ZONE; ESTABLISHING A TAX INCREMENT FUND; CONTAINING FINDINGS AND PROVISIONS RELATED TO THE CREATION OF THE TAX INCREMENT FINANCING REINVESTMENT ZONE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A REPEALER CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City of McKinney, Texas ("City"), pursuant to Chapter 311 of the Texas Tax Code, as amended, may designate a contiguous or noncontiguous geographic area within the City or its extraterritorial jurisdiction, or both, as a reinvestment zone if the area satisfies the requirements of certain sections of Chapter 311 of the Texas Tax Code; and

WHEREAS, the City has prepared a preliminary reinvestment zone financing plan, which provides that City of McKinney ad valorem taxes to be deposited into the tax increment fund consistent with Section 311.003 of the Texas Tax Code, as amended; and

WHEREAS, the City provided written notice of the public hearing on the creation of the proposed zone, complying with the requirements of Chapter 311 of the Texas Tax Code, to the governing body of all taxing units levying taxes on property in the proposed zone and obtained waivers from all taxing units within the boundaries of the proposed zone; and

WHEREAS, a notice of the **September 21, 2010**, public hearing on the creation of the proposed zone was published in the official newspaper of the City not later than the seventh (7th) day before the date of the public hearing in accordance with Section 311.003(c) of the Texas Tax Code, as amended; and

WHEREAS, at the public hearing held on **September 21, 2010**, interested persons were allowed to speak for or against the creation of the proposed zone, its boundaries, or the concept of tax increment financing; and owners of property in the proposed zone were given a reasonable opportunity to protest the inclusion of their property in the proposed zone; and

WHEREAS, evidence was received and presented at the public hearing in favor of the creation of the proposed zone under the provisions of Chapter 311 of the Texas Tax Code, and citizens appeared or presented evidence in opposition to the creation of the proposed zone; and

WHEREAS, the City has provided all information, and made all presentations, given all notices and done all other things required by Chapter 311 of the Texas Tax Code as a condition to the creation of the proposed zone.

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

Section 1. **FINDINGS**

- (a) 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.
- (b) The City Council of the City of McKinney, Texas ("City Council") further finds and declares that the proposed improvements in the zone will significantly enhance the value of all the taxable real property in the proposed zone and will be of general benefit to the City.
- (c) The City Council further finds and declares that the proposed zone area meets the criteria and requirements of Section 311.005 of the Texas Tax Code because the proposed zone area: (1) substantially arrests or impairs the sound growth of the City, and constitutes an economic and social liability, and is a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures; the predominance of defective or inadequate sidewalk or street layout; unsanitary or unsafe conditions; and the deterioration of site or other improvements; (2) due to the presence of the above factors, substantially impairs or arrests the sound growth of the City; and (3) the proposed project plan includes the use of land in the zone in connection with the operation of an existing or proposed regional commuter or mass transit rail system, or for a structure or facility that is necessary, useful, or beneficial to such regional rail system.
- (d) The City Council, pursuant to the requirements of Chapter 311 of the Texas Tax Code, further finds and declares that:
 - (1) The proposed zone is a contiguous or noncontiguous geographic area located wholly within the corporate limits, extraterritorial jurisdiction, or both, of the City of McKinney, consistent with Section 311.003(a) of the Texas Tax Code, as amended;
 - (2) Not more than ten percent (10%) of the property in the proposed zone, excluding property that is publicly owned, is used for residential purposes, consistent with Section 311.006(a)(1) of the Texas Tax Code, as amended;
 - (3) The total appraised value of taxable real property in the proposed zone, and in the City's existing reinvestment zones, does not exceed fifteen percent (15%) of the total appraised value of taxable real property in the City and in the industrial districts created by the City, consistent with Section 311.006(a)(2) of the Texas Tax Code, as amended;
 - (4) The proposed zone does not contain more than fifteen percent (15%) of the total appraised value of real property taxable by Collin County or the McKinney Independent School District, consistent with Section 311.006(c) of the Texas Tax Code, as amended; and
 - (5) The development or redevelopment of the property in the proposed zone will not occur solely through private investment in the reasonably foreseeable future, consistent with Section 311.003(a) of the Texas Tax Code, as amended.

Section 2. **DESIGNATION AND NAME OF THE ZONE**

The City, acting under the provisions of Chapter 311 of the Texas Tax Code, and Section 311.005(a) of the Texas Tax Code, does hereby create and designate as a tax increment financing reinvestment zone the area specifically described and depicted in *Exhibit A* of this Ordinance, which is attached hereto and incorporated herein for all purpose to promote the redevelopment of the area.

The reinvestment zone shall hereafter be named for identification as the "**Reinvestment Zone Number One, City of McKinney**" ("TIRZ"), consistent with Section 311.004(a) (5) of the Texas Tax Code, as amended. The City Council specifically declares that the TIRZ is designated pursuant to Section 311.005(a) of the Texas Tax Code, as amended.

Section 3. **BOARD OF DIRECTORS**

- (a) There is hereby created a Board of Directors for the TIRZ, which shall consist of eleven (11) members, inclusive of any members appointed by the participating taxing jurisdictions. Not less than eight (8) members shall be appointed by the City Council. City Council members shall be eligible for appointment to the Board of Directors. The City Council shall endeavor to appoint a member from the Planning and Zoning Commission to serve a board term concurrent with such member's Planning and Zoning Commission term. One (1) member may be appointed by Collin County, consistent with Section 311.009 of the Texas Tax Code, as amended. One (1) member may be appointed by the McKinney Independent School District, consistent with Section 311.009 of the Texas Tax Code, as amended. One (1) member may be appointed by the Collin County Community College District, consistent with Section 311.009 of the Texas Tax Code, as amended. If a taxing jurisdiction waives its right to appoint a member to the Board of Directors, the City Council shall appoint such board member or members in its stead. The initial Board of Directors shall be appointed by resolution or ordinance of the City or applicable taxing jurisdiction within twenty (20) days of the passage of this Ordinance or within a reasonable time thereafter. All members of the Board of Directors shall meet eligibility requirements as set forth in Chapter 311 of the Texas Tax Code.
- (b) The directors appointed shall serve staggered two (2)-year terms. The City Council shall determine which members shall serve an initial two (2)-year term, and which members shall serve an initial one (1)-year term. All subsequent appointments shall be for staggered two (2)-year terms.
- (c) A vacancy on the Board of Directors is filled for the unexpired term by appointment of the governing body of the taxing unit that appointed the director who served in the vacant position.
- (d) 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. The Board of Directors may elect other officers as it considers appropriate. The Board of Directors shall meet at least quarterly throughout each year.
- (e) The Board of Directors shall make recommendations to the City Council concerning the administration of the TIRZ. The Board of Directors shall prepare, or cause to be prepared, and adopt a

project plan and a reinvestment zone financing plan for the TIRZ as described in Section 311.011 and consistent with the preliminary project plan and preliminary financing plan attached hereto as **Exhibits B and C**, Texas Tax Code, and shall submit such plans to the City Council for its approval. The City hereby delegates to the Board of Directors all powers necessary to prepare and implement the project plan and reinvestment zone financing plan, subject to final approval thereof by the City Council, including the power to employ any consultants or enter into any reimbursement agreements payable solely from the Tax Increment Fund established pursuant to Section 6 of this Ordinance, that may be reasonably necessary or convenient to assist the Board of Directors in the preparation of the project plan and reinvestment zone financing plan and in the issuance of tax increment obligations.

Section 4. DURATION OF THE TIRZ

The TIRZ shall take effect immediately upon the passage and approval of this Ordinance, consistent with Section 311.004(a)(3) of the Texas Tax Code, as amended, for the deposit of Tax Increments into the Tax Increment Fund established pursuant to Section 6 of this Ordinance, and termination of the operation of the TIRZ shall occur on **December 31, 2040**, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and other obligations of the TIRZ, and the interest thereon, have been paid in full, in accordance with Section 311.017 of the Texas Tax Code, as amended.

Section 5. TAX INCREMENT BASE; AMOUNT OF TAX INCREMENT

Pursuant to Section 311.012(c) of the Texas Tax Code, as amended, the Tax Increment Base of the City, or any other taxing unit participating in the TIRZ, for the TIRZ is the total appraised value of all real property taxable by the City or other taxing unit participating in the TIRZ, and located in the TIRZ, determined as of **January 1, 2010**, the year in which the TIRZ was designated as a reinvestment zone (the "Tax Increment Base"). Consistent with Section 311.012(a) of the Texas Tax Code, as amended, the amount of the Tax Increment for a year is one hundred percent (100%) of property taxes levied and collected by the City and all or a portion of property taxes of other taxing units participating in the TIRZ and located in the TIRZ (or such other percentage of a taxing unit participating in the TIRZ as set forth in an agreement to participate in the TIRZ) for that year on the Captured Appraised Value of real property taxable by the City or other taxing unit participating in the TIRZ and located in the TIRZ (the "Tax Increment"). Consistent with Section 311.012(b) of the Texas Tax Code, as amended, the Captured Appraised Value of real property taxable by the City or other taxing unit participating in the TIRZ for a year is the total appraised value of all real property taxable by the unit and located in the TIRZ for that year less the Tax Increment Base (the "Captured Appraised Value").

Section 6. TAX INCREMENT FUND

There is hereby created and established a Tax Increment Fund for the TIRZ that may be divided into subaccounts as authorized by subsequent ordinances consistent with Chapter 311 of the Texas Tax Code, as amended. All Tax Increments to be contributed by the participating taxing units shall be deposited in the Tax Increment Fund. The Tax Increment Fund and any subaccount shall be maintained at the depository bank of the City and shall be secured in the manner prescribed by law for public funds of Texas cities. The amount of the

contribution of each taxing unit will be determined according to an agreement between the City and the taxing unit. In addition, all revenues from the sale of any tax increment bonds, notes or other obligations hereafter issued for the benefit of the TIRZ by the City, if any; revenues from the sale of property acquired as part of the project plan and reinvestment zone financing plan, if any; and other revenues to be used in the TIRZ shall be deposited into the Tax Increment Fund. Prior to the termination of the TIRZ, money shall be disbursed from the Tax Increment Fund only to pay project costs for the TIRZ or to satisfy the claims of holders of tax increments bonds or notes issued for the TIRZ, or to pay obligations incurred pursuant to agreements entered into to implement the project plan and reinvestment zone financing plan, and to achieve their purpose pursuant to Section 311.010(b) of the Texas Tax Code, as amended.

Section 7. 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 8. REPEALER CLAUSE

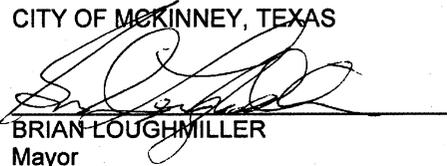
Any provision of any prior ordinance of the City, whether codified or uncodified, which is in conflict with any provision of this Ordinance, is hereby repealed to the extent of the conflict, but all other provisions of the ordinances of the City, whether codified or uncodified, which are not in conflict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

Section 9. EFFECTIVE DATE

This Ordinance shall become effective immediately upon its passage.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 21ST DAY OF SEPTEMBER, 2010.

CITY OF MCKINNEY, TEXAS

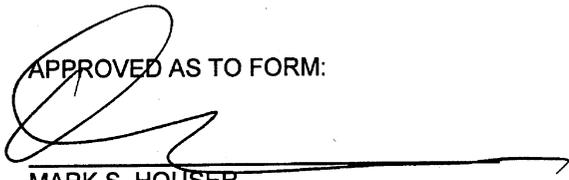

BRIAN LOUGHMILLER
Mayor

CORRECTLY ENROLLED:


SANDY HART, TRMC, MMC
City Secretary

DATE: September 22, 2010

APPROVED AS TO FORM:

A handwritten signature in black ink, appearing to read 'M. Houser', is written over a horizontal line. The signature is stylized and loops back to the start.

MARK S. HOUSER
City Attorney



EXHIBIT "A"



Reinvestment Zone Number 1, City of McKinney

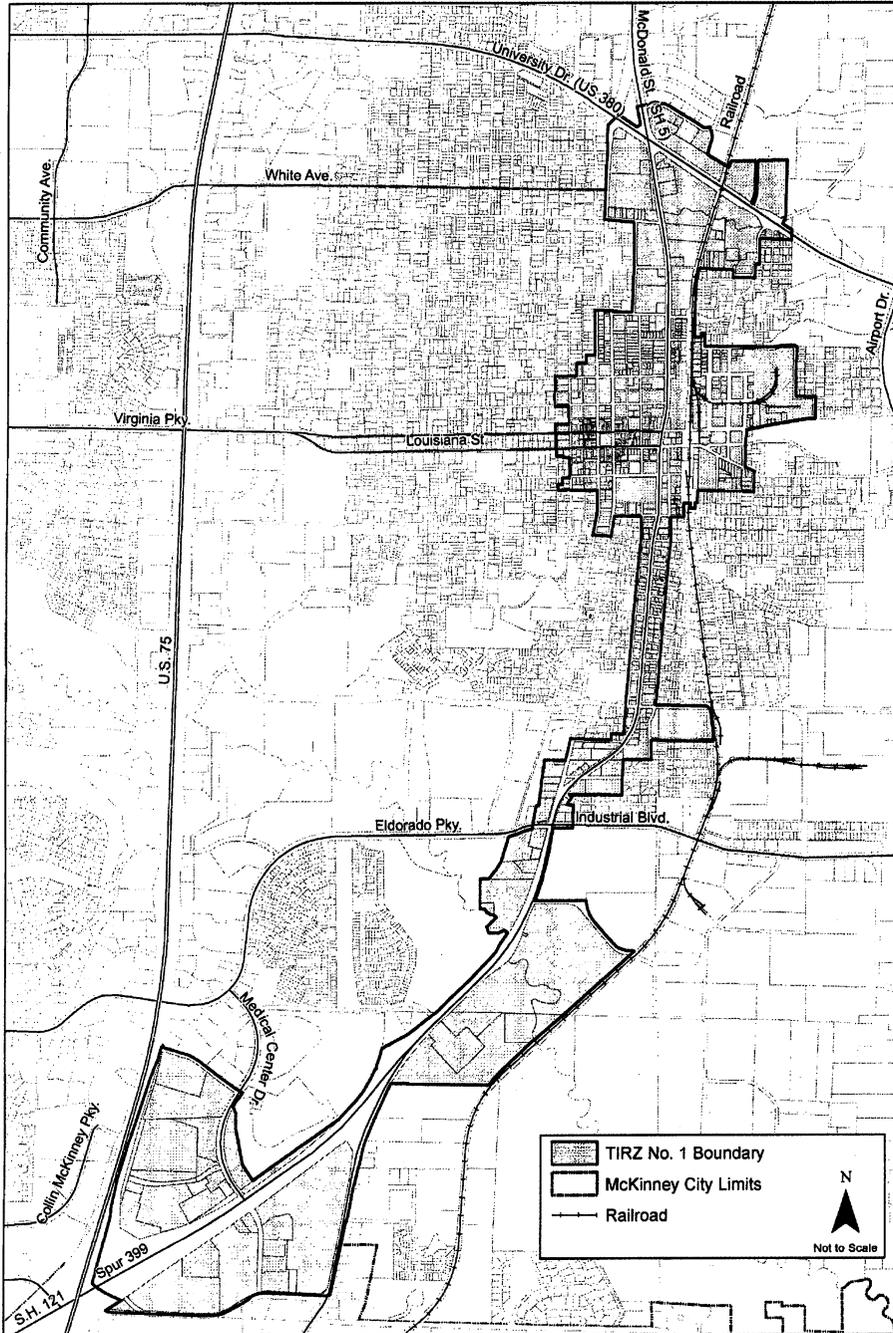


EXHIBIT "B"

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

Preliminary Project Plan



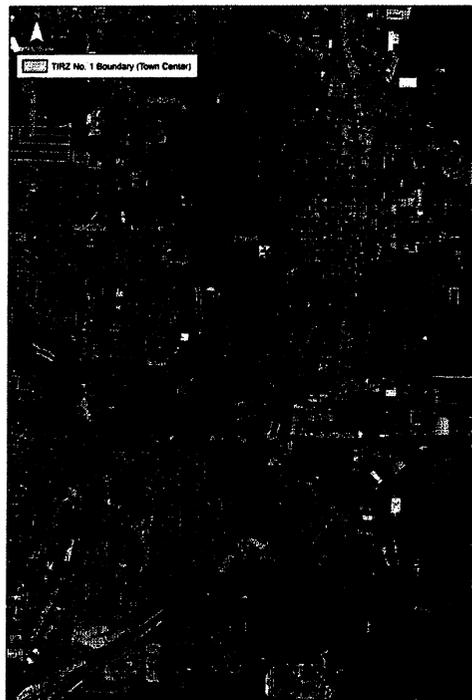
September 1, 2010

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.

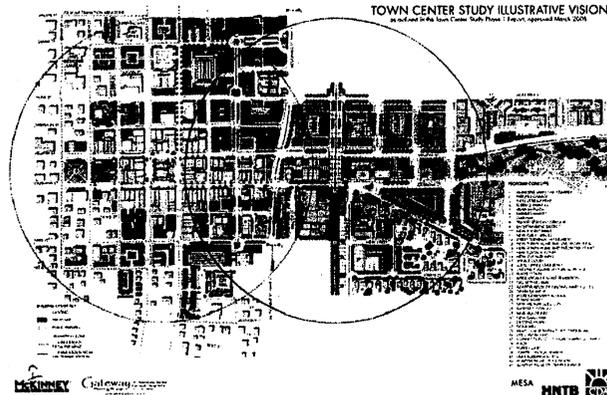
The Town Center is home to about 20% of McKinney's population with a significant minority and mixed income population. The neighborhoods in the Town Center offer historic and varied housing for a range of incomes and housing preferences. The adopted Town Center Study calls for the continued support for 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
- 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.

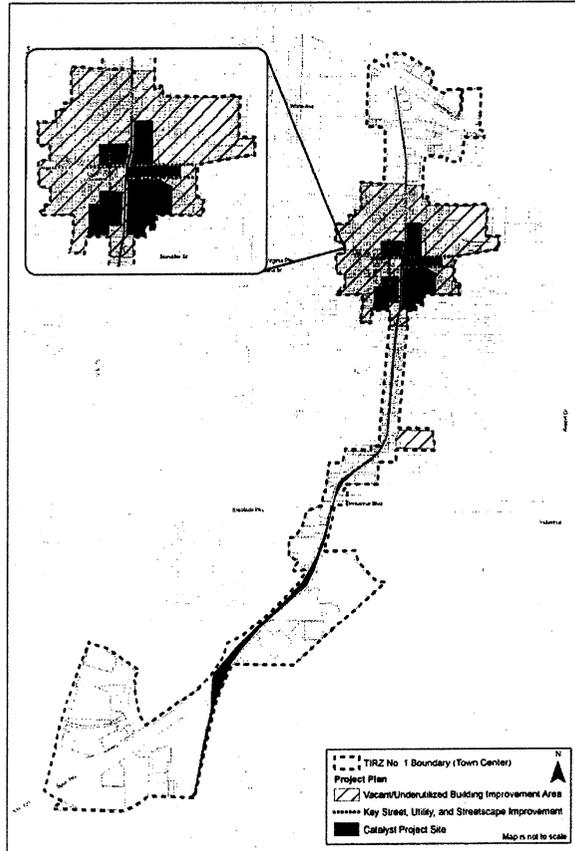
(c) Land Acquisition: The City may consider acquiring property (using eminent domain as necessary and to the extent permitted by law) to implement the Town Center TIRZ plan. Potential land acquisitions may include:

- 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 Preliminary 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	
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

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.

EXHIBIT "C"

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

Preliminary Financing Plan



September 1, 2010

Summary

The Town Center Tax Increment Reinvestment Zone (TIRZ No. 1) consists of approximately 946 acres of property (outlined in Figure 1). The zone is located in the McKinney Independent School District. The 2009 base property value is \$218.65 million. Projections show that property value within the zone is estimated to grow to \$1.21 billion by 2040, creating a total of \$78.89 million in potential TIRZ revenue from City property taxes (assuming 100% City participation) and \$16.34 million in potential TIRZ revenue from County property taxes (assuming 50% County participation) over the life of the TIRZ. Similarly, City sales tax revenue within the TIRZ is projected to grow from a 2009 base of \$1.37 million to \$4.89 million by 2040, creating a total of \$43.77 million in potential TIRZ revenue from sales tax (assuming 100% City participation) over the life of the TIRZ.

Collectively, 100% City participation in both property and sales taxes combined with 50% County participation in property tax yields a total cumulative value of \$139.00 million in potential tax revenues over the life of the TIRZ (See Table 16, Projection No. 2.).

The projections included in this report assume construction of over 2.5 million square feet of additional non-residential development within TIRZ No. 1, along with construction of an additional 520 housing units. The total public infrastructure associated with the proposed developments will be determined after designation by the TIRZ Board.

The term of the zone is 30 years with the TIRZ in existence through 2040.

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



Source: City of McKinney

Public Infrastructure

The total public infrastructure capital costs are estimated to be approximately \$91 million. This TIRZ can reimburse costs such as: drainage, parking, streetscape enhancements, historic preservation, parks, and other public improvements that are outlined in the Final Project and Finance Plans. Furthermore, the City and the TIRZ Board shall have the authority to establish and administer economic development programs, including but not limited to grants and loans, authorized under Chapter 380 of the Texas Local Government Code.

Financing Policy and Capacity

The projections that follow do not, by themselves, create a marketable basis for debt financing. Therefore, any debt to be issued to pay for public infrastructure prior to the collection of actual TIRZ No. 1 revenues is likely to require credit support from the City. If debt were to be issued at this point by TIRZ No. 1, the City's overall bonding capacity in general would be reduced by the amount issued. In the future, the credit-worthiness of TIRZ No. 1 should be a function of its performance, with annual debt service capacity expected to equal 80-90% of the revenue collected in the year of proposed issuance.

It is the policy of the City of McKinney and TIRZ No. 1 to provide financing capacity for long term investment in substantial transportation infrastructure and other substantial catalytic projects. Accordingly, the ability to aggregate the tax revenue increment to maximize financing capacity and financing options shall take precedent over projects that tend to diminish the TIRZ's ability to aggregate a sufficient increment fund over time. Notwithstanding this policy, certain projects may arise that justify a targeted expenditure versus aggregation of the tax revenue increment, such as a project facilitating health and safety for the historic downtown or a unique economic development opportunity, among others.

Limited Obligation of the City or Participating Governmental Entities

The City and Participating Governmental Entities shall have a limited obligation to impose and collect taxes and deposit such tax receipts into the TIRZ No. 1 fund so long as the project is viable and capital costs incurred by the City and/or a developer (if any) have not been fully paid. TIRZ collections for this project shall not extend beyond 2040 and may be terminated prior to 2040, upon payment of public improvement capital costs incurred by the City and/or a developer (if any), or for the failure of the TIRZ Project to perform as projected in the Final Project and Finance Plans.

Any public improvement infrastructure costs incurred by a developer shall be paid solely from TIRZ No. 1 revenues and shall never constitute a debt, indebtedness or a pledge of the faith and credit or taxing power of the State, the City, the Participating Governmental Entities, any political corporation, subdivision, or agency of the State. Any costs incurred by a developer (if any) are not and shall never in any event become general obligations or debt of the City or any of the Participating Governmental Entities.

The City will negotiate a participation rate and potential maximum cap based on the following criteria:

- Ensure the City's ability to provide adequate municipal services such as police, fire, streets, libraries, parks, and other basic services;
- Complete a gap analysis that accounts for financial capacity of developer(s) (if any) and the minimum amount needed to meet the gap;

- Prioritize public improvement needs (i.e. the need for streets and sidewalks versus the need for underground utilities);
- Factor a reasonable annual growth assumption; and
- Consider developer contribution (if any) of land for public use needs and/or minimum financial contribution.

Further, the City's participation rate and maximum contribution will take into consideration the participation of other taxing entities and the overall impact to the City's Operational Budget and Debt Plan (the final financing plan must not adversely impact the City's ability to deliver services or its debt management plan).

City and/or Developers' Risk

All financing, developmental costs, construction costs, improvements, damages, or other costs incurred with respect to this project are at the sole risk of the developer (if any). The City, in conjunction with TIRZ Board, will determine the costs that can be supported with future TIRZ revenue through the development of the Final Project and Finance Plans. All costs will be reimbursed solely through TIRZ revenue.

The City and any Participating Taxing Entities shall minimize any risk whatsoever associated with the development, construction, completion or failure of the project. In the event that the project fails, is abandoned or for any reason is not completed, the City shall have the right to terminate TIRZ No. 1 and any funds remaining in the TIRZ No. 1 account shall be distributed to the Participating Taxing Entities on a pro rata basis in accordance with each entity's participation level.

Compliance

The development of this TIRZ shall comply with all federal, state and local laws, rules and regulations.

Reporting

The City and/or developers (if any) shall submit a project status report and financial report on a quarterly basis (January 15th, April 15th, July 15th and October 15th) to the City.

Inspection

The Participating Taxing Entities, and/or Administrator shall have the right to inspect the project site or sites and the premises of a developer utilizing TIRZ funding without notice.

Supporting Information

The Market Environment

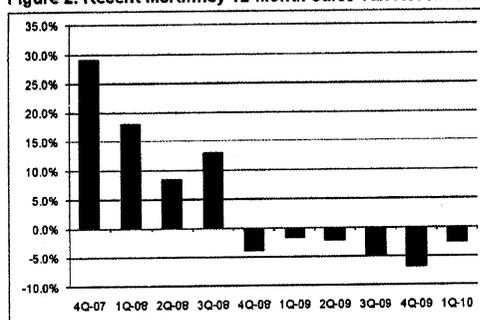
As the nation emerges from the recession, there is no question that the Metroplex and McKinney have felt the impact. The numbers tell the story, as job growth has slowed, sales tax revenue is stagnant and development has more or less come to a halt. That having been said, the impacts in the Dallas/Fort Worth region have been less profound than elsewhere, and the area should be well-positioned to bounce back. Factors contributing to the resurgence, aside from recovery of the national economy, include continued in-migration and overall population growth and a well-diversified regional economy with a strong presence in energy, transportation, and technology. In addition, relatively low current market values, competitive labor costs, and a comparatively modest overall tax burden all indicate a cost environment that accommodates future development and growth.

Table 1: Recent McKinney Annual Indicators

	A. Sales Tax	B. Population	C. Unemployment	D. Single-Family Permits
2007	\$14,186,870	58,438	4.8%	2,554
2008	\$14,365,248	66,990	7.0%	2,150
2009	\$15,485,000	76,907	6.9%	2,795
2010	\$18,301,409	85,865	5.8%	3,005
2011	\$23,381,858	94,733	4.4%	3,400
2012	\$26,683,569	104,853	4.4%	2,978
2013	\$31,025,152	115,198	4.1%	1,662
2014	\$33,592,023	120,978	4.7%	987
2015	\$32,285,078	122,083	7.4%	843

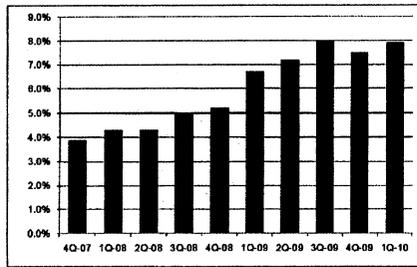
Sources: A. Texas State Comptroller's Office; B. City of McKinney; C. Bureau of Labor Statistics; D. Census Bureau

Figure 2: Recent McKinney 12-Month Sales Tax Revenue Growth



Sources: Texas State Comptroller's Office; TXP

Figure 3: Recent McKinney Unemployment Rates



Sources: Texas Workforce Commission; TXP

Tax Base Scenarios

Demand for real estate over time is directly connected to the performance of a local economy, as net new job creation and household formation creates the need for new commercial and residential space. The approach used to validate the land use projections is to forecast the overall growth in McKinney, estimate the real estate demand associated with that growth, and determine that the land use projections for TIRZ No. 1 constitute a "reasonable" share of the community-wide demand. The scenarios included in this report meet this test, as a modest level of housing and a commercial market capture rate consistent with a vibrant downtown are anticipated.

Key Assumptions for Overall Forecasts

- Base data was derived from a number of sources, including County Business Patterns, The North Central Texas Council of Governments, the Texas Comptroller's Office, the Bureau of Labor Statistics/Texas Workforce Commission, the Census Bureau, and the City of McKinney.
- McKinney population projections were based on the 3.0 Migration Scenario from the Texas State Data Center (2000-07), updated to reflect base data through 2008 for the county. The initial estimate of the number of people per household comes from the 2007 version of the American Community Survey for McKinney by the Census Bureau, and is very gradually reduced over time in line with both historical patterns and anticipated demographic trends.
- Employment forecasts were developed using base data on ZIP Codes 75069, 75070, and 75071 in combination with overall County and City projections from a number of sources. A blended American Planning Association (APA) ratio of 650 sq. ft./employee was used to estimate aggregate new development required for retail/restaurant/entertainment.
- Similarly, a ratio of 250 sq. ft./employee was used to estimate aggregate new development required to meet office/commercial demand.

The following tables reflect the timing and assumptions outlined above, and the aggregate values that result.

Table 2: Projected McKinney Population, Households, & Employment

	Population	Households	Retail/Entert. Jobs	Office-Related Jobs
2008	125,568	42,779	8,139	12,516
2009	129,371	44,297	8,220	12,641
2010	133,260	45,857	8,467	12,989
2011	137,236	47,463	8,720	13,346
2012	141,299	49,114	8,978	13,713
2013	145,452	50,811	9,242	14,090
2014	149,694	52,556	9,511	14,478
2015	154,027	54,349	9,787	14,876
2016	158,453	56,191	10,068	15,285
2017	162,971	58,084	10,355	15,706
2018	167,584	60,028	10,648	16,137
2019	172,291	62,025	10,947	16,581
2020	177,094	64,074	11,252	17,037
2021	181,994	66,178	11,564	17,506
2022	186,992	68,337	11,881	17,987
2023	192,089	70,552	12,205	18,482
2024	197,286	72,825	12,535	18,990
2025	202,583	75,156	12,872	19,512
2026	207,981	77,547	13,215	20,049
2027	213,482	79,998	13,564	20,600
2028	219,085	82,510	13,920	21,167
2029	224,793	85,085	14,283	21,749
2030	230,606	87,724	14,652	22,347
2031	236,524	90,427	15,028	22,961
2032	242,548	93,196	15,411	23,593
2033	248,680	96,033	15,801	24,242
2034	254,919	98,937	16,197	24,908
2035	261,267	101,910	16,600	25,593
2036	267,725	104,954	17,011	26,297
2037	274,292	108,068	17,428	27,020
2038	280,970	111,258	17,852	27,763

Source: TXP

Table 3: Projected McKinney Overall Real Estate Demand

	Housing Units	Retail/Ent. Related Sq Ft.	Office-Related Sq Ft.
2010	N.A.	N.A.	N.A.
2011	1,517	52,901	31,291
2012	1,561	160,604	86,910
2013	1,605	164,191	89,300
2014	1,651	167,621	91,756
2015	1,697	171,494	94,279
2016	1,745	175,210	96,872
2017	1,793	178,968	99,536
2018	1,842	182,768	102,273
2019	1,893	186,609	105,086
2020	1,944	190,491	107,976
2021	1,996	194,413	110,945
2022	2,050	198,375	113,996
2023	2,104	202,376	117,131
2024	2,159	206,416	120,352
2025	2,215	210,494	123,662
2026	2,273	214,609	127,062
2027	2,331	218,762	130,556
2028	2,390	222,951	134,147
2029	2,451	227,175	137,836
2030	2,512	231,435	141,626
2031	2,575	235,728	145,521
2032	2,639	240,056	149,523
2033	2,703	244,416	153,635
2034	2,769	248,808	157,860
2035	2,836	253,232	162,201
2036	2,904	257,686	166,661
2037	2,973	262,171	171,245
2038	3,044	266,684	175,954
2039	3,115	271,226	180,792
2040	3,187	275,795	185,764

Source: TXP

Ad Valorem

The current aggregate taxable property value of TIRZ No. 1 is \$218,651,123. For analysis, three development scenarios are included in this document, all of which assume a 30-year horizon:

- **Scenario No. 1:** Inflation Only. For purposes of this exercise, the current aggregate value of property is assumed to grow at a conservative inflation rate of 3% annually. Since there is no new development, this scenario does not necessarily represent any share of the overall market demand.
- **Scenario No. 2:** Medium Development; Current Values. In this scenario, total new development of 2,520,000 square feet of additional non-residential and 520 additional housing units is included in TIRZ No. 1. Within TIRZ No. 1, the bulk of new development/redevelopment is assumed to occur within the historic Town Center area generally north of Market Center Drive (known as the Infill area), although a substantial amount of new activity is also projected to occur within the area south of Market Center Drive adjacent to State Highway 5 (referred to as the Greenfield area). Much of the anticipated activity in the Greenfield area will be medical-related due to its proximity to the hospital. As such, a rate of \$95 per square foot reflects a blended current average taxable value and was assumed for Greenfield area development. Within the Infill area of TIRZ No. 1, housing units are assumed to average 1,500 square feet, and property is assumed to be valued at \$80/square foot, which is also the blended average of current taxable values. Under this scenario, development is phased in over an eighteen year period beginning in 2012 for residential and 2013 for non-residential. Inflation of 3% annually is applied to values. In this scenario, TIRZ No. 1 represents 0.7% of the overall housing demand and about 23% of the commercial demand anticipated over the next 30 years in McKinney.
- **Scenario No. 3:** Medium Development; Higher Values. The same parameters for the footprint and values for the Greenfield are applied. In the balance of TIRZ No. 1, the level of new activity is the same as in Scenario No. 2, but value per square foot is assumed to average \$115 per square foot, reflecting current market rates for town centers in the region and replacement costs. Housing units are assumed to average 1,300 square feet, reflecting greater density, and inflation of 3% annually is applied.

The following tables reflect the timing and assumptions outlined above, and the aggregate TIRZ No. 1 property values that result.

Table 4: Projected TIRZ No. 1 Aggregate Property Values*

	Baseline	Scenario #1	Scenario #2	Scenario #3
2019	\$218,651,123	\$231,966,976	\$231,966,976	\$231,966,976
2020	\$218,651,123	\$238,925,986	\$241,548,530	\$242,695,894
2021	\$218,651,123	\$246,093,765	\$280,511,353	\$268,819,048
2022	\$218,651,123	\$253,476,578	\$278,064,596	\$286,387,378
2023	\$218,651,123	\$281,080,876	\$305,272,580	\$319,591,402
2024	\$218,651,123	\$288,913,302	\$333,862,744	\$354,529,919
2025	\$218,651,123	\$276,960,701	\$378,436,114	\$405,819,636
2026	\$218,651,123	\$285,290,122	\$413,024,598	\$443,284,644
2027	\$218,651,123	\$293,848,826	\$446,380,432	\$484,015,876
2028	\$218,651,123	\$302,664,290	\$471,268,671	\$512,233,346
2029	\$218,651,123	\$311,744,219	\$501,110,700	\$550,145,191
2030	\$218,651,123	\$321,096,546	\$527,951,032	\$580,769,498
2031	\$218,651,123	\$330,729,442	\$560,428,050	\$622,110,408
2032	\$218,651,123	\$340,651,325	\$589,766,950	\$655,753,577
2033	\$218,651,123	\$350,870,865	\$625,111,729	\$700,800,605
2034	\$218,651,123	\$361,396,991	\$657,153,976	\$737,716,753
2035	\$218,651,123	\$372,238,901	\$695,595,359	\$786,767,978
2036	\$218,651,123	\$383,406,068	\$730,551,028	\$827,220,598
2037	\$218,651,123	\$394,908,250	\$772,334,782	\$880,596,350
2038	\$218,651,123	\$406,755,497	\$803,764,534	\$915,273,948
2039	\$218,651,123	\$418,958,162	\$842,056,635	\$963,114,716
2040	\$218,651,123	\$431,528,907	\$876,081,058	\$1,000,770,882
2041	\$218,651,123	\$444,472,714	\$917,406,186	\$1,052,417,858
2042	\$218,651,123	\$457,806,896	\$954,224,725	\$1,093,286,765
2043	\$218,651,123	\$471,541,103	\$998,810,242	\$1,149,026,108
2044	\$218,651,123	\$485,687,336	\$1,038,637,073	\$1,193,359,414
2045	\$218,651,123	\$500,257,956	\$1,086,726,850	\$1,253,498,028
2046	\$218,651,123	\$515,265,694	\$1,119,328,655	\$1,291,102,968
2047	\$218,651,123	\$530,723,665	\$1,170,870,257	\$1,355,656,062
2048	\$218,651,123	\$546,645,375	\$1,205,996,385	\$1,396,325,744

Source: TXP

*projected appraised values of all taxable TIRZ property

Table 5: Projected TIRZ No. 1 Ad Valorem Increment*

Scenario #1	Scenario #2	Scenario #3
\$13,315,853	\$13,315,853	\$13,315,853
\$20,274,863	\$22,897,407	\$24,044,771
\$27,442,642	\$41,860,230	\$48,167,825
\$34,825,455	\$59,413,473	\$67,736,255
\$42,429,753	\$86,821,437	\$100,840,279
\$50,282,179	\$115,211,621	\$135,878,796
\$58,329,578	\$159,784,991	\$187,168,513
\$66,638,999	\$194,373,475	\$224,633,521
\$75,197,703	\$227,729,309	\$285,384,753
\$84,013,167	\$252,637,548	\$293,582,223
\$93,093,096	\$282,459,577	\$331,494,068
\$102,445,423	\$309,299,909	\$362,118,375
\$112,078,319	\$341,776,927	\$403,459,285
\$122,000,202	\$371,115,827	\$437,102,454
\$132,219,742	\$406,460,806	\$482,149,482
\$142,745,868	\$438,502,853	\$519,065,630
\$153,567,778	\$476,944,238	\$568,116,855
\$164,754,945	\$511,899,905	\$608,569,475
\$176,257,127	\$553,683,659	\$661,945,227
\$188,104,374	\$585,113,411	\$696,622,825
\$200,307,039	\$623,405,512	\$744,463,593
\$212,875,784	\$657,429,935	\$782,119,759
\$225,821,591	\$698,755,043	\$833,766,733
\$239,155,773	\$735,573,602	\$874,635,642
\$252,889,980	\$780,159,119	\$930,374,985
\$267,036,213	\$819,985,950	\$974,708,291
\$281,606,833	\$868,075,727	\$1,034,846,905
\$296,614,571	\$900,677,532	\$1,072,451,845
\$312,072,542	\$952,219,134	\$1,137,004,939
\$327,894,252	\$987,345,242	\$1,177,674,621

Source: TXP

*the difference between the Baseline and Projected Values in Table 4

**Table 6: Projected Annual TIRZ No. 1 Revenues from City Ad Valorem Taxes,
Current Tax Rate - \$0.5855***

	Scenario #1	Scenario #2	Scenario #3
2011	\$77,984	\$77,984	\$77,984
2012	\$118,709	\$134,064	\$140,782
2013	\$160,677	\$245,092	\$282,023
2014	\$203,903	\$347,866	\$396,596
2015	\$248,426	\$507,169	\$591,005
2016	\$294,285	\$674,564	\$795,570
2017	\$341,520	\$935,541	\$1,095,872
2018	\$390,171	\$1,138,057	\$1,315,229
2019	\$440,283	\$1,333,355	\$1,553,711
2020	\$491,897	\$1,479,193	\$1,718,924
2021	\$545,060	\$1,653,801	\$1,940,898
2022	\$599,818	\$1,810,951	\$2,120,203
2023	\$656,219	\$2,001,104	\$2,362,254
2024	\$714,311	\$2,172,883	\$2,559,235
2025	\$774,147	\$2,379,827	\$2,822,985
2026	\$835,777	\$2,567,434	\$3,039,129
2027	\$899,256	\$2,792,509	\$3,326,324
2028	\$964,640	\$2,997,174	\$3,563,174
2029	\$1,031,985	\$3,241,818	\$3,875,689
2030	\$1,101,351	\$3,425,839	\$4,078,727
2031	\$1,172,798	\$3,650,039	\$4,358,834
2032	\$1,246,388	\$3,849,252	\$4,579,311
2033	\$1,322,185	\$4,091,211	\$4,881,704
2034	\$1,400,257	\$4,308,763	\$5,120,992
2035	\$1,480,671	\$4,567,832	\$5,447,346
2036	\$1,563,497	\$4,801,018	\$5,706,917
2037	\$1,648,808	\$5,082,583	\$6,059,029
2038	\$1,736,678	\$5,273,467	\$6,279,206
2039	\$1,827,185	\$5,575,243	\$6,657,164
2040	\$1,920,406	\$5,780,906	\$6,895,285
TOTAL	\$26,209,273	\$78,894,539	\$93,642,082

Source: TXP

*the TIRZ revenue associated with dedicating 100% of City taxes imposed on the increment in Table 5

**Table 7: Projected Annual TIRZ No. 1 Revenues from County Ad Valorem Taxes,
Current Tax Rate - \$0.2425***

	Scenario #1	Scenario #2	Scenario #3
2012	\$32,291	\$32,291	\$32,291
2013	\$49,167	\$55,526	\$58,309
2014	\$66,548	\$101,511	\$116,807
2015	\$84,452	\$144,078	\$164,260
2016	\$102,892	\$210,057	\$244,780
2017	\$121,886	\$279,388	\$329,506
2018	\$141,449	\$367,479	\$453,884
2019	\$161,600	\$471,356	\$544,736
2020	\$182,354	\$552,244	\$643,510
2021	\$203,732	\$612,646	\$711,937
2022	\$225,751	\$684,964	\$803,873
2023	\$248,430	\$750,052	\$878,137
2024	\$271,790	\$826,809	\$978,389
2025	\$295,850	\$899,956	\$1,059,973
2026	\$320,633	\$985,667	\$1,169,212
2027	\$346,159	\$1,063,369	\$1,258,734
2028	\$372,450	\$1,156,590	\$1,377,683
2029	\$399,531	\$1,241,357	\$1,475,781
2030	\$427,424	\$1,342,683	\$1,605,217
2031	\$456,153	\$1,418,900	\$1,589,310
2032	\$485,745	\$1,511,758	\$1,805,324
2033	\$516,224	\$1,594,268	\$1,896,640
2034	\$547,617	\$1,694,481	\$2,021,884
2035	\$579,953	\$1,783,766	\$2,120,991
2036	\$613,258	\$1,891,886	\$2,256,159
2037	\$647,563	\$1,988,466	\$2,363,668
2038	\$682,897	\$2,105,084	\$2,509,504
2039	\$719,290	\$2,184,143	\$2,600,696
2040	\$756,776	\$2,309,131	\$2,757,237
2041	\$795,386	\$2,394,312	\$2,855,861
2042	\$10,855,250	\$32,676,218	\$38,784,295

Source: TXP

*The TIRZ revenue associated with dedicating 100% of County taxes imposed on the increment in Table 5

**Table 8: Projected Annual TIRZ No. 1 Revenues from Community College District
Ad Valorem Taxes, Current Tax Rate – \$0.0863***

	Scenario #1	Scenario #2	Scenario #3
2013	\$11,492	\$11,492	\$11,492
2014	\$17,497	\$19,760	\$20,751
2015	\$23,883	\$36,125	\$41,568
2016	\$30,054	\$51,274	\$58,456
2017	\$36,817	\$74,754	\$87,111
2018	\$43,376	\$99,428	\$117,263
2019	\$50,338	\$137,894	\$161,526
2020	\$57,509	\$167,744	\$193,859
2021	\$64,896	\$196,530	\$229,010
2022	\$72,503	\$218,028	\$253,361
2023	\$80,339	\$243,763	\$286,079
2024	\$88,410	\$266,926	\$312,508
2025	\$96,724	\$294,953	\$348,185
2026	\$105,286	\$320,273	\$377,219
2027	\$114,106	\$350,776	\$416,095
2028	\$123,190	\$378,428	\$447,954
2029	\$132,546	\$411,603	\$490,285
2030	\$142,184	\$441,770	\$525,195
2031	\$152,110	\$477,829	\$571,259
2032	\$162,334	\$504,953	\$601,185
2033	\$172,865	\$537,999	\$642,472
2034	\$183,712	\$567,362	\$674,969
2035	\$194,884	\$603,026	\$719,541
2036	\$206,391	\$634,800	\$754,811
2037	\$218,244	\$673,277	\$802,914
2038	\$230,452	\$707,648	\$841,173
2039	\$243,027	\$749,149	\$893,073
2040	\$255,978	\$777,285	\$925,526
2041	\$269,319	\$821,765	\$981,235
2042	\$283,059	\$852,079	\$1,016,333
TOTAL	\$3,863,126	\$11,628,691	\$13,802,411

Source: TXP

*the TIRZ revenue associated with dedicating 100% of Community College District taxes imposed on the increment in Table 5

NOTE: The City of McKinney has requested Community College District participation in TIRZ No. 1; however, a response from the District has not yet been received. Therefore, Table 8 is included for informational purposes only.

Table 9: Projected 30-Year TIRZ No. 1 Revenues from City Ad Valorem Taxes (at \$0.5855)*

	Participation Rate	Scenario #1	Scenario #2	Scenario #3
Total	100%	\$26,209,273	\$78,894,539	\$93,642,082
Present Value		\$14,425,484	\$42,725,391	\$50,611,996
Total	90%	\$23,588,346	\$71,005,085	\$84,277,874
Present Value		\$12,982,936	\$38,452,852	\$45,550,797
Total	80%	\$20,967,418	\$63,115,631	\$74,913,666
Present Value		\$11,540,387	\$34,180,313	\$40,489,597
Total	70%	\$18,346,491	\$55,226,177	\$65,549,458
Present Value		\$10,097,839	\$29,907,774	\$35,428,397
Total	60%	\$15,725,564	\$47,336,723	\$56,185,249
Present Value		\$8,655,290	\$25,635,235	\$30,367,198
Total	50%	\$13,104,637	\$38,447,269	\$46,821,041
Present Value		\$7,212,742	\$21,362,696	\$25,305,998

Source: TXP

*Scenarios reflect the total and present value of TIRZ revenue at different City participation levels. A 5% discount rate is assumed to calculate the present values.

Table 10: Projected 30-Year TIRZ No. 1 Revenues from County Ad Valorem Taxes (at \$0.2425)*

	Participation Rate	Scenario #1	Scenario #2	Scenario #3
Total	100%	\$10,855,250	\$32,676,218	\$38,784,295
Present Value		\$5,974,688	\$17,695,828	\$20,962,270
Total	90%	\$9,769,725	\$29,408,596	\$34,905,866
Present Value		\$5,377,219	\$15,826,245	\$18,866,043
Total	80%	\$8,684,200	\$26,140,974	\$31,027,436
Present Value		\$4,779,750	\$14,156,863	\$16,769,816
Total	70%	\$7,598,675	\$22,873,353	\$27,149,007
Present Value		\$4,182,282	\$12,387,080	\$14,673,589
Total	60%	\$6,513,150	\$19,605,731	\$23,270,577
Present Value		\$3,584,813	\$10,617,497	\$12,577,362
Total	50%	\$5,427,625	\$16,338,115	\$19,392,148
Present Value		\$2,987,344	\$8,847,914	\$10,481,135

Source: TXP

*Scenarios reflect the total and present value of TIRZ revenue at different County participation levels. A 5% discount rate is assumed to calculate the present values.

Table 11: Projected 30-Year TIRZ No. 1 Revenues from Community College District Ad Valorem Taxes (at \$.0863)*

	Participation Rate	Scenario #1	Scenario #2	Scenario #3
Total	100%	\$3,863,126	\$11,628,691	\$13,802,411
Present Value		\$2,126,250	\$6,297,526	\$7,459,975
Total	90%	\$3,476,813	\$10,465,822	\$12,422,170
Present Value		\$1,913,825	\$5,867,773	\$6,713,977
Total	80%	\$3,090,501	\$9,302,953	\$11,041,829
Present Value		\$1,701,000	\$5,038,021	\$5,967,980
Total	70%	\$2,704,188	\$8,140,084	\$9,661,688
Present Value		\$1,488,375	\$4,408,268	\$5,221,982
Total	60%	\$2,317,876	\$6,977,215	\$8,281,447
Present Value		\$1,275,750	\$3,778,515	\$4,475,985
Total	50%	\$1,931,563	\$5,814,348	\$6,901,206
Present Value		\$1,063,125	\$3,148,763	\$3,729,987

Source: TXP

*Scenarios reflect the total and present value of TIRZ revenue at different Community College District participation levels. A 5% discount rate is assumed to calculate the present values.

NOTE: The City of McKinney has requested Community College District participation in TIRZ No. 1; however, a response from the District has not yet been received. Therefore, Table 11 is included for informational purposes only.

Sales Tax

The current aggregate City of McKinney sales tax base in TIRZ No. 1 is \$1,369,564. For analysis, three scenarios on sales tax growth are included in this document, all of which assume a 30-year horizon:

- **Scenario A:** Inflation Only. For purposes of this exercise, the current aggregate value of the sales tax base is assumed to grow at a conservative inflation rate of 3% annually. Since there is no new development, this scenario does not necessarily represent any share of the overall market demand.
- **Scenario B:** Medium Development; Current Sales Level. In this scenario, approximately two-thirds of the projected commercial activity in the town center and just under 55% of the projected commercial activity in the greenfield area is expected to be retail-oriented. Based on data from the Texas Comptroller's Office, 38.9% of this retail activity is assumed to be subject to sales tax. The phase-in matches the same pattern established in Scenario 2, and the current City of McKinney sales tax rate of 1% and annual inflation of 3% is applied. Sales per square foot are \$188, reflecting the 2009 level within the TIRZ area.
- **Scenario C:** Medium Development, Higher Sales Level. The same parameters as in Scenario B, but sales per square foot are assumed to average \$275 per square foot, per an Urban Land Institute average across several types of retail centers.

The following tables reflect the timing and assumptions outlined above, and the aggregate TIRZ No. 1 sales tax values that result.

Table 13: Projected TIRZ No. 1 Taxable Sales Increment

	Scenario A	Scenario B	Scenario C
2011	\$2,054,346	\$2,054,346	\$2,054,346
2012	\$4,170,323	\$4,170,323	\$4,170,323
2013	\$6,349,779	\$6,349,779	\$6,349,779
2014	\$8,594,818	\$13,621,802	\$15,948,212
2015	\$10,906,803	\$18,867,690	\$22,551,717
2016	\$13,288,353	\$29,680,697	\$37,266,516
2017	\$15,741,350	\$41,063,874	\$52,782,276
2018	\$18,267,937	\$54,460,802	\$71,209,828
2019	\$20,870,321	\$68,830,922	\$85,174,391
2020	\$23,550,777	\$77,298,310	\$102,170,839
2021	\$26,311,647	\$84,939,137	\$112,069,943
2022	\$29,155,342	\$95,901,488	\$126,789,330
2023	\$32,084,349	\$104,093,759	\$137,417,263
2024	\$35,101,225	\$116,018,062	\$153,463,619
2025	\$38,208,608	\$125,012,420	\$165,182,268
2026	\$41,409,213	\$137,975,183	\$182,662,626
2027	\$44,705,835	\$147,838,936	\$195,565,424
2028	\$48,101,357	\$161,922,419	\$214,594,932
2029	\$51,598,743	\$172,722,910	\$228,775,051
2030	\$55,201,052	\$188,015,366	\$249,477,338
2031	\$58,911,430	\$198,840,981	\$265,058,380
2032	\$62,733,119	\$216,437,636	\$287,566,855
2033	\$66,669,459	\$229,367,465	\$304,658,563
2034	\$70,723,889	\$247,370,431	\$329,116,437
2035	\$74,899,951	\$261,495,128	\$347,845,024
2036	\$79,201,296	\$281,014,141	\$374,406,256
2037	\$83,631,881	\$296,431,289	\$394,907,703
2038	\$88,194,978	\$317,584,233	\$423,737,771
2039	\$92,895,174	\$329,166,106	\$438,504,251
2040	\$97,736,375	\$351,922,620	\$469,551,361

Source: TXP

**Table 14: Projected Annual TIRZ No. 1 Revenues from City Sales Tax,
Current Tax Rate (1%)**

	Scenario A	Scenario B	Scenario C
	\$0	\$0	\$0
2015	\$46,839	\$46,839	\$46,839
2016	\$68,634	\$68,634	\$68,634
2017	\$91,082	\$141,354	\$164,618
2018	\$114,204	\$193,813	\$230,653
2019	\$132,684	\$296,807	\$372,665
2020	\$157,414	\$410,639	\$527,823
2021	\$182,660	\$544,608	\$712,097
2022	\$206,703	\$648,309	\$851,744
2023	\$235,508	\$772,983	\$1,021,709
2024	\$263,117	\$849,392	\$1,120,700
2025	\$291,554	\$959,015	\$1,267,694
2026	\$320,844	\$1,040,938	\$1,374,173
2027	\$351,013	\$1,160,181	\$1,534,636
2028	\$382,066	\$1,250,124	\$1,651,623
2029	\$414,092	\$1,379,752	\$1,826,627
2030	\$447,059	\$1,478,390	\$1,955,654
2031	\$481,014	\$1,619,224	\$2,145,950
2032	\$515,988	\$1,727,229	\$2,267,751
2033	\$552,011	\$1,880,154	\$2,494,774
2034	\$589,115	\$1,998,410	\$2,650,564
2035	\$627,331	\$2,164,377	\$2,875,669
2036	\$666,695	\$2,293,675	\$3,046,566
2037	\$707,239	\$2,473,705	\$3,291,165
2038	\$749,000	\$2,614,952	\$3,478,450
2039	\$792,013	\$2,810,142	\$3,744,063
2040	\$836,317	\$2,964,313	\$3,949,077
2041	\$881,950	\$3,175,843	\$4,237,378
2042	\$928,952	\$3,291,661	\$4,385,043
2043	\$977,364	\$3,519,226	\$4,695,514
2044	\$13,012,702	\$43,774,689	\$58,010,293

Source: TXP

*The TIRZ revenue associated with dedicating 100% of the City sales tax imposed on the increment in Table 13

Revenue Projections

Once revenue from various streams has been forecasted, a number of projections which combine different revenue streams at different rates can be developed to inform the overall financing. The following are provided to measure a range of possibilities. In both projections, Development Scenario No. 2 is used as the basis for the calculation of ad valorem taxes and Sales Tax Scenario B is used as the basis for calculation of sales taxes.

Projection No. 1:

100% City participation in both ad valorem and sales tax; no County participation in ad valorem tax.

Table 15: Projection No. 1 - Annual and Cumulative TIRZ No. 1 Revenues

	City Property	City Sales	County Property	Annual Total	Cumulative Total
	\$77,964	\$0	\$0	\$77,964	\$77,964
	\$134,064	\$46,839	\$0	\$180,903	\$258,867
	\$245,092	\$68,634	\$0	\$313,726	\$572,593
	\$347,866	\$141,354	\$0	\$489,220	\$1,061,813
	\$507,169	\$193,813	\$0	\$700,982	\$1,762,795
	\$674,564	\$296,807	\$0	\$971,371	\$2,734,166
	\$935,541	\$410,639	\$0	\$1,346,180	\$4,080,346
	\$1,138,057	\$544,608	\$0	\$1,682,665	\$5,763,011
	\$1,333,355	\$648,309	\$0	\$1,981,664	\$7,744,675
	\$1,479,193	\$772,983	\$0	\$2,252,176	\$9,996,851
	\$1,653,601	\$849,392	\$0	\$2,503,193	\$12,500,044
	\$1,810,951	\$959,015	\$0	\$2,769,966	\$15,270,010
	\$2,001,104	\$1,040,938	\$0	\$3,042,042	\$18,312,052
	\$2,172,883	\$1,160,181	\$0	\$3,333,064	\$21,645,116
	\$2,379,827	\$1,250,124	\$0	\$3,629,951	\$25,275,067
	\$2,567,434	\$1,379,752	\$0	\$3,947,186	\$29,222,253
	\$2,792,509	\$1,478,390	\$0	\$4,270,899	\$33,493,152
	\$2,997,174	\$1,819,224	\$0	\$4,816,398	\$38,109,550
	\$3,241,818	\$1,727,229	\$0	\$4,969,047	\$43,078,597
	\$3,425,839	\$1,880,154	\$0	\$5,305,993	\$48,384,590
	\$3,650,039	\$1,998,410	\$0	\$5,648,449	\$54,033,039
	\$3,849,252	\$2,164,377	\$0	\$6,013,629	\$60,046,668
	\$4,091,211	\$2,293,675	\$0	\$6,384,886	\$66,431,554
	\$4,308,783	\$2,473,705	\$0	\$6,780,488	\$73,212,042
	\$4,567,832	\$2,614,952	\$0	\$7,182,784	\$80,394,826
	\$4,801,018	\$2,810,142	\$0	\$7,611,160	\$88,005,986
	\$5,082,583	\$2,964,313	\$0	\$8,046,896	\$96,052,882
	\$5,273,467	\$3,175,843	\$0	\$8,449,310	\$104,502,192
	\$5,575,243	\$3,291,661	\$0	\$8,866,904	\$113,369,096
	\$5,780,906	\$3,519,226	\$0	\$9,300,132	\$122,669,228
	\$78,894,539	\$43,774,689	\$0	\$122,669,228	-

Source: TAP

Projection No. 2:
100% City participation in both ad valorem and sales tax; 50% County participation in ad valorem tax.

Table 16: Projection No. 2 - Annual and Cumulative TIRZ No. 1 Revenues

	City Property	City Sales	County Property	Annual Total	Cumulative Total
	\$77,964	\$0	\$16,146	\$94,110	\$94,110
	\$134,064	\$46,839	\$27,763	\$208,666	\$302,776
	\$245,092	\$68,634	\$50,756	\$364,482	\$667,258
	\$347,666	\$141,354	\$72,039	\$561,259	\$1,228,517
	\$507,169	\$193,813	\$105,029	\$806,011	\$2,034,528
	\$674,564	\$296,607	\$139,694	\$1,111,065	\$3,145,593
	\$935,541	\$410,639	\$193,740	\$1,539,920	\$4,685,513
	\$1,138,057	\$544,608	\$235,678	\$1,918,343	\$6,603,856
	\$1,333,355	\$648,309	\$276,122	\$2,257,786	\$8,861,642
	\$1,479,193	\$772,983	\$306,323	\$2,558,499	\$11,420,141
	\$1,653,801	\$849,392	\$342,482	\$2,845,675	\$14,265,816
	\$1,810,951	\$959,015	\$375,026	\$3,144,992	\$17,410,808
	\$2,001,104	\$1,040,938	\$414,405	\$3,456,447	\$20,867,255
	\$2,172,883	\$1,160,181	\$449,978	\$3,783,042	\$24,650,297
	\$2,379,827	\$1,250,124	\$492,834	\$4,122,785	\$28,773,082
	\$2,567,434	\$1,379,752	\$531,685	\$4,478,871	\$33,251,953
	\$2,792,509	\$1,478,390	\$578,295	\$4,849,194	\$38,101,147
	\$2,997,174	\$1,619,224	\$620,679	\$5,237,077	\$43,338,224
	\$3,241,818	\$1,727,229	\$671,342	\$5,640,389	\$48,978,613
	\$3,425,839	\$1,880,154	\$709,450	\$6,015,443	\$54,994,056
	\$3,650,039	\$1,998,410	\$755,679	\$6,404,328	\$61,398,384
	\$3,849,252	\$2,164,377	\$797,134	\$6,810,763	\$68,209,147
	\$4,091,211	\$2,293,675	\$847,241	\$7,232,127	\$75,441,274
	\$4,306,783	\$2,473,705	\$891,883	\$7,672,371	\$83,113,645
	\$4,567,832	\$2,614,952	\$945,943	\$8,128,727	\$91,242,372
	\$4,801,018	\$2,810,142	\$994,233	\$8,605,393	\$99,847,765
	\$5,082,583	\$2,964,313	\$1,052,542	\$9,099,438	\$108,947,203
	\$5,273,467	\$3,175,843	\$1,092,072	\$9,541,382	\$118,488,585
	\$5,575,243	\$3,291,661	\$1,154,566	\$10,021,470	\$128,510,055
	\$5,780,906	\$3,519,226	\$1,197,156	\$10,497,288	\$139,007,343
	\$78,894,539	\$43,774,689	\$16,338,115	\$139,007,343	-

Source: TXP

Exhibit "B"

Project Plan and Reinvestment Zone Financing Plan

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

Project Plan

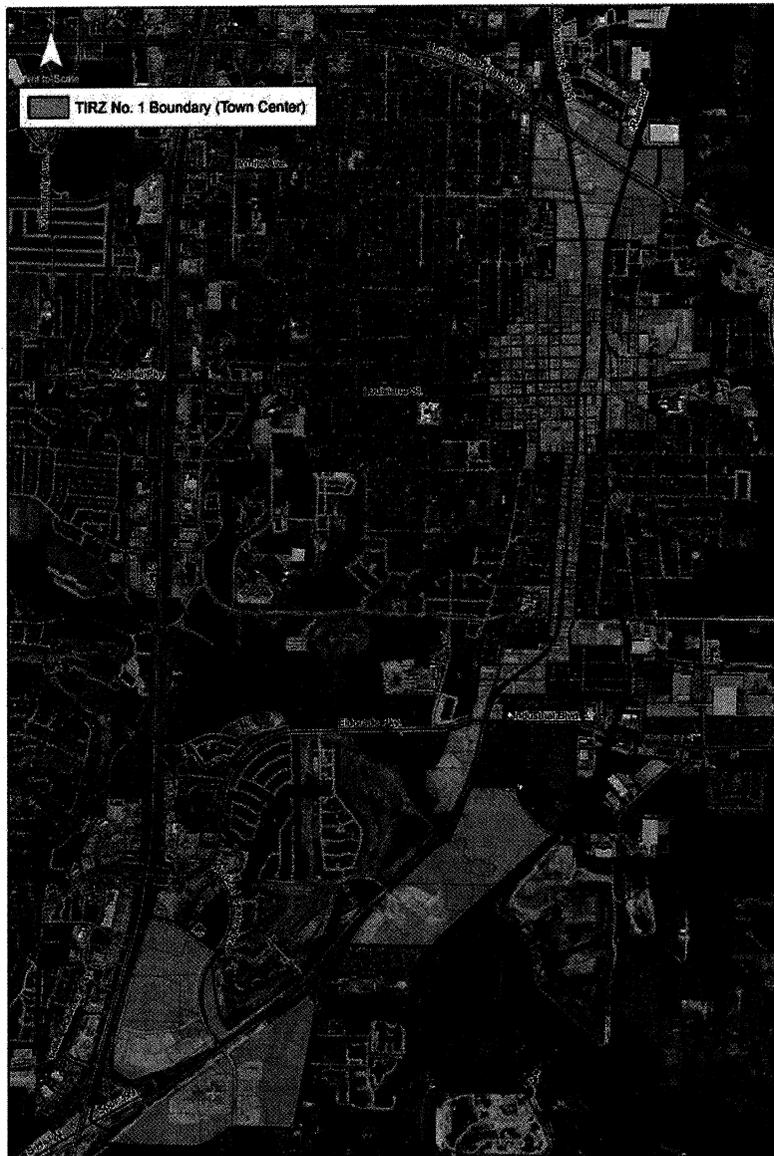


Background

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.

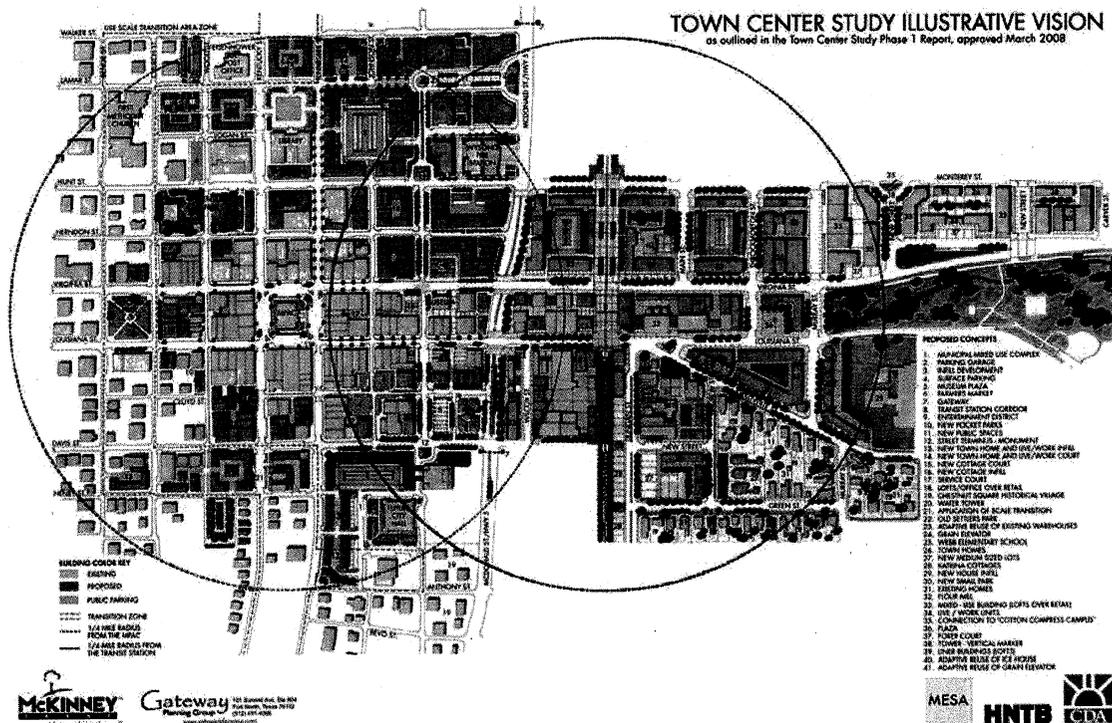
The Town Center is home to about 20% of McKinney's population with a significant minority and mixed income population. The neighborhoods in the Town Center offer historic and varied housing for a range of incomes and housing preferences. The adopted Town Center Study calls for the continued support for 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
- 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.

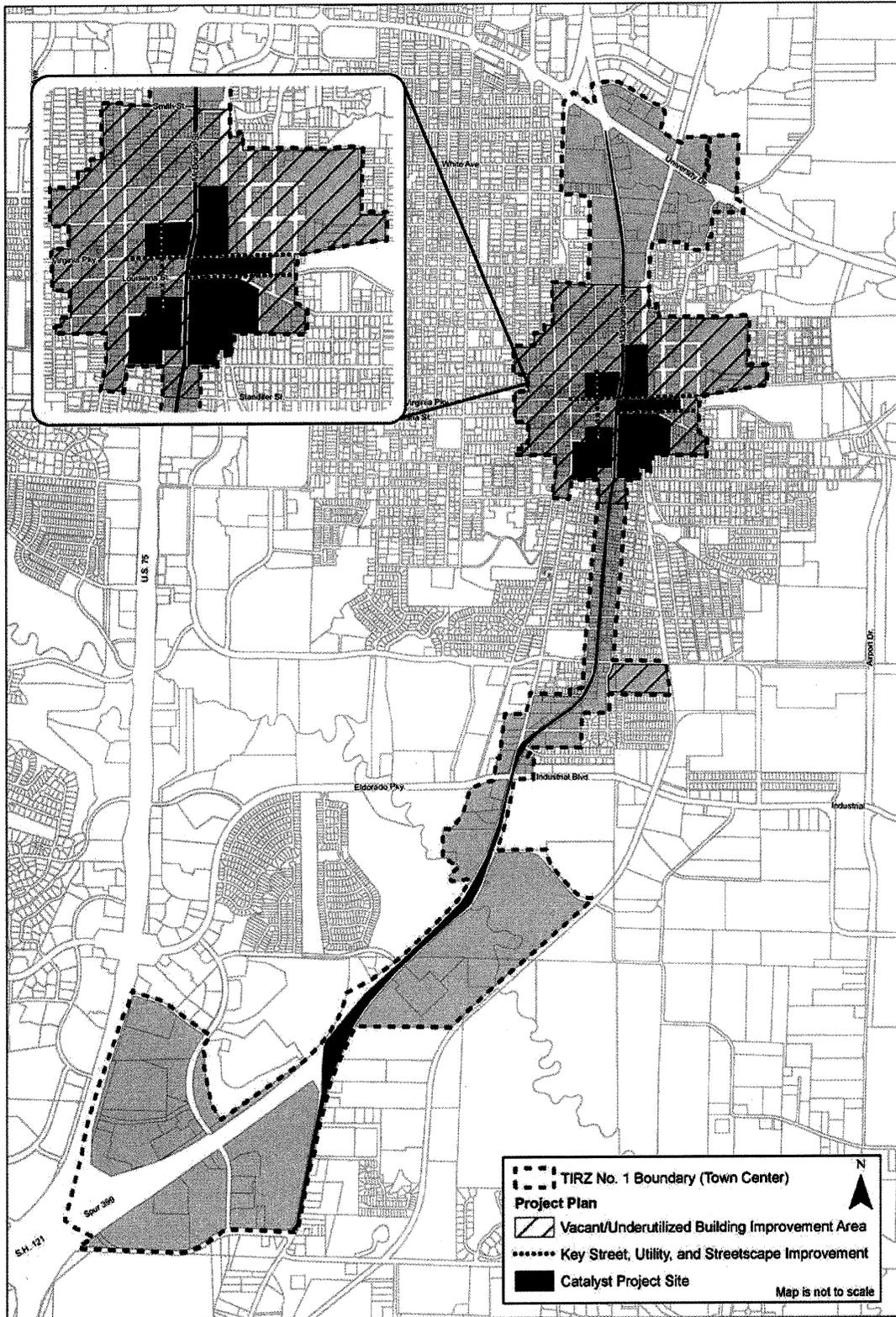
(c) Land Acquisition: The City may consider acquiring property (using eminent domain as necessary and to the extent permitted by law) to implement the Town Center TIRZ plan. Potential land acquisitions may include:

- 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	
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

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)**

Financing Plan



Summary

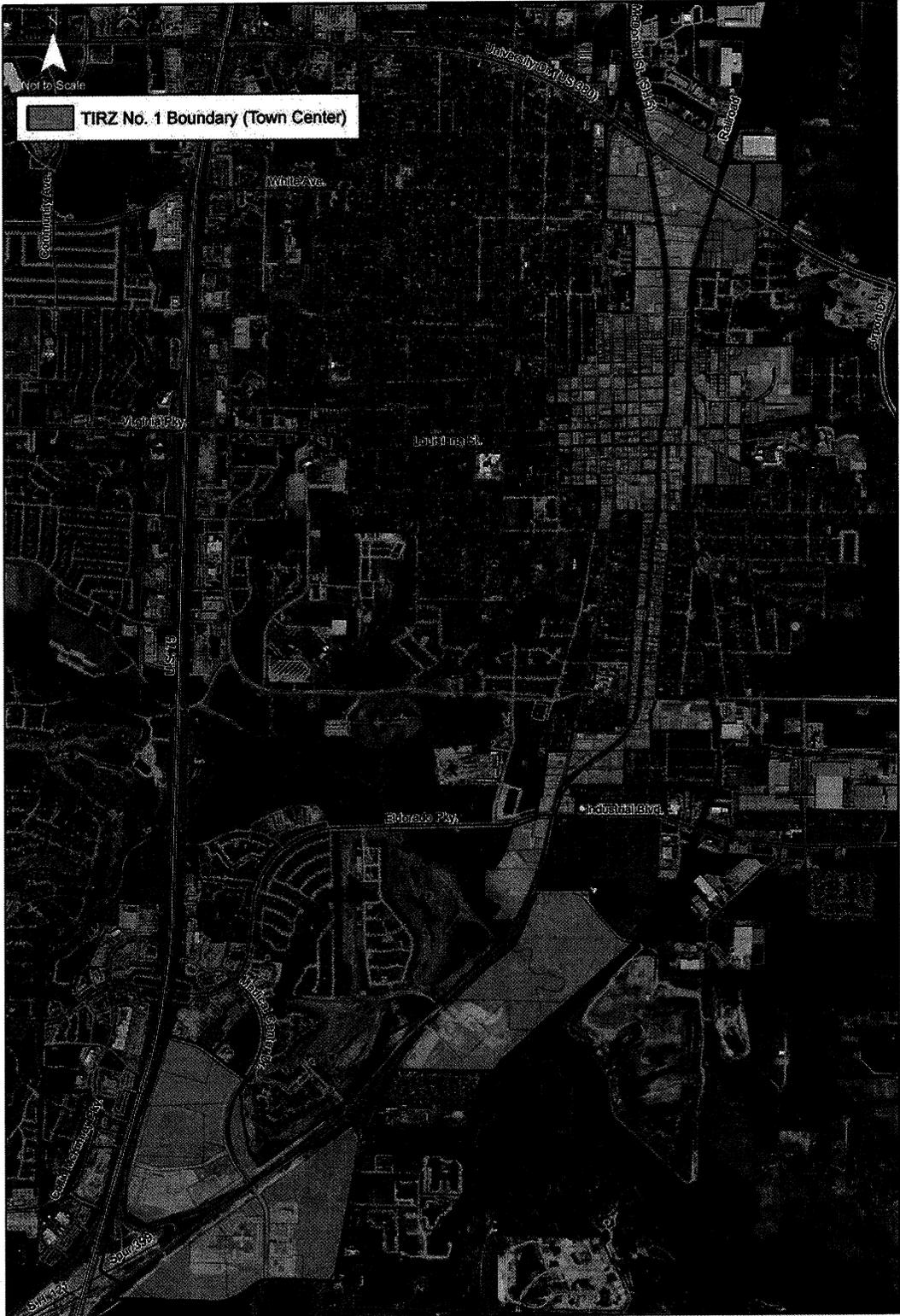
The Town Center Tax Increment Reinvestment Zone (TIRZ No. 1) consists of approximately 946 acres of property (outlined in Figure 1). The zone is located in the McKinney Independent School District. The 2009 base property value is \$218.65 million. Projections show that property value within the zone is estimated to grow to \$1.21 billion by 2040, creating a total of \$78.89 million in potential TIRZ revenue from City property taxes (assuming 100% City participation) and \$16.34 million in potential TIRZ revenue from County property taxes (assuming 50% County participation) over the life of the TIRZ. Similarly, City sales tax revenue within the TIRZ is projected to grow from a 2009 base of \$1.37 million to \$4.89 million by 2040, creating a total of \$43.77 million in potential TIRZ revenue from sales tax (assuming 100% City participation) over the life of the TIRZ.

Collectively, 100% City participation in both property and sales taxes combined with 50% County participation in property tax yields a total cumulative value of \$139.00 million in potential tax revenues over the life of the TIRZ (See Table 16, Projection No. 2.).

The projections included in this report assume construction of over 2.5 million square feet of additional non-residential development within TIRZ No. 1, along with construction of an additional 520 housing units. The total public infrastructure associated with the proposed developments will be determined after designation by the TIRZ Board.

The term of the zone is 30 years with the TIRZ in existence through 2040.

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



Source: City of McKinney

Public Infrastructure

The total public infrastructure capital costs are estimated to be approximately \$91 million. This TIRZ can reimburse costs such as: drainage, parking, streetscape enhancements, historic preservation, parks, and other public improvements that are outlined in the Final Project and Finance Plans. Furthermore, the City and the TIRZ Board shall have the authority to establish and administer economic development programs, including but not limited to grants and loans, authorized under Chapter 380 of the Texas Local Government Code.

Financing Policy and Capacity

The projections that follow do not, by themselves, create a marketable basis for debt financing. Therefore, any debt to be issued to pay for public infrastructure prior to the collection of actual TIRZ No. 1 revenues is likely to require credit support from the City. If debt were to be issued at this point by TIRZ No. 1, the City's overall bonding capacity in general would be reduced by the amount issued. In the future, the credit-worthiness of TIRZ No. 1 should be a function of its performance, with annual debt service capacity expected to equal 80-90% of the revenue collected in the year of proposed issuance.

It is the policy of the City of McKinney and TIRZ No. 1 to provide financing capacity for long term investment in substantial transportation infrastructure and other substantial catalytic projects. Accordingly, the ability to aggregate the tax revenue increment to maximize financing capacity and financing options shall take precedent over projects that tend to diminish the TIRZ's ability to aggregate a sufficient increment fund over time. Notwithstanding this policy, certain projects may arise that justify a targeted expenditure versus aggregation of the tax revenue increment, such as a project facilitating health and safety for the historic downtown or a unique economic development opportunity, among others.

Limited Obligation of the City or Participating Governmental Entities

The City and Participating Governmental Entities shall have a limited obligation to impose and collect taxes and deposit such tax receipts into the TIRZ No. 1 fund so long as the project is viable and capital costs incurred by the City and/or a developer (if any) have not been fully paid. TIRZ collections for this project shall not extend beyond 2040 and may be terminated prior to 2040, upon payment of public improvement capital costs incurred by the City and/or a developer (if any), or for the failure of the TIRZ Project to perform as projected in the Final Project and Finance Plans.

Any public improvement infrastructure costs incurred by a developer shall be paid solely from TIRZ No. 1 revenues and shall never constitute a debt, indebtedness or a pledge of the faith and credit or taxing power of the State, the City, the Participating Governmental Entities, any political corporation, subdivision, or agency of the State. Any costs incurred by a developer (if any) are not and shall never in any event become general obligations or debt of the City or any of the Participating Governmental Entities.

The City will negotiate a participation rate and potential maximum cap based on the following criteria:

- Ensure the City's ability to provide adequate municipal services such as police, fire, streets, libraries, parks, and other basic services;
- Complete a gap analysis that accounts for financial capacity of developer(s) (if any) and the minimum amount needed to meet the gap;
- Prioritize public improvement needs (i.e. the need for streets and sidewalks versus the need for underground utilities);
- Factor a reasonable annual growth assumption; and

- Consider developer contribution (if any) of land for public use needs and/or minimum financial contribution.

Further, the City's participation rate and maximum contribution will take into consideration the participation of other taxing entities and the overall impact to the City's Operational Budget and Debt Plan (the final financing plan must not adversely impact the City's ability to deliver services or its debt management plan).

City and/or Developers' Risk

All financing, developmental costs, construction costs, improvements, damages, or other costs incurred with respect to this project are at the sole risk of the developer (if any). The City, in conjunction with TIRZ Board, will determine the costs that can be supported with future TIRZ revenue through the development of the Final Project and Finance Plans. All costs will be reimbursed solely through TIRZ revenue.

The City and any Participating Taxing Entities shall minimize any risk whatsoever associated with the development, construction, completion or failure of the project. In the event that the project fails, is abandoned or for any reason is not completed, the City shall have the right to terminate TIRZ No. 1 and any funds remaining in the TIRZ No. 1 account shall be distributed to the Participating Taxing Entities on a pro rata basis in accordance with each entity's participation level.

Compliance

The development of this TIRZ shall comply with all federal, state and local laws, rules and regulations.

Reporting

The City and/or developers (if any) shall submit a project status report and financial report on a quarterly basis (January 15th, April 15th, July 15th and October 15th) to the City.

Inspection

The Participating Taxing Entities, and/or Administrator shall have the right to inspect the project site or sites and the premises of a developer utilizing TIRZ funding without notice.

Supporting Information

The Market Environment

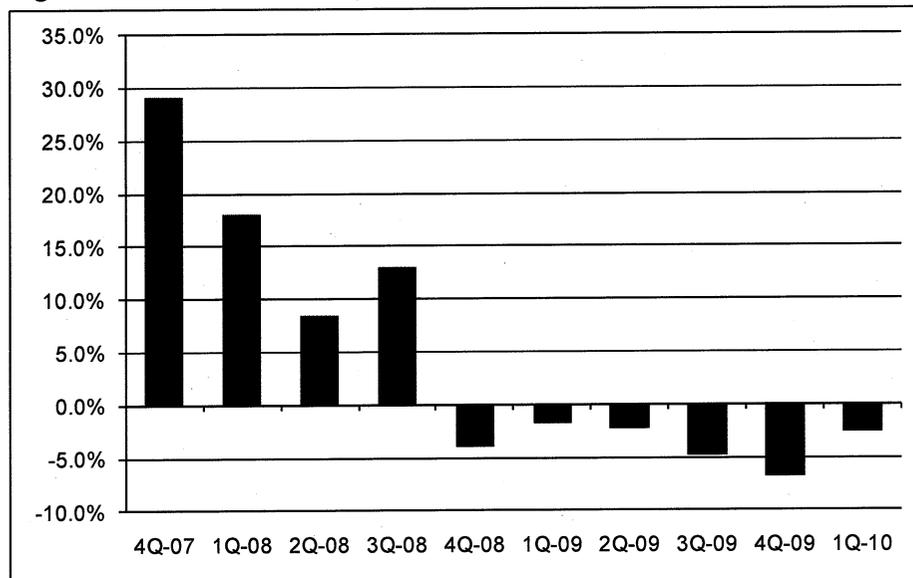
As the nation emerges from the recession, there is no question that the Metroplex and McKinney have felt the impact. The numbers tell the story, as job growth has slowed, sales tax revenue is stagnant and development has more or less come to a halt. That having been said, the impacts in the Dallas/Fort Worth region have been less profound than elsewhere, and the area should be well-positioned to bounce back. Factors contributing to the resurgence, aside from recovery of the national economy, include continued in-migration and overall population growth and a well-diversified regional economy with a strong presence in energy, transportation, and technology. In addition, relatively low current market values, competitive labor costs, and a comparatively modest overall tax burden all indicate a cost environment that accommodates future development and growth.

Table 1: Recent McKinney Annual Indicators

	A. Sales Tax	B. Population	C. Unemployment	D. Single-Family Permits
2000	\$14,186,870	58,438	4.8%	2,554
2002	\$14,365,248	66,990	7.0%	2,150
2003	\$15,485,000	76,907	6.9%	2,795
2004	\$18,301,409	85,865	5.8%	3,005
2005	\$23,381,858	94,733	4.4%	3,400
2006	\$26,683,569	104,853	4.4%	2,978
2007	\$31,025,152	115,198	4.1%	1,662
2008	\$33,592,023	120,978	4.7%	987
2009	\$32,265,078	122,083	7.4%	943

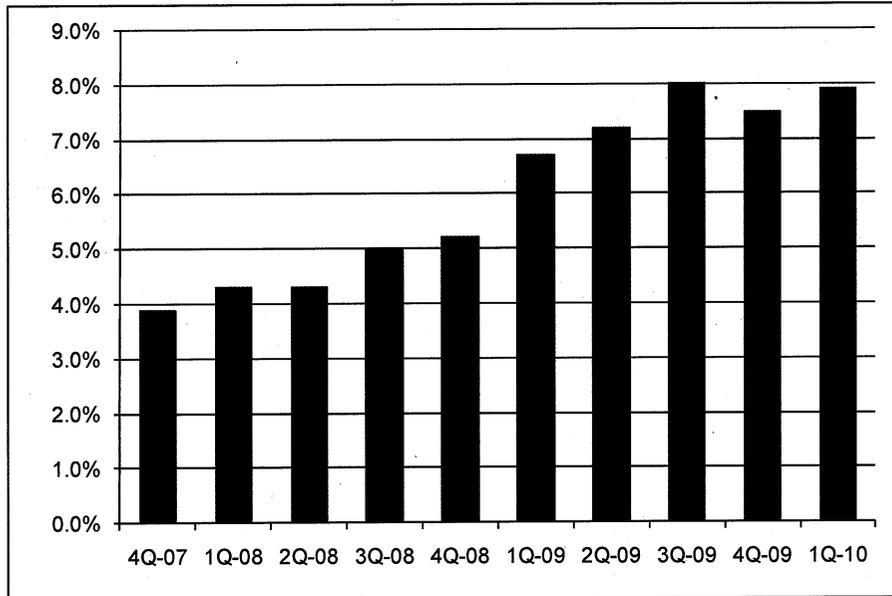
Sources: A. Texas State Comptroller's Office; B. City of McKinney; C. Bureau of Labor Statistics; D. Census Bureau

Figure 2: Recent McKinney 12-Month Sales Tax Revenue Growth



Sources: Texas State Comptroller's Office; TXP

Figure 3: Recent McKinney Unemployment Rates



Sources: Texas Workforce Commission; TXP

Tax Base Scenarios

Demand for real estate over time is directly connected to the performance of a local economy, as net new job creation and household formation creates the need for new commercial and residential space. The approach used to validate the land use projections is to forecast the overall growth in McKinney, estimate the real estate demand associated with that growth, and then determine that the land use projections for TIRZ No. 1 constitute a "reasonable" share of the community-wide demand. The scenarios included in this report meet this test, as a modest level of housing and a commercial market capture rate consistent with a vibrant downtown are anticipated.

Key Assumptions for Overall Forecasts

- Base data was derived from a number of sources, including County Business Patterns, The North Central Texas Council of Governments, the Texas Comptroller's Office, the Bureau of Labor Statistics/Texas Workforce Commission, the Census Bureau, and the City of McKinney.
- McKinney population projections were based on the 3.0 Migration Scenario from the Texas State Data Center (2000-07), updated to reflect base data through 2008 for the county. The initial estimate of the number of people per household comes from the 2007 version of the American Community Survey for McKinney by the Census Bureau, and is very gradually reduced over time in line with both historical patterns and anticipated demographic trends.
- Employment forecasts were developed using base data on ZIP Codes 75069, 75070, and 75071 in combination with overall County and City projections from a number of sources. A blended American Planning Association (APA) ratio of 650 sq. ft./employee was used to estimate aggregate new development required for retail/restaurant/entertainment.
- Similarly, a ratio of 250 sq. ft./employee was used to estimate aggregate new development required to meet office/commercial demand.

The following tables reflect the timing and assumptions outlined above, and the aggregate values that result.

Table 2: Projected McKinney Population, Households, & Employment

	Population	Households	Retail/Entert. Jobs	Office-Related Jobs
2010	125,568	42,779	8,139	12,516
2011	129,371	44,297	8,220	12,641
2012	133,260	45,857	8,467	12,989
2013	137,236	47,463	8,720	13,346
2014	141,299	49,114	8,978	13,713
2015	145,452	50,811	9,242	14,090
2016	149,694	52,556	9,511	14,478
2017	154,027	54,349	9,787	14,876
2018	158,453	56,191	10,068	15,285
2019	162,971	58,084	10,355	15,706
2020	167,584	60,028	10,648	16,137
2021	172,291	62,025	10,947	16,581
2022	177,094	64,074	11,252	17,037
2023	181,994	66,178	11,564	17,506
2024	186,992	68,337	11,881	17,987
2025	192,089	70,552	12,205	18,482
2026	197,286	72,825	12,535	18,990
2027	202,583	75,156	12,872	19,512
2028	207,981	77,547	13,215	20,049
2029	213,482	79,998	13,564	20,600
2030	219,085	82,510	13,920	21,167
2031	224,793	85,085	14,283	21,749
2032	230,606	87,724	14,652	22,347
2033	236,524	90,427	15,028	22,961
2034	242,548	93,196	15,411	23,593
2035	248,680	96,033	15,801	24,242
2036	254,919	98,937	16,197	24,908
2037	261,267	101,910	16,600	25,593
2038	267,725	104,954	17,011	26,297
2039	274,292	108,068	17,428	27,020
2040	280,970	111,256	17,852	27,763

Source: TXP

Table 3: Projected McKinney Overall Real Estate Demand

	Housing Units	Retail/Ent, Related Sq Ft.	Office-Related Sq Ft.
2010	N.A.	N.A.	N.A.
2011	1,517	52,901	31,291
2012	1,561	160,604	86,910
2013	1,605	164,191	89,300
2014	1,651	167,821	91,756
2015	1,697	171,494	94,279
2016	1,745	175,210	96,872
2017	1,793	178,968	99,536
2018	1,842	182,768	102,273
2019	1,893	186,609	105,086
2020	1,944	190,491	107,976
2021	1,996	194,413	110,945
2022	2,050	198,375	113,996
2023	2,104	202,376	117,131
2024	2,159	206,416	120,352
2025	2,215	210,494	123,662
2026	2,273	214,609	127,062
2027	2,331	218,762	130,556
2028	2,390	222,951	134,147
2029	2,451	227,175	137,836
2030	2,512	231,435	141,626
2031	2,575	235,728	145,521
2032	2,639	240,056	149,523
2033	2,703	244,416	153,635
2034	2,769	248,808	157,860
2035	2,836	253,232	162,201
2036	2,904	257,686	166,661
2037	2,973	262,171	171,245
2038	3,044	266,684	175,954
2039	3,115	271,226	180,792
2040	3,187	275,795	185,764

Source: TXP

Ad Valorem

The current aggregate taxable property value of TIRZ No. 1 is \$218,651,123. For analysis, three development scenarios are included in this document, all of which assume a 30-year horizon:

- Scenario No. 1: Inflation Only. For purposes of this exercise, the current aggregate value of property is assumed to grow at a conservative inflation rate of 3% annually. Since there is no new development, this scenario does not necessarily represent any share of the overall market demand.
- Scenario No. 2: Medium Development; Current Values. In this scenario, total new development of 2,520,000 square feet of additional non-residential and 520 additional housing units is included in TIRZ No. 1. Within TIRZ No. 1, the bulk of new development/redevelopment is assumed to occur within the historic Town Center area generally north of Market Center Drive (known as the Infill area), although a substantial amount of new activity is also projected to occur within the area south of Market Center Drive adjacent to State Highway 5 (referred to as the Greenfield area). Much of the anticipated activity in the Greenfield area will be medical-related due to its proximity to the hospital. As such, a rate of \$95 per square foot reflects a blended current average taxable value and was assumed for Greenfield area development. Within the Infill area of TIRZ No. 1, housing units are assumed to average 1,500 square feet, and property is assumed to be valued at \$80/square feet, which is also the blended average of current taxable values. Under this scenario, development is phased in over an eighteen year period beginning in 2012 for residential and 2013 for non-residential. Inflation of 3% annually is applied to values. In this scenario, TIRZ No. 1 represents 0.7% of the overall housing demand and about 23% of the commercial demand anticipated over the next 30 years in McKinney.
- Scenario No. 3: Medium Development; Higher Values. The same parameters for the footprint and values for the Greenfield are applied. In the balance of TIRZ No. 1, the level of new activity is the same as in Scenario No. 2, but value per square foot is assumed to average \$115 per square foot, reflecting current market rates for town centers in the region and replacement costs. Housing units are assumed to average 1,300 square feet, reflecting greater density, and inflation of 3% annually is applied.

The following tables reflect the timing and assumptions outlined above, and the aggregate TIRZ No. 1 property values that result.

Table 4: Projected TIRZ No. 1 Aggregate Property Values*

	Baseline	Scenario #1	Scenario #2	Scenario #3
2011	\$218,651,123	\$231,966,976	\$231,966,976	\$231,966,976
2012	\$218,651,123	\$238,925,986	\$241,548,530	\$242,695,894
2013	\$218,651,123	\$246,093,765	\$260,511,353	\$266,819,048
2014	\$218,651,123	\$253,476,578	\$278,064,596	\$286,387,378
2015	\$218,651,123	\$261,080,876	\$305,272,560	\$319,591,402
2016	\$218,651,123	\$268,913,302	\$333,862,744	\$354,529,919
2017	\$218,651,123	\$276,980,701	\$378,436,114	\$405,819,636
2018	\$218,651,123	\$285,290,122	\$413,024,598	\$443,284,644
2019	\$218,651,123	\$293,848,826	\$446,380,432	\$484,015,876
2020	\$218,651,123	\$302,664,290	\$471,288,671	\$512,233,346
2021	\$218,651,123	\$311,744,219	\$501,110,700	\$550,145,191
2022	\$218,651,123	\$321,096,546	\$527,951,032	\$580,769,498
2023	\$218,651,123	\$330,729,442	\$560,428,050	\$622,110,408
2024	\$218,651,123	\$340,651,325	\$589,766,950	\$655,753,577
2025	\$218,651,123	\$350,870,865	\$625,111,729	\$700,800,605
2026	\$218,651,123	\$361,396,991	\$657,153,976	\$737,716,753
2027	\$218,651,123	\$372,238,901	\$695,595,359	\$786,767,978
2028	\$218,651,123	\$383,406,068	\$730,551,028	\$827,220,598
2029	\$218,651,123	\$394,908,250	\$772,334,782	\$880,596,350
2030	\$218,651,123	\$406,755,497	\$803,764,534	\$915,273,948
2031	\$218,651,123	\$418,958,162	\$842,056,635	\$963,114,716
2032	\$218,651,123	\$431,526,907	\$876,081,058	\$1,000,770,882
2033	\$218,651,123	\$444,472,714	\$917,406,166	\$1,052,417,856
2034	\$218,651,123	\$457,806,896	\$954,224,725	\$1,093,286,765
2035	\$218,651,123	\$471,541,103	\$998,810,242	\$1,149,026,108
2036	\$218,651,123	\$485,687,336	\$1,038,637,073	\$1,193,359,414
2037	\$218,651,123	\$500,257,956	\$1,086,726,850	\$1,253,498,028
2038	\$218,651,123	\$515,265,694	\$1,119,328,655	\$1,291,102,968
2039	\$218,651,123	\$530,723,665	\$1,170,870,257	\$1,355,656,062
2040	\$218,651,123	\$546,645,375	\$1,205,996,365	\$1,396,325,744

Source: TXP

*projected appraised values of all taxable TIRZ property

Table 5: Projected TIRZ No. 1 Ad Valorem Increment*

	Scenario #1	Scenario #2	Scenario #3
2011	\$13,315,853	\$13,315,853	\$13,315,853
2012	\$20,274,863	\$22,897,407	\$24,044,771
2013	\$27,442,642	\$41,860,230	\$48,167,925
2014	\$34,825,455	\$59,413,473	\$67,736,255
2015	\$42,429,753	\$86,621,437	\$100,940,279
2016	\$50,262,179	\$115,211,621	\$135,878,796
2017	\$58,329,578	\$159,784,991	\$187,168,513
2018	\$66,638,999	\$194,373,475	\$224,633,521
2019	\$75,197,703	\$227,729,309	\$265,364,753
2020	\$84,013,167	\$252,637,548	\$293,582,223
2021	\$93,093,096	\$282,459,577	\$331,494,068
2022	\$102,445,423	\$309,299,909	\$362,118,375
2023	\$112,078,319	\$341,776,927	\$403,459,285
2024	\$122,000,202	\$371,115,827	\$437,102,454
2025	\$132,219,742	\$406,460,606	\$482,149,482
2026	\$142,745,868	\$438,502,853	\$519,065,630
2027	\$153,587,778	\$476,944,236	\$568,116,855
2028	\$164,754,945	\$511,899,905	\$608,569,475
2029	\$176,257,127	\$553,683,659	\$661,945,227
2030	\$188,104,374	\$585,113,411	\$696,622,825
2031	\$200,307,039	\$623,405,512	\$744,463,593
2032	\$212,875,784	\$657,429,935	\$782,119,759
2033	\$225,821,591	\$698,755,043	\$833,766,733
2034	\$239,155,773	\$735,573,602	\$874,635,642
2035	\$252,889,980	\$780,159,119	\$930,374,985
2036	\$267,036,213	\$819,985,950	\$974,708,291
2037	\$281,606,833	\$868,075,727	\$1,034,846,905
2038	\$296,614,571	\$900,677,532	\$1,072,451,845
2039	\$312,072,542	\$952,219,134	\$1,137,004,939
2040	\$327,994,252	\$987,345,242	\$1,177,674,621

Source: TXP

*the difference between the Baseline and Projected Values in Table 4

**Table 6: Projected Annual TIRZ No. 1 Revenues from City Ad Valorem Taxes,
Current Tax Rate - \$0.5855***

	Scenario #1	Scenario #2	Scenario #3
2011	\$77,964	\$77,964	\$77,964
2012	\$118,709	\$134,064	\$140,782
2013	\$160,677	\$245,092	\$282,023
2014	\$203,903	\$347,866	\$396,596
2015	\$248,426	\$507,169	\$591,005
2016	\$294,285	\$674,564	\$795,570
2017	\$341,520	\$935,541	\$1,095,872
2018	\$390,171	\$1,138,057	\$1,315,229
2019	\$440,283	\$1,333,355	\$1,553,711
2020	\$491,897	\$1,479,193	\$1,718,924
2021	\$545,060	\$1,653,801	\$1,940,898
2022	\$599,818	\$1,810,951	\$2,120,203
2023	\$656,219	\$2,001,104	\$2,362,254
2024	\$714,311	\$2,172,883	\$2,559,235
2025	\$774,147	\$2,379,827	\$2,822,985
2026	\$835,777	\$2,567,434	\$3,039,129
2027	\$899,256	\$2,792,509	\$3,326,324
2028	\$964,640	\$2,997,174	\$3,563,174
2029	\$1,031,985	\$3,241,818	\$3,875,689
2030	\$1,101,351	\$3,425,839	\$4,078,727
2031	\$1,172,798	\$3,650,039	\$4,358,834
2032	\$1,246,388	\$3,849,252	\$4,579,311
2033	\$1,322,185	\$4,091,211	\$4,881,704
2034	\$1,400,257	\$4,306,783	\$5,120,992
2035	\$1,480,671	\$4,567,832	\$5,447,346
2036	\$1,563,497	\$4,801,018	\$5,706,917
2037	\$1,648,808	\$5,082,583	\$6,059,029
2038	\$1,736,678	\$5,273,467	\$6,279,206
2039	\$1,827,185	\$5,575,243	\$6,657,164
2040	\$1,920,406	\$5,780,906	\$6,895,285
TOTAL	\$26,209,273	\$78,894,539	\$93,642,082

Source: TXP

*the TIRZ revenue associated with dedicating 100% of City taxes imposed on the increment in Table 5

**Table 7: Projected Annual TIRZ No. 1 Revenues from County Ad Valorem Taxes,
Current Tax Rate - \$0.2425***

	Scenario #1	Scenario #2	Scenario #3
2011	\$32,291	\$32,291	\$32,291
2012	\$49,167	\$55,526	\$58,309
2013	\$66,548	\$101,511	\$116,807
2014	\$84,452	\$144,078	\$164,260
2015	\$102,892	\$210,057	\$244,780
2016	\$121,886	\$279,388	\$329,506
2017	\$141,449	\$387,479	\$453,884
2018	\$161,600	\$471,356	\$544,736
2019	\$182,354	\$552,244	\$643,510
2020	\$203,732	\$612,646	\$711,937
2021	\$225,751	\$684,964	\$803,873
2022	\$248,430	\$750,052	\$878,137
2023	\$271,790	\$828,809	\$978,389
2024	\$295,850	\$899,956	\$1,059,973
2025	\$320,633	\$985,667	\$1,169,212
2026	\$346,159	\$1,063,369	\$1,258,734
2027	\$372,450	\$1,156,590	\$1,377,683
2028	\$399,531	\$1,241,357	\$1,475,781
2029	\$427,424	\$1,342,683	\$1,605,217
2030	\$456,153	\$1,418,900	\$1,689,310
2031	\$485,745	\$1,511,758	\$1,805,324
2032	\$516,224	\$1,594,268	\$1,896,640
2033	\$547,617	\$1,694,481	\$2,021,884
2034	\$579,953	\$1,783,766	\$2,120,991
2035	\$613,258	\$1,891,886	\$2,256,159
2036	\$647,563	\$1,988,466	\$2,363,668
2037	\$682,897	\$2,105,084	\$2,509,504
2038	\$719,290	\$2,184,143	\$2,600,696
2039	\$756,776	\$2,309,131	\$2,757,237
2040	\$795,386	\$2,394,312	\$2,855,861
TOTAL	\$10,855,250	\$32,676,218	\$38,784,295

Source: TXP

*the TIRZ revenue associated with dedicating 100% of County taxes imposed on the increment in Table 5

**Table 8: Projected Annual TIRZ No. 1 Revenues from Community College District
Ad Valorem Taxes, Current Tax Rate – \$0.0863***

	Scenario #1	Scenario #2	Scenario #3
2011	\$11,492	\$11,492	\$11,492
2012	\$17,497	\$19,760	\$20,751
2013	\$23,683	\$36,125	\$41,569
2014	\$30,054	\$51,274	\$58,456
2015	\$36,617	\$74,754	\$87,111
2016	\$43,376	\$99,428	\$117,263
2017	\$50,338	\$137,894	\$161,526
2018	\$57,509	\$167,744	\$193,859
2019	\$64,896	\$196,530	\$229,010
2020	\$72,503	\$218,026	\$253,361
2021	\$80,339	\$243,763	\$286,079
2022	\$88,410	\$266,926	\$312,508
2023	\$96,724	\$294,953	\$348,185
2024	\$105,286	\$320,273	\$377,219
2025	\$114,106	\$350,776	\$416,095
2026	\$123,190	\$378,428	\$447,954
2027	\$132,546	\$411,603	\$490,285
2028	\$142,184	\$441,770	\$525,195
2029	\$152,110	\$477,829	\$571,259
2030	\$162,334	\$504,953	\$601,185
2031	\$172,865	\$537,999	\$642,472
2032	\$183,712	\$567,362	\$674,969
2033	\$194,884	\$603,026	\$719,541
2034	\$206,391	\$634,800	\$754,811
2035	\$218,244	\$673,277	\$802,914
2036	\$230,452	\$707,648	\$841,173
2037	\$243,027	\$749,149	\$893,073
2038	\$255,978	\$777,285	\$925,526
2039	\$269,319	\$821,765	\$981,235
2040	\$283,059	\$852,079	\$1,016,333
TOTAL	\$3,863,126	\$11,628,691	\$13,802,411

Source: TXP

*the TIRZ revenue associated with dedicating 100% of Community College District taxes imposed on the increment in Table 5

NOTE: The City of McKinney has requested Community College District participation in TIRZ No. 1; however, a response from the District has not yet been received. Therefore, Table 8 is included for informational purposes only.

Table 9: Projected 30-Year TIRZ No. 1 Revenues from City Ad Valorem Taxes (at \$0.5855)*

	Participation Rate	Scenario #1	Scenario #2	Scenario #3
Total	100%	\$26,209,273	\$78,894,539	\$93,642,082
Present Value		\$14,425,484	\$42,725,391	\$50,611,996
Total	90%	\$23,588,346	\$71,005,085	\$84,277,874
Present Value		\$12,982,936	\$38,452,852	\$45,550,797
Total	80%	\$20,967,418	\$63,115,631	\$74,913,666
Present Value		\$11,540,387	\$34,180,313	\$40,489,597
Total	70%	\$18,346,491	\$55,226,177	\$65,549,458
Present Value		\$10,097,839	\$29,907,774	\$35,428,397
Total	60%	\$15,725,564	\$47,336,723	\$56,185,249
Present Value		\$8,655,290	\$25,635,235	\$30,367,198
Total	50%	\$13,104,637	\$39,447,269	\$46,821,041
Present Value		\$7,212,742	\$21,362,696	\$25,305,998
Source: TXP				

*Scenarios reflect the total and present value of TIRZ revenue at different City participation levels. A 5% discount rate is assumed to calculate the present values.

Table 10: Projected 30-Year TIRZ No. 1 Revenues from County Ad Valorem Taxes (at \$0.2425)*

	Participation Rate	Scenario #1	Scenario #2	Scenario #3
Total	100%	\$10,855,250	\$32,676,218	\$38,784,295
Present Value		\$5,974,688	\$17,695,828	\$20,962,270
Total	90%	\$9,769,725	\$29,408,596	\$34,905,866
Present Value		\$5,377,219	\$15,926,245	\$18,866,043
Total	80%	\$8,684,200	\$26,140,974	\$31,027,436
Present Value		\$4,779,750	\$14,156,663	\$16,769,816
Total	70%	\$7,598,675	\$22,873,353	\$27,149,007
Present Value		\$4,182,282	\$12,387,080	\$14,673,589
Total	60%	\$6,513,150	\$19,605,731	\$23,270,577
Present Value		\$3,584,813	\$10,617,497	\$12,577,362
Total	50%	\$5,427,625	\$16,338,115	\$19,392,148
Present Value		\$2,987,344	\$8,847,914	\$10,481,135
Source: TXP				

*Scenarios reflect the total and present value of TIRZ revenue at different County participation levels. A 5% discount rate is assumed to calculate the present values.

Table 11: Projected 30-Year TIRZ No. 1 Revenues from Community College District Ad Valorem Taxes (at \$.0863)*

	Participation Rate	Scenario #1	Scenario #2	Scenario #3
Total	100%	\$3,863,126	\$11,628,691	\$13,802,411
Present Value		\$2,126,250	\$6,297,526	\$7,459,975
Total	90%	\$3,476,813	\$10,465,822	\$12,422,170
Present Value		\$1,913,625	\$5,667,773	\$6,713,977
Total	80%	\$3,090,501	\$9,302,953	\$11,041,929
Present Value		\$1,701,000	\$5,038,021	\$5,967,980
Total	70%	\$2,704,188	\$8,140,084	\$9,661,688
Present Value		\$1,488,375	\$4,408,268	\$5,221,982
Total	60%	\$2,317,876	\$6,977,215	\$8,281,447
Present Value		\$1,275,750	\$3,778,515	\$4,475,985
Total	50%	\$1,931,563	\$5,814,346	\$6,901,206
Present Value		\$1,063,125	\$3,148,763	\$3,729,987
Source: TXP				

*Scenarios reflect the total and present value of TIRZ revenue at different Community College District participation levels. A 5% discount rate is assumed to calculate the present values.

NOTE: The City of McKinney has requested Community College District participation in TIRZ No. 1; however, a response from the District has not yet been received. Therefore, Table 11 is included for informational purposes only.

Sales Tax

The current aggregate City of McKinney sales tax base in TIRZ No. 1 is \$1,369,564. For analysis, three scenarios on sales tax growth are included in this document, all of which assume a 30-year horizon:

- Scenario A: Inflation Only. For purposes of this exercise, the current aggregate value of the sales tax base is assumed to grow at a conservative inflation rate of 3% annually. Since there is no new development, this scenario does not necessarily represent any share of the overall market demand.
- Scenario B: Medium Development; Current Sales Level. In this scenario, approximately two-thirds of the projected commercial activity in the town center and just under 55% of the projected commercial activity in the greenfield area is expected to be retail-oriented. Based on data from the Texas Comptroller's Office, 38.9% of this retail activity is assumed to be subject to sales tax. The phase-in matches the same pattern established in Scenario 2, and the current City of McKinney sales tax rate of 1% and annual inflation of 3% is applied. Sales per square foot are \$188, reflecting the 2009 level within the TIRZ area.
- Scenario C: Medium Development, Higher Sales Level. The same parameters as in Scenario B, but sales per square foot are assumed to average \$275 per square foot, per an Urban Land Institute average across several types of retail centers.

The following tables reflect the timing and assumptions outlined above, and the aggregate TIRZ No. 1 sales tax values that result.

Table 13: Projected TIRZ No. 1 Taxable Sales Increment

	Scenario A	Scenario B	Scenario C
2011	\$2,054,346	\$2,054,346	\$2,054,346
2012	\$4,170,323	\$4,170,323	\$4,170,323
2013	\$6,349,779	\$6,349,779	\$6,349,779
2014	\$8,594,618	\$13,621,802	\$15,948,212
2015	\$10,906,803	\$18,867,690	\$22,551,717
2016	\$13,288,353	\$29,680,697	\$37,266,516
2017	\$15,741,350	\$41,063,874	\$52,782,276
2018	\$18,267,937	\$54,460,802	\$71,209,628
2019	\$20,870,321	\$64,830,922	\$85,174,391
2020	\$23,550,777	\$77,298,310	\$102,170,839
2021	\$26,311,647	\$84,939,137	\$112,069,943
2022	\$29,155,342	\$95,901,486	\$126,789,330
2023	\$32,084,349	\$104,093,759	\$137,417,263
2024	\$35,101,225	\$116,018,062	\$153,463,619
2025	\$38,208,608	\$125,012,420	\$165,182,268
2026	\$41,409,213	\$137,975,183	\$182,662,626
2027	\$44,705,835	\$147,838,936	\$195,565,424
2028	\$48,101,357	\$161,922,419	\$214,594,932
2029	\$51,598,743	\$172,722,910	\$228,775,051
2030	\$55,201,052	\$188,015,386	\$249,477,338
2031	\$58,911,430	\$199,840,981	\$265,058,380
2032	\$62,733,119	\$216,437,636	\$287,566,855
2033	\$66,669,459	\$229,367,465	\$304,658,563
2034	\$70,723,889	\$247,370,431	\$329,116,437
2035	\$74,899,951	\$261,495,128	\$347,845,024
2036	\$79,201,296	\$281,014,141	\$374,406,256
2037	\$83,631,681	\$296,431,289	\$394,907,703
2038	\$88,194,978	\$317,584,233	\$423,737,771
2039	\$92,895,174	\$329,166,106	\$438,504,251
2040	\$97,736,375	\$351,922,620	\$469,551,361

Source: TXP

**Table 14: Projected Annual TIRZ No. 1 Revenues from City Sales Tax,
Current Tax Rate (1%)**

	Scenario A	Scenario B	Scenario C
2011	\$0	\$0	\$0
2012	\$46,839	\$46,839	\$46,839
2013	\$68,634	\$68,634	\$68,634
2014	\$91,082	\$141,354	\$164,618
2015	\$114,204	\$193,813	\$230,653
2016	\$132,884	\$296,807	\$372,665
2017	\$157,414	\$410,639	\$527,823
2018	\$182,680	\$544,608	\$712,097
2019	\$208,703	\$648,309	\$851,744
2020	\$235,508	\$772,983	\$1,021,709
2021	\$263,117	\$849,392	\$1,120,700
2022	\$291,554	\$959,015	\$1,267,894
2023	\$320,844	\$1,040,938	\$1,374,173
2024	\$351,013	\$1,160,181	\$1,534,636
2025	\$382,086	\$1,250,124	\$1,651,823
2026	\$414,092	\$1,379,752	\$1,826,627
2027	\$447,059	\$1,478,390	\$1,955,654
2028	\$481,014	\$1,619,224	\$2,145,950
2029	\$515,988	\$1,727,229	\$2,287,751
2030	\$552,011	\$1,880,154	\$2,494,774
2031	\$589,115	\$1,998,410	\$2,650,584
2032	\$627,331	\$2,164,377	\$2,875,669
2033	\$666,695	\$2,293,675	\$3,046,586
2034	\$707,239	\$2,473,705	\$3,291,165
2035	\$749,000	\$2,614,952	\$3,478,450
2036	\$792,013	\$2,810,142	\$3,744,063
2037	\$836,317	\$2,964,313	\$3,949,077
2038	\$881,950	\$3,175,843	\$4,237,378
2039	\$928,952	\$3,291,661	\$4,385,043
2040	\$977,364	\$3,519,226	\$4,695,514
TOTAL	\$13,012,702	\$43,774,689	\$58,010,293

Source: TXP

*the TIRZ revenue associated with dedicating 100% of the City sales tax imposed on the increment in Table 13

Revenue Projections

Once revenue from various streams has been forecasted, a number of projections which combine different revenue streams at different rates can be developed to inform the overall financing. The following are provided to measure a range of possibilities. In both projections, Development Scenario No. 2 is used as the basis for the calculation of ad valorem taxes and Sales Tax Scenario B is used as the basis for calculation of sales taxes.

Projection No. 1:

100% City participation in both ad valorem and sales tax; no County participation in ad valorem tax.

Table 15: Projection No. 1 - Annual and Cumulative TIRZ No. 1 Revenues

	City Property	City Sales	County Property	Annual Total	Cumulative Total
2011	\$77,964	\$0	\$0	\$77,964	\$77,964
2012	\$134,064	\$46,839	\$0	\$180,903	\$258,867
2013	\$245,092	\$68,634	\$0	\$313,726	\$572,593
2014	\$347,866	\$141,354	\$0	\$489,220	\$1,061,813
2015	\$507,169	\$193,813	\$0	\$700,982	\$1,762,795
2016	\$674,564	\$296,807	\$0	\$971,371	\$2,734,166
2017	\$935,541	\$410,639	\$0	\$1,346,180	\$4,080,346
2018	\$1,138,057	\$544,608	\$0	\$1,682,665	\$5,763,011
2019	\$1,333,355	\$648,309	\$0	\$1,981,664	\$7,744,675
2020	\$1,479,193	\$772,983	\$0	\$2,252,176	\$9,996,851
2021	\$1,653,801	\$849,392	\$0	\$2,503,193	\$12,500,044
2022	\$1,810,951	\$959,015	\$0	\$2,769,966	\$15,270,010
2023	\$2,001,104	\$1,040,938	\$0	\$3,042,042	\$18,312,052
2024	\$2,172,883	\$1,160,181	\$0	\$3,333,064	\$21,645,116
2025	\$2,379,827	\$1,250,124	\$0	\$3,629,951	\$25,275,067
2026	\$2,567,434	\$1,379,752	\$0	\$3,947,186	\$29,222,253
2027	\$2,792,509	\$1,478,390	\$0	\$4,270,899	\$33,493,152
2028	\$2,997,174	\$1,619,224	\$0	\$4,616,398	\$38,109,550
2029	\$3,241,818	\$1,727,229	\$0	\$4,969,047	\$43,078,597
2030	\$3,425,839	\$1,880,154	\$0	\$5,305,993	\$48,384,590
2031	\$3,650,039	\$1,998,410	\$0	\$5,648,449	\$54,033,039
2032	\$3,849,252	\$2,164,377	\$0	\$6,013,629	\$60,046,668
2033	\$4,091,211	\$2,293,675	\$0	\$6,384,886	\$66,431,554
2034	\$4,306,783	\$2,473,705	\$0	\$6,780,488	\$73,212,042
2035	\$4,567,832	\$2,614,952	\$0	\$7,182,784	\$80,394,826
2036	\$4,801,018	\$2,810,142	\$0	\$7,611,160	\$88,005,986
2037	\$5,082,583	\$2,964,313	\$0	\$8,046,896	\$96,052,882
2038	\$5,273,467	\$3,175,843	\$0	\$8,449,310	\$104,502,192
2039	\$5,575,243	\$3,291,661	\$0	\$8,866,904	\$113,369,096
2040	\$5,780,906	\$3,519,226	\$0	\$9,300,132	\$122,669,228
TOTAL	\$78,894,539	\$43,774,689	\$0	\$122,669,228	-

Source: TXP

Projection No. 2:

100% City participation in both ad valorem and sales tax; 50% County participation in ad valorem tax.

Table 16: Projection No. 2 - Annual and Cumulative TIRZ No. 1 Revenues

	City Property	City Sales	County Property	Annual Total	Cumulative Total
2011	\$77,964	\$0	\$16,146	\$94,110	\$94,110
2012	\$134,064	\$46,839	\$27,763	\$208,666	\$302,776
2013	\$245,092	\$68,634	\$50,756	\$364,482	\$667,258
2014	\$347,866	\$141,354	\$72,039	\$561,259	\$1,228,517
2015	\$507,169	\$193,813	\$105,029	\$806,011	\$2,034,528
2016	\$674,564	\$296,807	\$139,694	\$1,111,065	\$3,145,593
2017	\$935,541	\$410,639	\$193,740	\$1,539,920	\$4,685,513
2018	\$1,138,057	\$544,608	\$235,678	\$1,918,343	\$6,603,856
2019	\$1,333,355	\$648,309	\$276,122	\$2,257,786	\$8,861,642
2020	\$1,479,193	\$772,983	\$306,323	\$2,558,499	\$11,420,141
2021	\$1,653,801	\$849,392	\$342,482	\$2,845,675	\$14,265,816
2022	\$1,810,951	\$959,015	\$375,026	\$3,144,992	\$17,410,808
2023	\$2,001,104	\$1,040,938	\$414,405	\$3,456,447	\$20,867,255
2024	\$2,172,883	\$1,160,181	\$449,978	\$3,783,042	\$24,650,297
2025	\$2,379,827	\$1,250,124	\$492,834	\$4,122,785	\$28,773,082
2026	\$2,567,434	\$1,379,752	\$531,685	\$4,478,871	\$33,251,953
2027	\$2,792,509	\$1,478,390	\$578,295	\$4,849,194	\$38,101,147
2028	\$2,997,174	\$1,619,224	\$620,679	\$5,237,077	\$43,338,224
2029	\$3,241,818	\$1,727,229	\$671,342	\$5,640,389	\$48,978,613
2030	\$3,425,839	\$1,880,154	\$709,450	\$6,015,443	\$54,994,056
2031	\$3,650,039	\$1,998,410	\$755,879	\$6,404,328	\$61,398,384
2032	\$3,849,252	\$2,164,377	\$797,134	\$6,810,763	\$68,209,147
2033	\$4,091,211	\$2,293,675	\$847,241	\$7,232,127	\$75,441,274
2034	\$4,306,783	\$2,473,705	\$891,883	\$7,672,371	\$83,113,645
2035	\$4,567,832	\$2,614,952	\$945,943	\$8,128,727	\$91,242,372
2036	\$4,801,018	\$2,810,142	\$994,233	\$8,605,393	\$99,847,765
2037	\$5,082,583	\$2,964,313	\$1,052,542	\$9,099,438	\$108,947,203
2038	\$5,273,467	\$3,175,843	\$1,092,072	\$9,541,382	\$118,488,585
2039	\$5,575,243	\$3,291,661	\$1,154,566	\$10,021,470	\$128,510,055
2040	\$5,780,906	\$3,519,226	\$1,197,156	\$10,497,288	\$139,007,343
TOTAL	\$78,894,539	\$43,774,689	\$16,338,115	\$139,007,343	-

Source: TXP