# 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 TWO, 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 Two, City of McKinney, Texas, created by the City on September 21, 2010, by Ordinance No. 2010-09-035, 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. 2010-09-035, 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 the 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 E. 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 Two
City of McKinney
222 N. Tennessee
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:

11/9/10
SANDY HART, TRMC, MMC, City Secretary

APPROVED AS TO FORM:

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

CITY OF McKINNEY
COLLIN COUNTY, TEXAS

**COLLIN COUNTY, TEXAS**

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

ATTEST:

By: _____
Name: Stacey Kemp
Title: County Clerk
Date: _____

~~APPROVED AS TO FORM:~~

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

**REINVESTMENT ZONE NUMBER TWO,**
**CITY OF MCKINNEY, TEXAS**

By: _____
Name: TRAVIS USSERY
Title: Chairman, Board of Directors
Date: 11-9-10

**ATTEST:**

By: _____ 11/9/10
Name: SANDY HART
Title: Secretary, Board of Directors
Date: _____

CITY OF McKINNEY
TEXAS
COLLIN COUNTY, TEXAS

*Exhibit "A"*

**Ordinance No. 2010-09-035**
**Establishing**
**Reinvestment Zone Number Two, City of McKinney, Texas**

## ORDINANCE NO. 2010-09-035

**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 TWO, CITY OF MCKINNEY, PURSUANT TO CHAPTER 311 OF THE TEXAS TAX CODE; ESTABLISHING THE BOUNDARIES OF THE REINVESTMENT ZONE NUMBER TWO, 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 ($7^{th}$) 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 Two, 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 McKinney Airport Development Corporation ("MADC") to serve a board term concurrent with such member's MADC 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

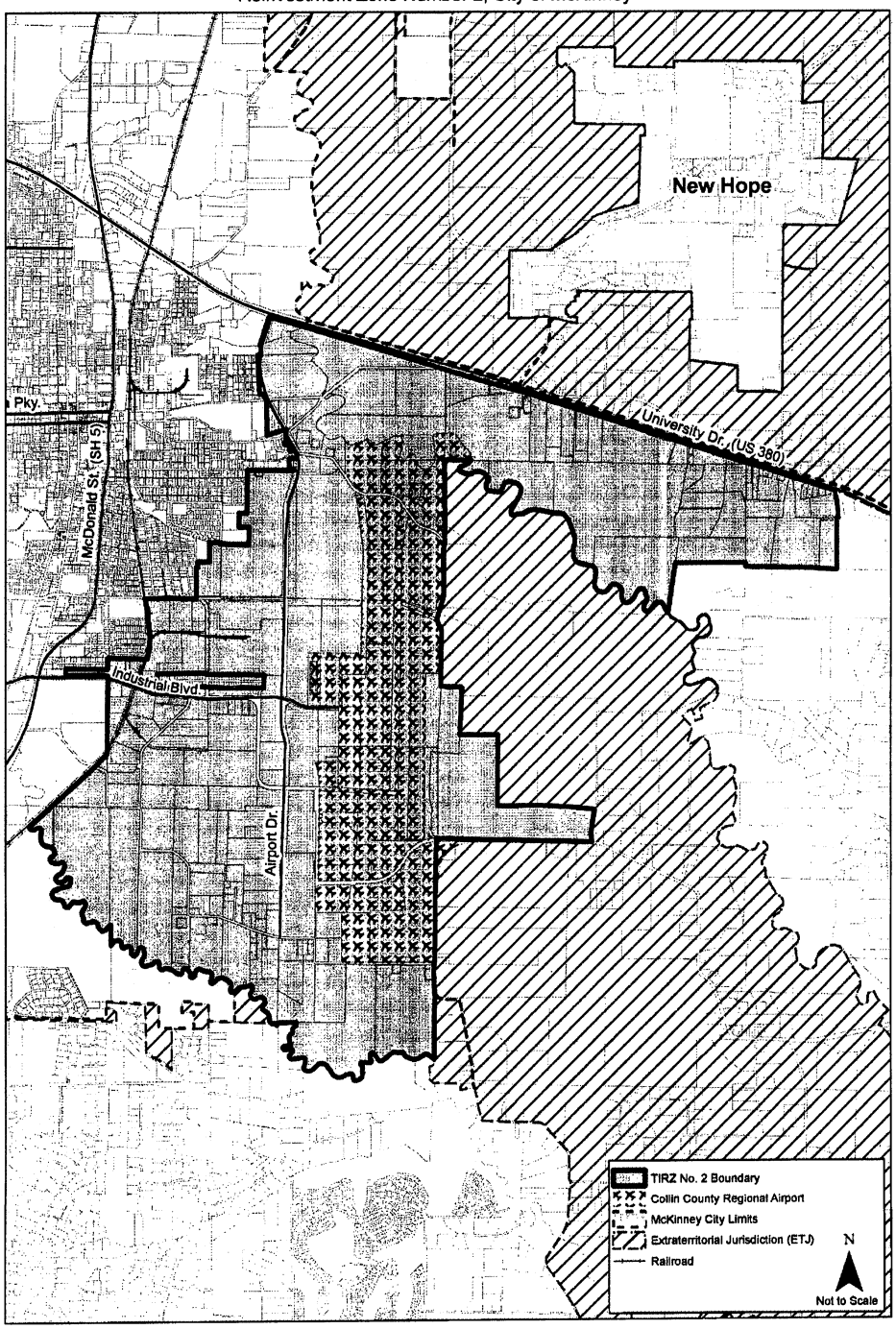
DATE: September 22, 2010

APPROVED AS TO FORM:

MARK S. HOUSER, City Attorney

EXHIBIT "A"

Reinvestment Zone Number 2, City of McKinney



# EXHIBIT "B"

## Tax Increment Reinvestment Zone No. 2
## (Airport)

## Preliminary Project Plan

McKINNEY™
TEXAS
Unique by nature.℠

**September 1, 2010**

**Background**
The City of McKinney TIRZ No. 2 (outlined in Figure 1) will support the ongoing investment and development of the Collin County Regional Airport ("the Airport"), which is operated, maintained, developed and managed by the McKinney Airport Development Corporation (MADC).

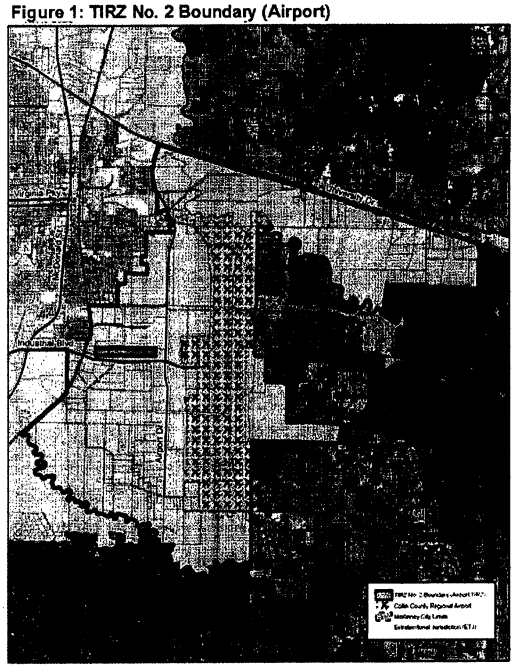
On February 12, 2009, the MADC approved a strategic plan establishing the following mission statement and vision.

**Mission Statement:** *Develop the premier general aviation reliever airport in the D/FW Metroplex with future commercial service goals.*

**Vision:** *Collin County Regional Airport is an air transportation center and economic engine for the North Dallas Region, facilitating general aviation, business aviation and related services by an aggressive marketing program and aeronautical service, infrastructure and facility development program.*

TIRZ No. 2, as delineated below, will provide infrastructure support necessary to fulfill this mission and vision.

**Figure 1: TIRZ No. 2 Boundary (Airport)**



**Existing Conditions and Uses**
The Airport is located east of the Town Center in a primarily undeveloped area. The Airport itself is designated an airport zone. The area around the Airport is primarily designated with light manufacturing and agricultural zoning districts.

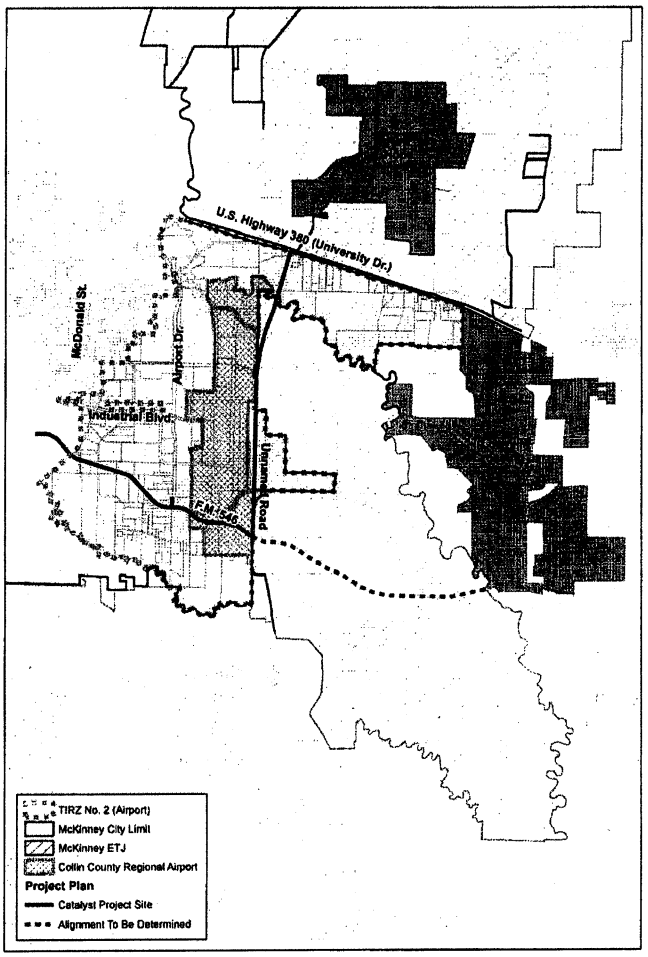
**Proposed Improvements and Uses**
The following initiatives are included in the current plan for the Airport:

1. Focus on Business Aviation Activity
2. Continue to Assess Perimeter Access Control and Airport Security
3. Continue to Prepare for Commercial Passenger Service

The key to these initiatives will be the investment in the roadway infrastructure necessary to access the Airport as delineated below, i.e. the perimeter north/south roadway along the eastern side of the Airport and FM 546. The cost estimated for those roadway projects is $40,000,000.

The following diagram delineates the projects within and benefiting TIRZ No. 2:

**Figure 2: TIRZ No. 2 Preliminary Project Types**



**Administration and Implementation**
Administrative costs, including reasonable charges for the time spent by City of McKinney employees, MADC employees and/or employees associated with any non-profit groups established to assist with implementation within TIRZ No. 2 will be eligible for reimbursement as project costs, upon approval by the TIRZ Board of Directors and in connection with the implementation of TIRZ No. 2 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 to TIRZ No. 2 or the MADC 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 of the MADC, tax increments may be transferred to the City or the MADC 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 TIRZ No. 2, eliminating unemployment or underemployment in TIRZ No. 2, and developing or expanding transportation, business, and commercial activity in TIRZ No. 2. It is not possible to quantify the non-project costs at this time, other than to say that they are anticipated. All bonds issued are subject to City Council approval, and to minimize the exposure to the City's general fund revenues, the MADC 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) |
|---|---|---|
| Roadway Projects | "Unnamed" north/south Perimeter Road and FM 546 | $ 40,000,000 |
| Administration and Implementation | | $ 1,000,000 |
| **Total Project Cost** | | **$ 41,000,000** |

**Proposed Changes in Municipal Master Plans, Zoning Ordinances, Building Codes, and Subdivision Regulations**
It is anticipated that the Airport Layout Plan may need to be updated to fulfill the mission and vision of the Airport. However, it is not anticipated at this time that any change in zoning will be required to implement the projects delineated herein.

**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. 2
## (Airport)

## Preliminary Financing Plan

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**September 1, 2010**

**Summary**

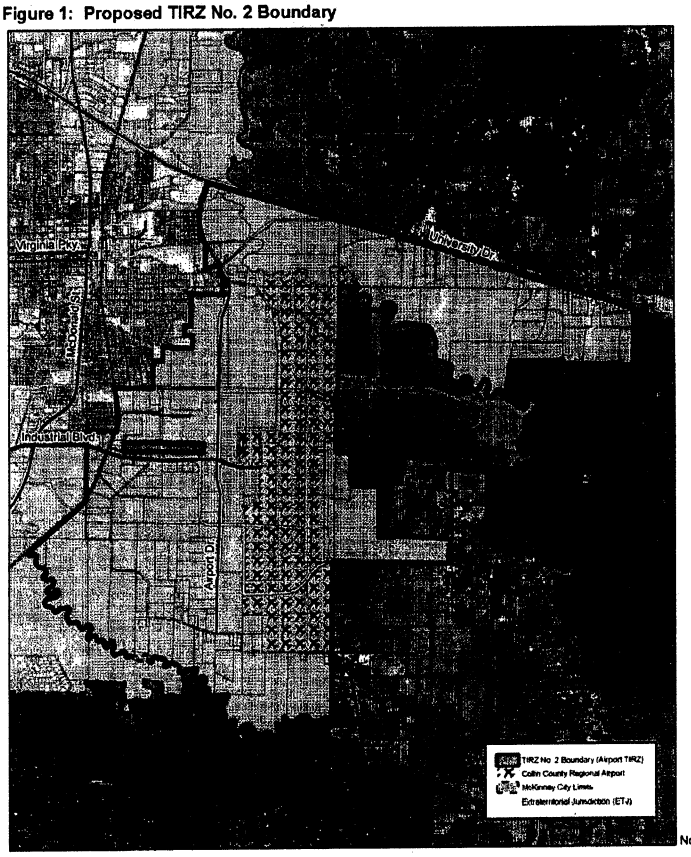
The Airport Tax Increment Reinvestment Zone (TIRZ No. 2) consists of approximately 3,617 acres of property outlined in Figure 1. The zone is located in the McKinney Independent School District. The 2009 base property value is $114,374,431. Projections show that property value within the zone is estimated to grow to $505.96 million by 2040, creating a total of $29.08 million in potential TIRZ revenue from City property taxes (assuming 100% participation) and a total of $6.02 million in potential TIRZ revenue from County property taxes (assuming 50% participation). Similarly, City sales tax revenue within the TIRZ is projected to grow from a 2009 base of $278.59 thousand to $369.75 thousand by 2040, creating a total of $5.56 million over the life of the TIRZ (assuming 100% City participation).

Collectively, 100% City participation in both property and sales taxes combined with 50% County property tax participation yield a total cumulative of $40.66 million in tax revenues over the life of the TIRZ (See Table 13, Projection No. 2).

The projections assume the construction of approximately 2.5 million square feet of industrial, office, and commercial/restaurant/retail within TIRZ No. 2. 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: Proposed TIRZ No. 2 Boundary**




Source: City of McKinney

**Public Infrastructure**
The total public infrastructure capital costs are estimated to be approximately $80 million. This TIRZ can reimburse costs such as: drainage, parking, roadway enhancements, and any other public improvements outlined in the anticipated 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. 2 revenues is likely to require credit support from the City. If debt were to be issued at this point by TIRZ No. 2, the City's overall bonding capacity in general would be reduced by the amount issued. In the future, the credit-worthiness of TIRZ No. 2 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, the Airport Development Corporation and TIRZ No. 2 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 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. 2 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. The 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.

The public improvement infrastructure costs incurred by a developer shall be paid solely from the TIRZ No. 2 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 such as the need for streets and sidewalks vs. 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 a developer (if any). The City in conjunction with TIRZ Board will determine the costs that can be supported with future TIRZ revenue associated with this TIRZ 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. 2 and any funds remaining in the TIRZ No. 2 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**
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**

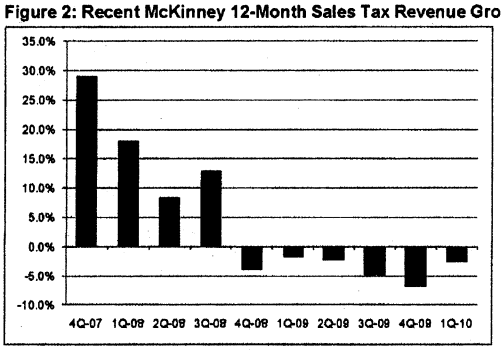
As the nation emerges from the recession, there is no question that the Metroplex and McKinney have felt the impact. The numbers tell the story, as job growth has slowed, sales tax revenue is stagnant, and development has more or less come to a halt. That having been said, the impacts in the Dallas/Fort 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 |
|---|---|---|---|---|
| 2001 | $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 |

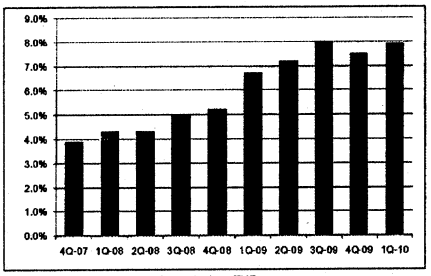
Sources: A. Texas State Comptroller's Office; B. City of McKinney; C. Bureau of Labor Statistics; D. Census Bureau

**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**

***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.
- Since activity adjacent to the airport is likely largely to be the result of demand that currently does not exist locally, a combination of capacity analysis and case study approach was used to estimate the potential "footprint" at buildout and at points along the process. Land use patterns at several analogous airports were examines, along with an evaluation of what could be done from a zoning perspective. Values per square foot for the ad valoreum tax base are based on a combination of local rates and other values in the region.

***Ad Valorem***

The current aggregate taxable property value of the TIRZ #2 area is $114,374,431. For illustration, two development scenarios are included in this document, all of which assume a 30-year horizon:

- Scenario #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 #2: Case-Study Development; Current Values. In this scenario, total new development of approximately 2,225,000 square feet of industrial and 265,000 square feet of commercial space is anticipated. Development is phased in over a thirty year period beginning in 2011, and inflation of 3% annually is applied to values.

The following tables reflect the timing and assumptions outlined above, and the aggregate TIRZ No. 2 property values that result.

**Table 2: Projected TIRZ No. 2 Aggregate Annual Property Values***

| | Baseline | Scenario #1 | Scenario #2 |
|---|---|---|---|
| [illegible] | $114,374,431 | $121,339,834 | $123,580,562 |
| [illegible] | $114,374,431 | $124,980,029 | $130,557,576 |
| [illegible] | $114,374,431 | $128,729,430 | $137,841,987 |
| [illegible] | $114,374,431 | $132,591,313 | $145,445,962 |
| [illegible] | $114,374,431 | $136,569,052 | $153,382,117 |
| [illegible] | $114,374,431 | $140,666,124 | $161,663,540 |
| [illegible] | $114,374,431 | $144,886,107 | $170,303,804 |
| [illegible] | $114,374,431 | $149,232,690 | $179,316,987 |
| [illegible] | $114,374,431 | $153,709,671 | $188,717,688 |
| [illegible] | $114,374,431 | $158,320,961 | $198,521,046 |
| [illegible] | $114,374,431 | $163,070,590 | $208,742,759 |
| [illegible] | $114,374,431 | $167,962,708 | $219,399,106 |
| [illegible] | $114,374,431 | $173,001,589 | $230,506,965 |
| [illegible] | $114,374,431 | $178,191,637 | $242,083,836 |
| [illegible] | $114,374,431 | $183,537,386 | $254,147,864 |
| [illegible] | $114,374,431 | $189,043,507 | $266,717,858 |
| [illegible] | $114,374,431 | $194,714,813 | $279,813,318 |
| [illegible] | $114,374,431 | $200,556,257 | $293,454,460 |
| [illegible] | $114,374,431 | $206,572,945 | $307,662,238 |
| [illegible] | $114,374,431 | $212,770,133 | $322,458,375 |
| [illegible] | $114,374,431 | $219,153,237 | $337,865,383 |
| [illegible] | $114,374,431 | $225,727,834 | $353,906,599 |
| [illegible] | $114,374,431 | $232,499,669 | $370,606,209 |
| [illegible] | $114,374,431 | $239,474,659 | $387,989,280 |
| [illegible] | $114,374,431 | $246,658,899 | $406,081,790 |
| [illegible] | $114,374,431 | $254,058,666 | $424,910,660 |
| [illegible] | $114,374,431 | $261,660,426 | $444,503,789 |
| [illegible] | $114,374,431 | $269,530,839 | $464,890,085 |
| [illegible] | $114,374,431 | $277,616,764 | $486,099,506 |
| [illegible] | $114,374,431 | $285,945,267 | $505,962,915 |

Source: TXP

*projected appraised values of all taxable TIRZ property

**Table 3: Projected TIRZ No. 2 Ad Valorem Increment***

| | Scenario #1 | Scenario #2 |
|---|---|---|
| [illegible] | $6,985,403 | $9,206,131 |
| [illegible] | $10,605,598 | $16,183,145 |
| [illegible] | $14,354,999 | $23,467,556 |
| [illegible] | $18,216,882 | $31,071,531 |
| [illegible] | $22,194,621 | $39,007,686 |
| [illegible] | $26,291,693 | $47,289,109 |
| [illegible] | $30,511,676 | $55,929,373 |
| [illegible] | $34,858,259 | $64,942,556 |
| [illegible] | $39,335,240 | $74,343,257 |
| [illegible] | $43,946,530 | $84,146,615 |
| [illegible] | $48,696,159 | $94,368,328 |
| [illegible] | $53,588,277 | $105,024,675 |
| [illegible] | $58,627,158 | $116,132,534 |
| [illegible] | $63,817,206 | $127,709,405 |
| [illegible] | $69,162,955 | $139,773,433 |
| [illegible] | $74,669,076 | $152,343,427 |
| [illegible] | $80,340,382 | $165,438,887 |
| [illegible] | $86,181,826 | $179,080,029 |
| [illegible] | $92,198,514 | $193,287,807 |
| [illegible] | $98,395,702 | $208,083,944 |
| [illegible] | $104,778,806 | $223,490,952 |
| [illegible] | $111,353,403 | $239,532,168 |
| [illegible] | $118,125,238 | $256,231,778 |
| [illegible] | $125,100,228 | $273,614,849 |
| [illegible] | $132,284,468 | $291,707,359 |
| [illegible] | $139,684,235 | $310,536,229 |
| [illegible] | $147,305,995 | $330,129,358 |
| [illegible] | $155,156,408 | $350,515,654 |
| [illegible] | $163,242,333 | $371,725,075 |
| [illegible] | $171,570,836 | $391,588,484 |

Source: TXP

*the difference between the Baseline and Projected Values in Table 2

**Table 4: Projected Annual TIRZ No. 2 Revenues from City Ad Valorem Taxes, Current Tax Rate - $0.5855***

| | Scenario #1 | Scenario #2 |
|---|---|---|
| [illegible] | N.A. | N.A. |
| [illegible] | $40,782 | $53,902 |
| [illegible] | $62,096 | $94,752 |
| [illegible] | $84,049 | $137,403 |
| [illegible] | $106,660 | $181,924 |
| [illegible] | $129,950 | $228,390 |
| [illegible] | $153,938 | $276,878 |
| [illegible] | $178,646 | $327,466 |
| [illegible] | $204,095 | $380,239 |
| [illegible] | $230,308 | $435,280 |
| [illegible] | $257,307 | $492,678 |
| [illegible] | $285,116 | $552,527 |
| [illegible] | $313,759 | $614,919 |
| [illegible] | $343,262 | $679,956 |
| [illegible] | $373,650 | $747,739 |
| [illegible] | $404,949 | $818,373 |
| [illegible] | $437,187 | $891,971 |
| [illegible] | $470,393 | $968,645 |
| [illegible] | $504,595 | $1,048,514 |
| [illegible] | $539,822 | $1,131,700 |
| [illegible] | $576,107 | $1,218,331 |
| [illegible] | $613,480 | $1,308,540 |
| [illegible] | $651,974 | $1,402,461 |
| [illegible] | $691,623 | $1,500,237 |
| [illegible] | $732,462 | $1,602,015 |
| [illegible] | $774,526 | $1,707,947 |
| [illegible] | $817,851 | $1,818,190 |
| [illegible] | $862,477 | $1,932,907 |
| [illegible] | $908,441 | $2,052,269 |
| [illegible] | $955,784 | $2,176,450 |
| [illegible] | $1,004,547 | $2,292,751 |
| [illegible] | *$13,709,834* | *$29,075,354* |

Source: TXP

*the TIRZ revenue associated with dedicating 100% of City taxes imposed on the increment in Table 3

**Table 5: Projected Annual TIRZ No. 2 Revenues from County Ad Valorem Taxes, Current Tax Rate - $0.2425***

| | Scenario #1 | Scenario #2 |
|---|---|---|
| | N.A. | N.A. |
| | $16,891 | $22,325 |
| | $25,719 | $39,244 |
| | $34,811 | $56,909 |
| | $44,176 | $75,348 |
| | $53,822 | $94,594 |
| | $63,757 | $114,676 |
| | $73,991 | $135,629 |
| | $84,531 | $157,486 |
| | $95,388 | $180,282 |
| | $106,570 | $204,056 |
| | $118,088 | $228,843 |
| | $129,952 | $254,685 |
| | $142,171 | $281,621 |
| | $154,757 | $309,695 |
| | $167,720 | $338,951 |
| | $181,073 | $369,433 |
| | $194,825 | $401,189 |
| | $208,991 | $434,269 |
| | $223,581 | $468,723 |
| | $238,610 | $504,604 |
| | $254,089 | $541,966 |
| | $270,032 | $580,866 |
| | $286,454 | $621,362 |
| | $303,368 | $663,516 |
| | $320,790 | $707,390 |
| | $338,734 | $753,050 |
| | $357,217 | $800,564 |
| | $376,254 | $850,000 |
| | $395,863 | $901,433 |
| | $416,059 | $949,602 |
| | *$5,678,283* | *$12,042,311* |

Source: TXP

*the TIRZ revenue associated with dedicating 100% of County taxes imposed on the increment in Table 3

**Table 6: Projected Annual TIRZ No. 2 Revenues from Community College District Ad Valorem Taxes, Current Tax Rate – $0.0863***

| | Scenario #1 | Scenario #2 |
|---|---|---|
| 2010 | N.A. | N.A. |
| 2011 | $6,011 | $7,945 |
| 2012 | $9,153 | $13,966 |
| 2013 | $12,388 | $20,253 |
| 2014 | $15,721 | $26,815 |
| 2015 | $19,154 | $33,664 |
| 2016 | $22,690 | $40,811 |
| 2017 | $26,332 | $48,267 |
| 2018 | $30,083 | $56,045 |
| 2019 | $33,946 | $64,158 |
| 2020 | $37,926 | $72,619 |
| 2021 | $42,025 | $81,440 |
| 2022 | $46,247 | $90,636 |
| 2023 | $50,595 | $100,222 |
| 2024 | $55,074 | $110,213 |
| 2025 | $59,688 | $120,624 |
| 2026 | $64,439 | $131,472 |
| 2027 | $69,334 | $142,774 |
| 2028 | $74,375 | $154,546 |
| 2029 | $79,567 | $166,807 |
| 2030 | $84,915 | $179,576 |
| 2031 | $90,424 | $192,873 |
| 2032 | $96,098 | $206,716 |
| 2033 | $101,942 | $221,128 |
| 2034 | $107,961 | $236,130 |
| 2035 | $114,161 | $251,743 |
| 2036 | $120,547 | $267,993 |
| 2037 | $127,125 | $284,902 |
| 2038 | $133,900 | $302,495 |
| 2039 | $140,878 | $320,799 |
| 2040 | $148,066 | $337,941 |
| TOTAL | *$2,020,766* | *$4,285,573* |

Source: TXP

*the TIRZ revenue associated with dedicating 100% of Community College District taxes imposed on the increment in Table 3

NOTE: The City of McKinney has requested Community College District participation in TIRZ No. 2; however, a response from the District has not yet been received. Therefore, Table 6 is included for informational purposes only.

**Table 7: Projected 30-Year TIRZ No. 2 Revenues from City Ad Valorem Taxes (at $0.5855)***

| | Participation Rate | Scenario #1 | Scenario #2 |
|---|---|---|---|
| Total | 100% | $13,709,834 | $29,075,354 |
| Present Value | | $7,545,841 | $15,703,639 |
| Total | 90% | $12,338,851 | $26,167,817 |
| Present Value | | $6,791,257 | $14,133,275 |
| Total | 80% | $10,967,868 | $23,260,282 |
| Present Value | | $6,036,672 | $12,562,911 |
| Total | 70% | $9,596,884 | $20,352,746 |
| Present Value | | $5,282,089 | $10,992,547 |
| Total | 60% | $8,225,900 | $17,445,211 |
| Present Value | | $4,527,505 | $9,422,183 |
| Total | 50% | $6,854,917 | $14,537,676 |
| Present Value | | $3,772,921 | $7,851,820 |
| 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 8: Projected 30-Year TIRZ No. 2 Revenues from County Ad Valorem Taxes (at $0.2425)***

| | Participation Rate | Scenario #1 | Scenario #2 |
|---|---|---|---|
| Total | 100% | $5,678,283 | $12,042,311 |
| Present Value | | $3,125,305 | $6,504,069 |
| Total | 90% | $5,110,455 | $10,838,080 |
| Present Value | | $2,812,775 | $5,853,662 |
| Total | 80% | $4,542,627 | $9,633,849 |
| Present Value | | $2,500,244 | $5,203,255 |
| Total | 70% | $3,974,798 | $8,429,618 |
| Present Value | | $2,187,714 | $4,552,848 |
| Total | 60% | $3,406,970 | $7,225,387 |
| Present Value | | $1,875,183 | $3,902,441 |
| Total | 50% | $2,839,142 | $6,021,156 |
| Present Value | | $1,562,653 | $3,252,035 |
| 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 9: Projected 30-Year TIRZ No. 2 Revenues from Community College District Ad Valorem Taxes (at $.0863)***

| | Participation Rate | Scenario #1 | Scenario #2 |
|---|---|---|---|
| Total | 100% | $2,020,766 | $4,285,573 |
| Present Value | | $1,112,222 | $2,314,644 |
| Total | 90% | $1,818,690 | $3,857,016 |
| Present Value | | $1,001,000 | $2,083,180 |
| Total | 80% | $1,616,613 | $3,428,458 |
| Present Value | | $889,778 | $1,851,715 |
| Total | 70% | $1,414,536 | $2,999,901 |
| Present Value | | $778,555 | $1,620,251 |
| Total | 60% | $1,212,460 | $2,571,344 |
| Present Value | | $667,333 | $1,388,786 |
| Total | 50% | $1,010,383 | $2,142,787 |
| Present Value | | $556,111 | $1,157,322 |

Source: TXP

*Scenarios reflect the total and present value of Community College revenue at different Community College 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. 2; however, a response from the District has not yet been received. Therefore, Table 9 is included for informational purposes only.

***Sales Tax***

The current aggregate sales tax base of TIRZ No. 2 is $278,592. For illustration, 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, the assumption is that none of the new industrial activity is subject to sales tax, while just under half (47%) of the projected commercial activity in 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 Development 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.

**Table 10: Projected TIRZ No. 2 City Sales Tax Increment**

| | Scenario A | Scenario B |
|---|---|---|
| [illegible] | N.A. | N.A. |
| [illegible] | $848,313 | $1,080,422 |
| [illegible] | $1,291,650 | $1,869,410 |
| [illegible] | $1,748,288 | $2,692,227 |
| [illegible] | $2,218,624 | $3,550,195 |
| [illegible] | $2,703,071 | $4,444,681 |
| [illegible] | $3,202,051 | $5,377,104 |
| [illegible] | $3,716,001 | $6,348,936 |
| [illegible] | $4,245,369 | $7,361,702 |
| [illegible] | $4,790,618 | $8,416,983 |
| [illegible] | $5,352,224 | $9,516,418 |
| [illegible] | $5,930,679 | $10,661,708 |
| [illegible] | $6,526,487 | $11,854,614 |
| [illegible] | $7,140,170 | $13,096,962 |
| [illegible] | $7,772,263 | $14,390,645 |
| [illegible] | $8,423,319 | $15,737,625 |
| [illegible] | $9,093,906 | $17,139,936 |
| [illegible] | $9,784,612 | $18,599,685 |
| [illegible] | $10,496,038 | $20,119,056 |
| [illegible] | $11,228,807 | $21,700,313 |
| [illegible] | $11,983,559 | $23,345,802 |
| [illegible] | $12,760,954 | $25,057,953 |
| [illegible] | $13,561,671 | $26,839,286 |
| [illegible] | $14,386,409 | $28,692,410 |
| [illegible] | $15,235,889 | $30,620,029 |
| [illegible] | $16,110,854 | $32,624,945 |
| [illegible] | $17,012,067 | $34,710,062 |
| [illegible] | $17,940,317 | $36,878,386 |
| [illegible] | $18,896,415 | $39,133,035 |
| [illegible] | $19,881,195 | $41,477,235 |
| [illegible] | $20,895,519 | $43,886,421 |

Source: TXP

**Table 11: Projected Annual TIRZ No. 2 Revenues from City Sales Tax, Current Tax Rate (1%)**

| | Scenario A | Scenario B |
|---|---|---|
| 2014 | N.A. | N.A. |
| 2015 | $15,037 | $21,395 |
| 2016 | $17,483 | $26,923 |
| 2017 | $22,186 | $35,502 |
| 2018 | $27,031 | $44,447 |
| 2019 | $32,021 | $53,771 |
| 2020 | $37,160 | $63,490 |
| 2021 | $42,454 | $73,617 |
| 2022 | $47,906 | $84,170 |
| 2023 | $53,522 | $95,164 |
| 2024 | $59,307 | $106,617 |
| 2025 | $65,265 | $118,546 |
| 2026 | $71,402 | $130,970 |
| 2027 | $77,723 | $143,907 |
| 2028 | $84,233 | $157,377 |
| 2029 | $90,939 | $171,400 |
| 2030 | $97,846 | $185,997 |
| 2031 | $104,961 | $201,191 |
| 2032 | $112,288 | $217,003 |
| 2033 | $119,836 | $233,458 |
| 2034 | $127,610 | $250,580 |
| 2035 | $135,617 | $268,393 |
| 2036 | $143,864 | $286,924 |
| 2037 | $152,359 | $306,201 |
| 2038 | $161,109 | $326,250 |
| 2039 | $170,121 | $347,101 |
| 2040 | $179,403 | $368,784 |
| 2041 | $188,964 | $391,331 |
| 2042 | $198,812 | $414,773 |
| 2043 | $208,955 | $436,864 |
| TOTAL | *$2,845,409* | *$5,562,146* |

Source: TXP

*the TIRZ revenue associated with dedicating 100% of City sales taxes imposed on the increment in Table 10

**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 all both projections, Scenario #2 is used as the basis for the calculation of ad valorem taxes and 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 12: Projection No. 1: Annual and Cumulative Revenues**

| | City Property | City Sales | County Property | Annual Total | Cumulative Total |
|---|---|---|---|---|---|
| 2013 | $53,902 | $0 | $0 | $53,902 | |
| 2014 | $94,752 | $21,395 | $0 | $116,147 | $170,049 |
| 2015 | $137,403 | $26,923 | $0 | $164,326 | $334,375 |
| 2016 | $181,924 | $35,502 | $0 | $217,426 | $551,801 |
| 2017 | $228,390 | $44,447 | $0 | $272,837 | $824,638 |
| 2018 | $276,878 | $53,771 | $0 | $330,649 | $1,155,287 |
| 2019 | $327,466 | $63,490 | $0 | $390,956 | $1,546,243 |
| 2020 | $380,239 | $73,617 | $0 | $453,856 | $2,000,099 |
| 2021 | $435,280 | $84,170 | $0 | $519,450 | $2,519,549 |
| 2022 | $492,678 | $95,164 | $0 | $587,842 | $3,107,391 |
| 2023 | $552,527 | $106,617 | $0 | $659,144 | $3,766,535 |
| 2024 | $614,919 | $118,546 | $0 | $733,465 | $4,500,000 |
| 2025 | $679,956 | $130,970 | $0 | $810,926 | $5,310,926 |
| 2026 | $747,739 | $143,907 | $0 | $891,646 | $6,202,572 |
| 2027 | $818,373 | $157,377 | $0 | $975,750 | $7,178,322 |
| 2028 | $891,971 | $171,400 | $0 | $1,063,371 | $8,241,693 |
| 2029 | $968,645 | $185,997 | $0 | $1,154,642 | $9,396,335 |
| 2030 | $1,048,514 | $201,191 | $0 | $1,249,705 | $10,646,040 |
| 2031 | $1,131,700 | $217,003 | $0 | $1,348,703 | $11,994,743 |
| 2032 | $1,218,331 | $233,458 | $0 | $1,451,789 | $13,446,532 |
| 2033 | $1,308,540 | $250,580 | $0 | $1,559,120 | $15,005,652 |
| 2034 | $1,402,461 | $268,393 | $0 | $1,670,854 | $16,676,506 |
| 2035 | $1,500,237 | $286,924 | $0 | $1,787,161 | $18,463,667 |
| 2036 | $1,602,015 | $306,201 | $0 | $1,908,216 | $20,371,883 |
| 2037 | $1,707,947 | $326,250 | $0 | $2,034,197 | $22,406,080 |
| 2038 | $1,818,190 | $347,101 | $0 | $2,165,291 | $24,571,371 |
| 2039 | $1,932,907 | $368,784 | $0 | $2,301,691 | $26,873,062 |
| 2040 | $2,052,269 | $391,331 | $0 | $2,443,600 | $29,316,662 |
| 2041 | $2,176,450 | $414,773 | $0 | $2,591,223 | $31,907,885 |
| 2042 | $2,292,751 | $436,864 | $0 | $2,729,615 | $34,637,500 |
| Total | *$29,075,354* | *$5,562,146* | - | *$34,637,500* | - |

Source: TXP

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

**Table 13: Projection No. 2: Annual and Cumulative Revenues**

| | City Property | City Sales | County Property | Annual Total | Cumulative Total |
|---|---|---|---|---|---|
| [illegible] | $53,902 | $0 | $11,163 | $65,065 | |
| [illegible] | $94,752 | $21,395 | $19,622 | $135,769 | $200,834 |
| [illegible] | $137,403 | $26,923 | $28,455 | $192,781 | $393,615 |
| [illegible] | $181,924 | $35,502 | $37,674 | $255,100 | $648,715 |
| [illegible] | $228,390 | $44,447 | $47,297 | $320,134 | $968,849 |
| [illegible] | $276,878 | $53,771 | $57,338 | $387,987 | $1,356,836 |
| [illegible] | $327,466 | $63,490 | $67,815 | $458,771 | $1,815,607 |
| [illegible] | $380,239 | $73,617 | $78,743 | $532,599 | $2,348,206 |
| [illegible] | $435,280 | $84,170 | $90,141 | $609,591 | $2,957,797 |
| [illegible] | $492,678 | $95,164 | $102,028 | $689,870 | $3,647,667 |
| [illegible] | $552,527 | $106,617 | $114,422 | $773,566 | $4,421,233 |
| [illegible] | $614,919 | $118,546 | $127,343 | $860,808 | $5,282,041 |
| [illegible] | $679,956 | $130,970 | $140,811 | $951,737 | $6,233,778 |
| [illegible] | $747,739 | $143,907 | $154,848 | $1,046,494 | $7,280,272 |
| [illegible] | $818,373 | $157,377 | $169,476 | $1,145,226 | $8,425,498 |
| [illegible] | $891,971 | $171,400 | $184,717 | $1,248,088 | $9,673,586 |
| [illegible] | $968,645 | $185,997 | $200,595 | $1,355,237 | $11,028,823 |
| [illegible] | $1,048,514 | $201,191 | $217,135 | $1,466,840 | $12,495,663 |
| [illegible] | $1,131,700 | $217,003 | $234,362 | $1,583,065 | $14,078,728 |
| [illegible] | $1,218,331 | $233,458 | $252,302 | $1,704,091 | $15,782,819 |
| [illegible] | $1,308,540 | $250,580 | $270,983 | $1,830,103 | $17,612,922 |
| [illegible] | $1,402,461 | $268,393 | $290,433 | $1,961,287 | $19,574,209 |
| [illegible] | $1,500,237 | $286,924 | $310,681 | $2,097,842 | $21,672,051 |
| [illegible] | $1,602,015 | $306,201 | $331,758 | $2,239,974 | $23,912,025 |
| [illegible] | $1,707,947 | $326,250 | $353,695 | $2,387,892 | $26,299,917 |
| [illegible] | $1,818,190 | $347,101 | $376,525 | $2,541,816 | $28,841,733 |
| [illegible] | $1,932,907 | $368,784 | $400,282 | $2,701,973 | $31,543,706 |
| [illegible] | $2,052,269 | $391,331 | $425,000 | $2,868,600 | $34,412,306 |
| [illegible] | $2,176,450 | $414,773 | $450,717 | $3,041,940 | $37,454,246 |
| [illegible] | $2,292,751 | $436,864 | $474,801 | $3,204,416 | $40,658,662 |
| [illegible] | ***$29,075,354*** | ***$5,562,146*** | ***$6,021,156*** | ***$40,658,662*** | - |

Source: TXP

## *Exhibit "B"*

## Project Plan and Reinvestment Zone Financing Plan

# Tax Increment Reinvestment Zone No. 2
# (Airport)

# Project Plan

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**Background**
The City of McKinney TIRZ No. 2 (outlined in Figure 1) will support the ongoing investment and development of the Collin County Regional Airport ("the Airport"), which is operated, maintained, developed and managed by the McKinney Airport Development Corporation (MADC).

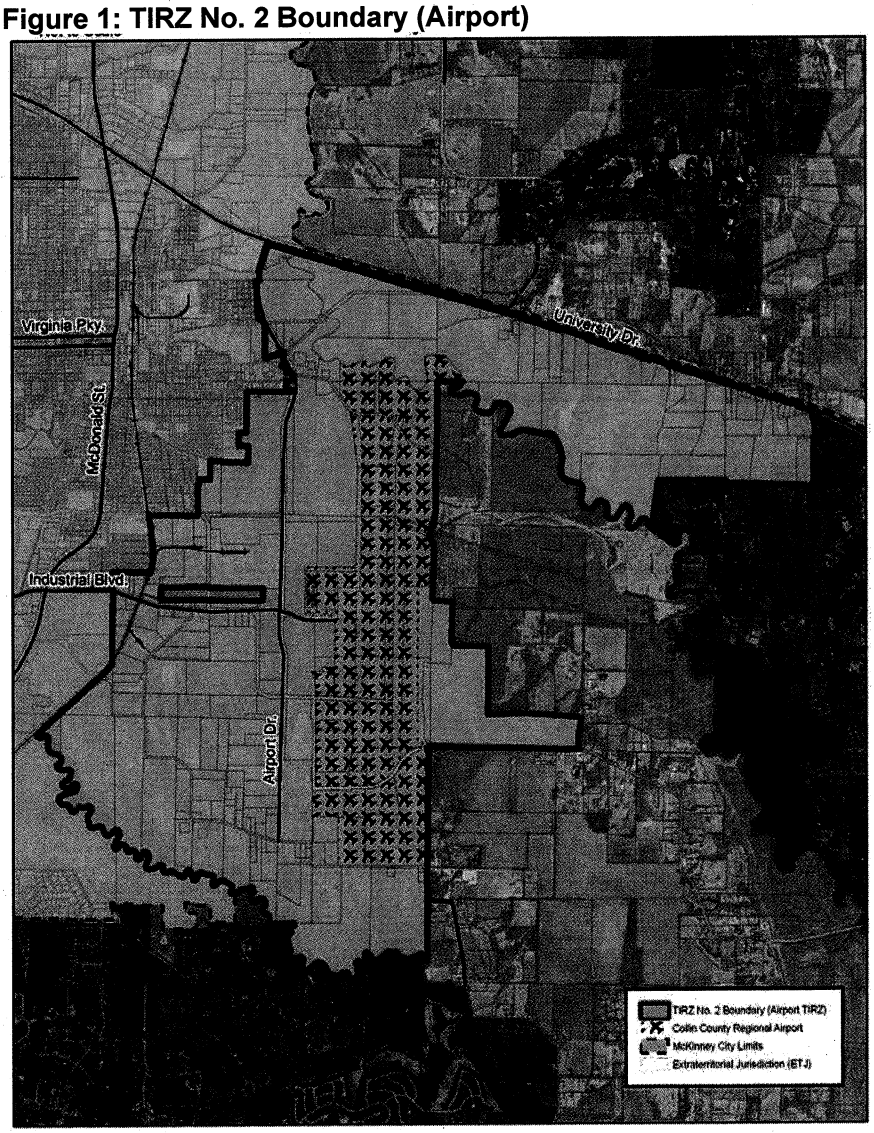
On February 12, 2009, the MADC approved a strategic plan establishing the following mission statement and vision.

**Mission Statement:** *Develop the premier general aviation reliever airport in the D/FW Metroplex with future commercial service goals.*

**Vision:** *Collin County Regional Airport is an air transportation center and economic engine for the North Dallas Region, facilitating general aviation, business aviation and related services by an aggressive marketing program and aeronautical service, infrastructure and facility development program.*

TIRZ No. 2, as delineated below, will provide infrastructure support necessary to fulfill this mission and vision.

**Figure 1: TIRZ No. 2 Boundary (Airport)**



**Existing Conditions and Uses**
The Airport is located east of the Town Center in a primarily undeveloped area. The Airport itself is zoned for aeronautical uses. The area including and around the Airport is primarily designated as a general aviation business service airport that is an integral part of an industrial park. The primary zoning districts within TIRZ No. 2 are light manufacturing and agricultural.

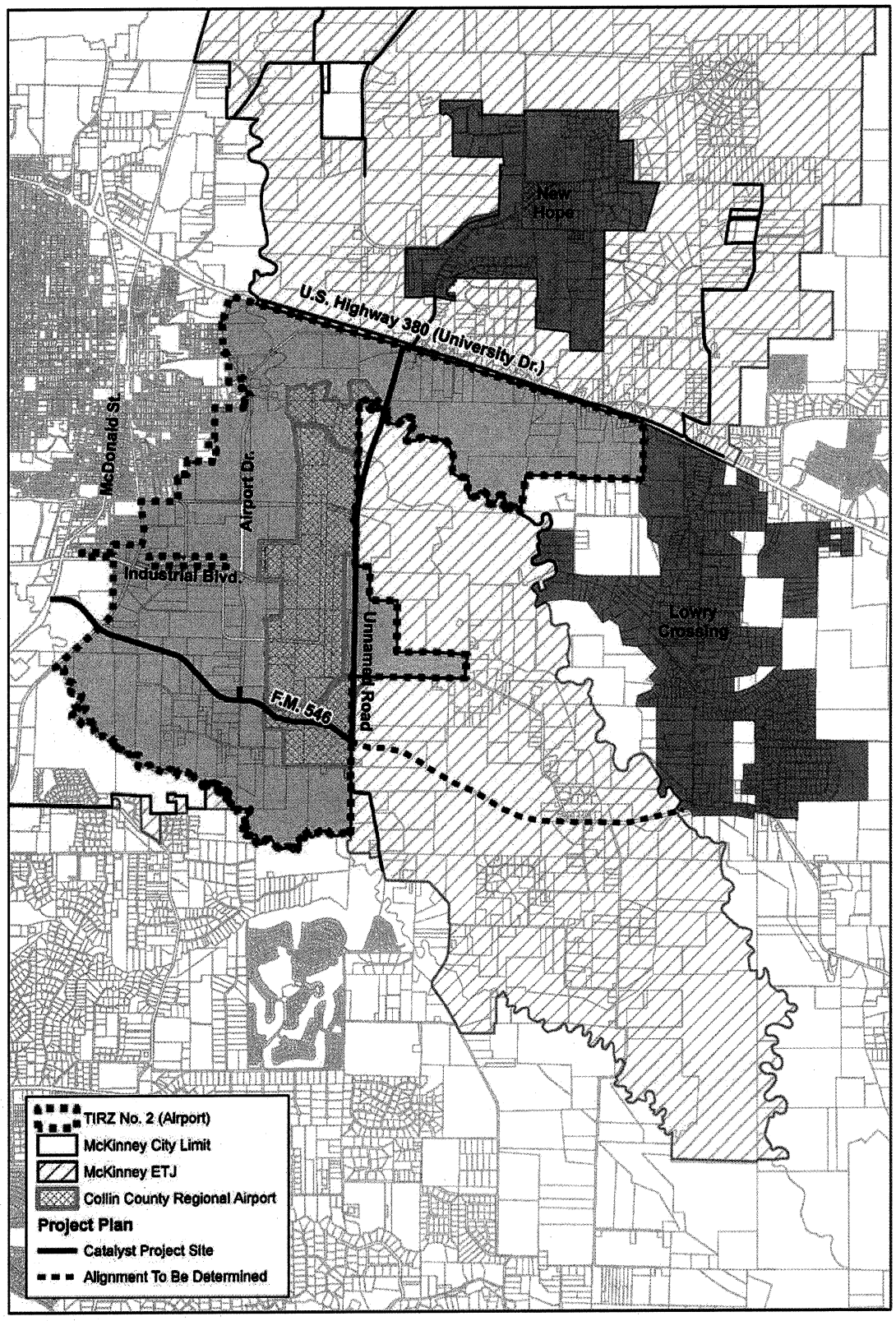
**Proposed Improvements and Uses**
The following initiatives are included in the current plan for the Airport:

1. Focus on Business Aviation Activity
2. Continue to Assess Perimeter Access Control and Airport Security
3. Continue to Prepare for Commercial Passenger Service

The key to these initiatives will be the investment in the roadway infrastructure necessary to access the Airport as delineated below, i.e. the perimeter north/south roadway along the eastern side of the Airport and FM 546. The cost estimated for those roadway projects is $40,000,000.

The following diagram delineates the projects within and benefiting TIRZ No. 2:

**Figure 2: TIRZ No. 2 Project Types**



**Administration and Implementation**
Administrative costs, including reasonable charges for the time spent by City of McKinney employees, MADC employees and/or employees associated with any non-profit groups established to assist with implementation within TIRZ No. 2 will be eligible for reimbursement as project costs, upon approval by the TIRZ Board of Directors and in connection with the implementation of TIRZ No. 2 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 to TIRZ No. 2 or the MADC 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 of the MADC, tax increments may be transferred to the City or the MADC 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 TIRZ No. 2, eliminating unemployment or underemployment in TIRZ No. 2, and developing or expanding transportation, business, and commercial activity in TIRZ No. 2. It is not possible to quantify the non-project costs at this time, other than to say that they are anticipated. All bonds issued are subject to City Council approval, and to minimize the exposure to the City's general fund revenues, the MADC 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)** |
|---|---|---|
| Roadway Projects | "Unnamed" north/south Perimeter Road and FM 546 | $ 40,000,000 |
| Administration and Implementation | | $ 1,000,000 |
| **Total Project Cost** | | **$ 41,000,000** |

**Proposed Changes in Municipal Master Plans, Zoning Ordinances, Building Codes, and Subdivision Regulations**
It is anticipated that the Airport Layout Plan may need to be updated to fulfill the mission and vision of the Airport. However, it is not anticipated at this time that any change in zoning will be required to implement the projects delineated herein.

**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. 2
# (Airport)

## Financing Plan

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**Summary**

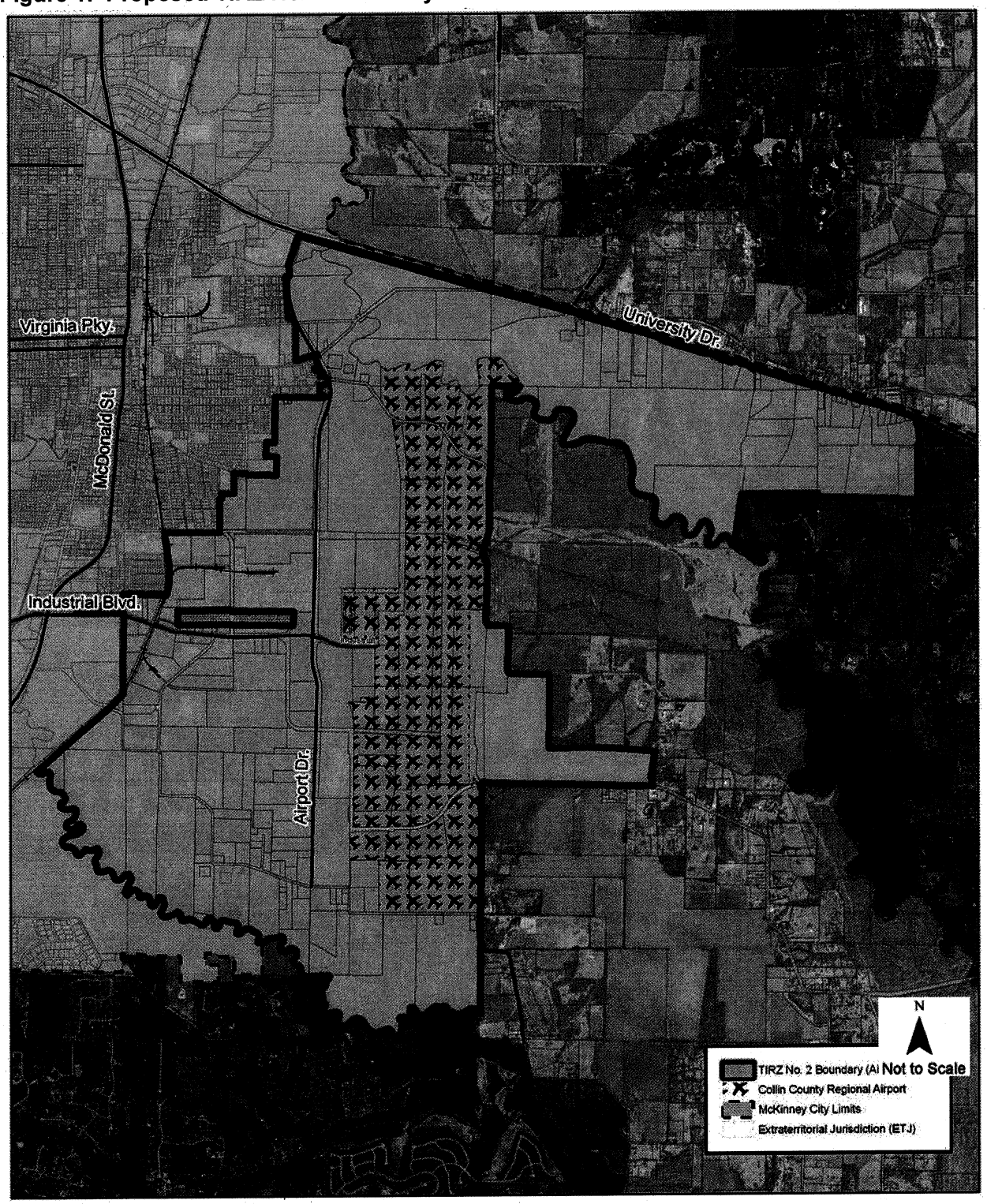
The Airport Tax Increment Reinvestment Zone (TIRZ No. 2) consists of approximately 3,617 acres of property outlined in Figure 1. The zone is located in the McKinney Independent School District. The 2009 base property value is $114,374,431. Projections show that property value within the zone is estimated to grow to $505.96 million by 2040, creating a total of $29.08 million in potential TIRZ revenue from City property taxes (assuming 100% participation) and a total of $6.02 million in potential TIRZ revenue from County property taxes (assuming 50% participation). Similarly, City sales tax revenue within the TIRZ is projected to grow from a 2009 base of $278.59 thousand to $369.75 thousand by 2040, creating a total of $5.56 million over the life of the TIRZ (assuming 100% City participation).

Collectively, 100% City participation in both property and sales taxes combined with 50% County property tax participation yield a total cumulative of $40.66 million in tax revenues over the life of the TIRZ (See Table 13, Projection No. 2).

The projections assume the construction of approximately 2.5 million square feet of industrial, office, and commercial/restaurant/retail within TIRZ No. 2. 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: Proposed TIRZ No. 2 Boundary**




Source: City of McKinney

**Public Infrastructure**
The total public infrastructure capital costs are estimated to be approximately $80 million. This TIRZ can reimburse costs such as: drainage, parking, roadway enhancements, and any other public improvements outlined in the anticipated 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. 2 revenues is likely to require credit support from the City. If debt were to be issued at this point by TIRZ No. 2, the City's overall bonding capacity in general would be reduced by the amount issued. In the future, the credit-worthiness of TIRZ No. 2 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, the Airport Development Corporation and TIRZ No. 2 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 ability of the TIRZ 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 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. 2 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. The 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.

The public improvement infrastructure costs incurred by a developer shall be paid solely from the TIRZ No. 2 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 such as the need for streets and sidewalks vs. 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 a developer (if any). The City in conjunction with TIRZ Board will determine the costs that can be supported with future TIRZ revenue associated with this TIRZ 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. 2 and any funds remaining in the TIRZ No. 2 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**
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

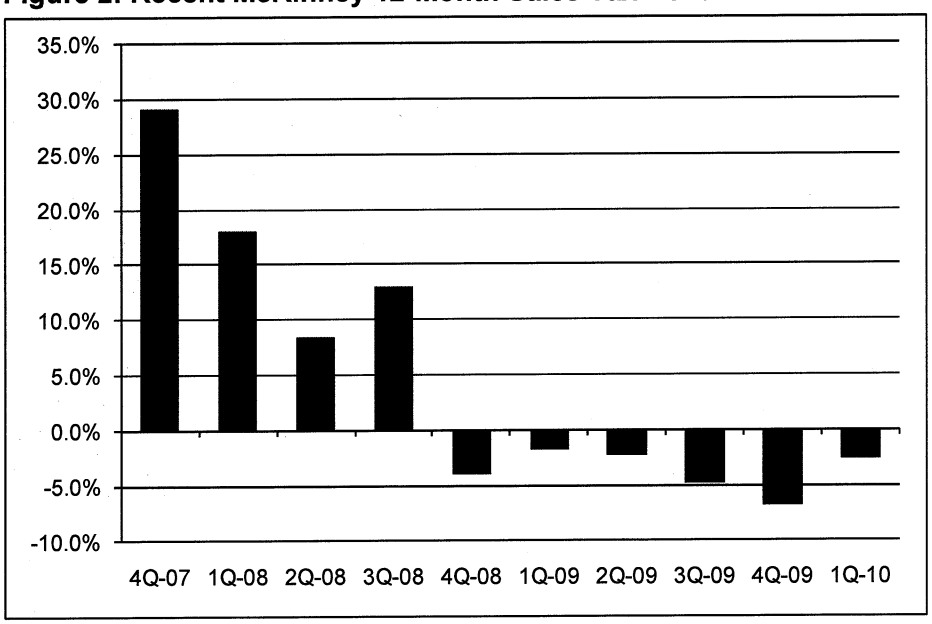
As the nation emerges from the recession, there is no question that the Metroplex and McKinney have felt the impact. The numbers tell the story, as job growth has slowed, sales tax revenue is stagnant, and development has more or less come to a halt. That having been said, the impacts in the Dallas/Fort 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 |
|---|---|---|---|---|
| 2001 | $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 |

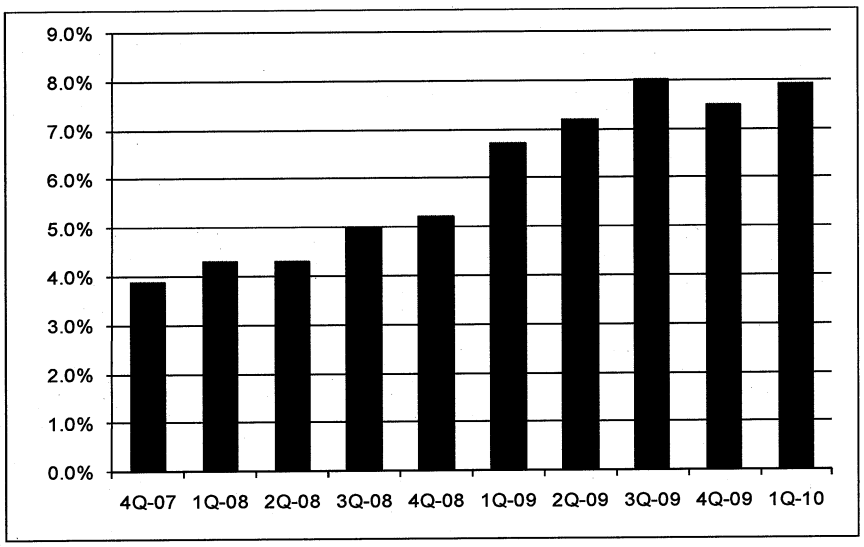
Sources: A. Texas State Comptroller's Office; B. City of McKinney; C. Bureau of Labor Statistics; D. Census Bureau

**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**

***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.
- Since activity adjacent to the airport is likely largely to be the result of demand that currently does not exist locally, a combination of capacity analysis and case study approach was used to estimate the potential "footprint" at buildout and at points along the process. Land use patterns at several analogous airports were examines, along with an evaluation of what could be done from a zoning perspective. Values per square foot for the ad valorem tax base are based on a combination of local rates and other values in the region.

***Ad Valorem***

The current aggregate taxable property value of the TIRZ #2 area is $114,374,431. For illustration, two development scenarios are included in this document, all of which assume a 30-year horizon:

- Scenario #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 #2: Case-Study Development; Current Values. In this scenario, total new development of approximately 2,225,000 square feet of industrial and 265,000 square feet of commercial space is anticipated. Development is phased in over a thirty year period beginning in 2011, and inflation of 3% annually is applied to values.

The following tables reflect the timing and assumptions outlined above, and the aggregate TIRZ No. 2 property values that result.

## Table 2: Projected TIRZ No. 2 Aggregate Annual Property Values*

| | Baseline | Scenario #1 | Scenario #2 |
|---|---|---|---|
| 2011 | $114,374,431 | $121,339,834 | $123,580,562 |
| 2012 | $114,374,431 | $124,980,029 | $130,557,576 |
| 2013 | $114,374,431 | $128,729,430 | $137,841,987 |
| 2014 | $114,374,431 | $132,591,313 | $145,445,962 |
| 2015 | $114,374,431 | $136,569,052 | $153,382,117 |
| 2016 | $114,374,431 | $140,666,124 | $161,663,540 |
| 2017 | $114,374,431 | $144,886,107 | $170,303,804 |
| 2018 | $114,374,431 | $149,232,690 | $179,316,987 |
| 2019 | $114,374,431 | $153,709,671 | $188,717,688 |
| 2020 | $114,374,431 | $158,320,961 | $198,521,046 |
| 2021 | $114,374,431 | $163,070,590 | $208,742,759 |
| 2022 | $114,374,431 | $167,962,708 | $219,399,106 |
| 2023 | $114,374,431 | $173,001,589 | $230,506,965 |
| 2024 | $114,374,431 | $178,191,637 | $242,083,836 |
| 2025 | $114,374,431 | $183,537,386 | $254,147,864 |
| 2026 | $114,374,431 | $189,043,507 | $266,717,858 |
| 2027 | $114,374,431 | $194,714,813 | $279,813,318 |
| 2028 | $114,374,431 | $200,556,257 | $293,454,460 |
| 2029 | $114,374,431 | $206,572,945 | $307,662,238 |
| 2030 | $114,374,431 | $212,770,133 | $322,458,375 |
| 2031 | $114,374,431 | $219,153,237 | $337,865,383 |
| 2032 | $114,374,431 | $225,727,834 | $353,906,599 |
| 2033 | $114,374,431 | $232,499,669 | $370,606,209 |
| 2034 | $114,374,431 | $239,474,659 | $387,989,280 |
| 2035 | $114,374,431 | $246,658,899 | $406,081,790 |
| 2036 | $114,374,431 | $254,058,666 | $424,910,660 |
| 2037 | $114,374,431 | $261,680,426 | $444,503,789 |
| 2038 | $114,374,431 | $269,530,839 | $464,890,085 |
| 2039 | $114,374,431 | $277,616,764 | $486,099,506 |
| 2040 | $114,374,431 | $285,945,267 | $505,962,915 |

Source: TXP

*projected appraised values of all taxable TIRZ property

## Table 3: Projected TIRZ No. 2 Ad Valorem Increment*

| | Scenario #1 | Scenario #2 |
|---|---|---|
| 2011 | $6,965,403 | $9,206,131 |
| 2012 | $10,605,598 | $16,183,145 |
| 2013 | $14,354,999 | $23,467,556 |
| 2014 | $18,216,882 | $31,071,531 |
| 2015 | $22,194,621 | $39,007,686 |
| 2016 | $26,291,693 | $47,289,109 |
| 2017 | $30,511,676 | $55,929,373 |
| 2018 | $34,858,259 | $64,942,556 |
| 2019 | $39,335,240 | $74,343,257 |
| 2020 | $43,946,530 | $84,146,615 |
| 2021 | $48,696,159 | $94,368,328 |
| 2022 | $53,588,277 | $105,024,675 |
| 2023 | $58,627,158 | $116,132,534 |
| 2024 | $63,817,206 | $127,709,405 |
| 2025 | $69,162,955 | $139,773,433 |
| 2026 | $74,669,076 | $152,343,427 |
| 2027 | $80,340,382 | $165,438,887 |
| 2028 | $86,181,826 | $179,080,029 |
| 2029 | $92,198,514 | $193,287,807 |
| 2030 | $98,395,702 | $208,083,944 |
| 2031 | $104,778,806 | $223,490,952 |
| 2032 | $111,353,403 | $239,532,168 |
| 2033 | $118,125,238 | $256,231,778 |
| 2034 | $125,100,228 | $273,614,849 |
| 2035 | $132,284,468 | $291,707,359 |
| 2036 | $139,684,235 | $310,536,229 |
| 2037 | $147,305,995 | $330,129,358 |
| 2038 | $155,156,408 | $350,515,654 |
| 2039 | $163,242,333 | $371,725,075 |
| 2040 | $171,570,836 | $391,588,484 |

Source: TXP

*the difference between the Baseline and Projected Values in Table 2

**Table 4: Projected Annual TIRZ No. 2 Revenues from City Ad Valorem Taxes, Current Tax Rate - $0.5855***

| | Scenario #1 | Scenario #2 |
|---|---|---|
| 2010 | N.A. | N.A. |
| 2011 | $40,782 | $53,902 |
| 2012 | $62,096 | $94,752 |
| 2013 | $84,049 | $137,403 |
| 2014 | $106,660 | $181,924 |
| 2015 | $129,950 | $228,390 |
| 2016 | $153,938 | $276,878 |
| 2017 | $178,646 | $327,466 |
| 2018 | $204,095 | $380,239 |
| 2019 | $230,308 | $435,280 |
| 2020 | $257,307 | $492,678 |
| 2021 | $285,116 | $552,527 |
| 2022 | $313,759 | $614,919 |
| 2023 | $343,262 | $679,956 |
| 2024 | $373,650 | $747,739 |
| 2025 | $404,949 | $818,373 |
| 2026 | $437,187 | $891,971 |
| 2027 | $470,393 | $968,645 |
| 2028 | $504,595 | $1,048,514 |
| 2029 | $539,822 | $1,131,700 |
| 2030 | $576,107 | $1,218,331 |
| 2031 | $613,480 | $1,308,540 |
| 2032 | $651,974 | $1,402,461 |
| 2033 | $691,623 | $1,500,237 |
| 2034 | $732,462 | $1,602,015 |
| 2035 | $774,526 | $1,707,947 |
| 2036 | $817,851 | $1,818,190 |
| 2037 | $862,477 | $1,932,907 |
| 2038 | $908,441 | $2,052,269 |
| 2039 | $955,784 | $2,176,450 |
| 2040 | $1,004,547 | $2,292,751 |
| TOTAL | *$13,709,834* | *$29,075,354* |

Source: TXP

*the TIRZ revenue associated with dedicating 100% of City taxes imposed on the increment in Table 3

**Table 5: Projected Annual TIRZ No. 2 Revenues from County Ad Valorem Taxes, Current Tax Rate - $0.2425***

| | Scenario #1 | Scenario #2 |
|---|---|---|
| 2010 | N.A. | N.A. |
| 2011 | $16,891 | $22,325 |
| 2012 | $25,719 | $39,244 |
| 2013 | $34,811 | $56,909 |
| 2014 | $44,176 | $75,348 |
| 2015 | $53,822 | $94,594 |
| 2016 | $63,757 | $114,676 |
| 2017 | $73,991 | $135,629 |
| 2018 | $84,531 | $157,486 |
| 2019 | $95,388 | $180,282 |
| 2020 | $106,570 | $204,056 |
| 2021 | $118,088 | $228,843 |
| 2022 | $129,952 | $254,685 |
| 2023 | $142,171 | $281,621 |
| 2024 | $154,757 | $309,695 |
| 2025 | $167,720 | $338,951 |
| 2026 | $181,073 | $369,433 |
| 2027 | $194,825 | $401,189 |
| 2028 | $208,991 | $434,269 |
| 2029 | $223,581 | $468,723 |
| 2030 | $238,610 | $504,604 |
| 2031 | $254,089 | $541,966 |
| 2032 | $270,032 | $580,866 |
| 2033 | $286,454 | $621,362 |
| 2034 | $303,368 | $663,516 |
| 2035 | $320,790 | $707,390 |
| 2036 | $338,734 | $753,050 |
| 2037 | $357,217 | $800,564 |
| 2038 | $376,254 | $850,000 |
| 2039 | $395,863 | $901,433 |
| 2040 | $416,059 | $949,602 |
| TOTAL | *$5,678,283* | *$12,042,311* |

Source: TXP

*the TIRZ revenue associated with dedicating 100% of County taxes imposed on the increment in Table 3

**Table 6: Projected Annual TIRZ No. 2 Revenues from Community College District Ad Valorem Taxes, Current Tax Rate – $0.0863***

| | Scenario #1 | Scenario #2 |
|---|---|---|
| 2010 | N.A. | N.A. |
| 2011 | $6,011 | $7,945 |
| 2012 | $9,153 | $13,966 |
| 2013 | $12,388 | $20,253 |
| 2014 | $15,721 | $26,815 |
| 2015 | $19,154 | $33,664 |
| 2016 | $22,690 | $40,811 |
| 2017 | $26,332 | $48,267 |
| 2018 | $30,083 | $56,045 |
| 2019 | $33,946 | $64,158 |
| 2020 | $37,926 | $72,619 |
| 2021 | $42,025 | $81,440 |
| 2022 | $46,247 | $90,636 |
| 2023 | $50,595 | $100,222 |
| 2024 | $55,074 | $110,213 |
| 2025 | $59,688 | $120,624 |
| 2026 | $64,439 | $131,472 |
| 2027 | $69,334 | $142,774 |
| 2028 | $74,375 | $154,546 |
| 2029 | $79,567 | $166,807 |
| 2030 | $84,915 | $179,576 |
| 2031 | $90,424 | $192,873 |
| 2032 | $96,098 | $206,716 |
| 2033 | $101,942 | $221,128 |
| 2034 | $107,961 | $236,130 |
| 2035 | $114,161 | $251,743 |
| 2036 | $120,547 | $267,993 |
| 2037 | $127,125 | $284,902 |
| 2038 | $133,900 | $302,495 |
| 2039 | $140,878 | $320,799 |
| 2040 | $148,066 | $337,941 |
| TOTAL | *$2,020,766* | *$4,285,573* |

Source: TXP

*the TIRZ revenue associated with dedicating 100% of Community College District taxes imposed on the increment in Table 3

NOTE: The City of McKinney has requested Community College District participation in TIRZ No. 2; however, a response from the District has not yet been received. Therefore, Table 6 is included for informational purposes only.

## Table 7: Projected 30-Year TIRZ No. 2 Revenues from City Ad Valorem Taxes (at $0.5855)*

| | Participation Rate | Scenario #1 | Scenario #2 |
|---|---|---|---|
| Total | 100% | $13,709,834 | $29,075,354 |
| Present Value | | $7,545,841 | $15,703,639 |
| Total | 90% | $12,338,851 | $26,167,817 |
| Present Value | | $6,791,257 | $14,133,275 |
| Total | 80% | $10,967,868 | $23,260,282 |
| Present Value | | $6,036,672 | $12,562,911 |
| Total | 70% | $9,596,884 | $20,352,746 |
| Present Value | | $5,282,089 | $10,992,547 |
| Total | 60% | $8,225,900 | $17,445,211 |
| Present Value | | $4,527,505 | $9,422,183 |
| Total | 50% | $6,854,917 | $14,537,676 |
| Present Value | | $3,772,921 | $7,851,820 |

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 8: Projected 30-Year TIRZ No. 2 Revenues from County Ad Valorem Taxes (at $0.2425)*

| | Participation Rate | Scenario #1 | Scenario #2 |
|---|---|---|---|
| Total | 100% | $5,678,283 | $12,042,311 |
| Present Value | | $3,125,305 | $6,504,069 |
| Total | 90% | $5,110,455 | $10,838,080 |
| Present Value | | $2,812,775 | $5,853,662 |
| Total | 80% | $4,542,627 | $9,633,849 |
| Present Value | | $2,500,244 | $5,203,255 |
| Total | 70% | $3,974,798 | $8,429,618 |
| Present Value | | $2,187,714 | $4,552,848 |
| Total | 60% | $3,406,970 | $7,225,387 |
| Present Value | | $1,875,183 | $3,902,441 |
| Total | 50% | $2,839,142 | $6,021,156 |
| Present Value | | $1,562,653 | $3,252,035 |

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 9: Projected 30-Year TIRZ No. 2 Revenues from Community College District Ad Valorem Taxes (at $.0863)***

| | Participation Rate | Scenario #1 | Scenario #2 |
|---|---|---|---|
| Total | 100% | $2,020,766 | $4,285,573 |
| Present Value | | $1,112,222 | $2,314,644 |
| Total | 90% | $1,818,690 | $3,857,016 |
| Present Value | | $1,001,000 | $2,083,180 |
| Total | 80% | $1,616,613 | $3,428,458 |
| Present Value | | $889,778 | $1,851,715 |
| Total | 70% | $1,414,536 | $2,999,901 |
| Present Value | | $778,555 | $1,620,251 |
| Total | 60% | $1,212,460 | $2,571,344 |
| Present Value | | $667,333 | $1,388,786 |
| Total | 50% | $1,010,383 | $2,142,787 |
| Present Value | | $556,111 | $1,157,322 |

Source: TXP

*Scenarios reflect the total and present value of Community College revenue at different Community College 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. 2; however, a response from the District has not yet been received. Therefore, Table 9 is included for informational purposes only.

***Sales Tax***

The current aggregate sales tax base of TIRZ No. 2 is $278,592. For illustration, 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, the assumption is that none of the new industrial activity is subject to sales tax, while just under half (47%) of the projected commercial activity in 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 Development 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.

## Table 10: Projected TIRZ No. 2 City Sales Tax Increment

| | Scenario A | Scenario B |
|---|---|---|
| 2010 | N.A. | N.A. |
| 2011 | $848,313 | $1,080,422 |
| 2012 | $1,291,650 | $1,869,410 |
| 2013 | $1,748,288 | $2,692,227 |
| 2014 | $2,218,624 | $3,550,195 |
| 2015 | $2,703,071 | $4,444,681 |
| 2016 | $3,202,051 | $5,377,104 |
| 2017 | $3,716,001 | $6,348,936 |
| 2018 | $4,245,369 | $7,361,702 |
| 2019 | $4,790,618 | $8,416,983 |
| 2020 | $5,352,224 | $9,516,418 |
| 2021 | $5,930,679 | $10,661,708 |
| 2022 | $6,526,487 | $11,854,614 |
| 2023 | $7,140,170 | $13,096,962 |
| 2024 | $7,772,263 | $14,390,645 |
| 2025 | $8,423,319 | $15,737,625 |
| 2026 | $9,093,906 | $17,139,936 |
| 2027 | $9,784,612 | $18,599,685 |
| 2028 | $10,496,038 | $20,119,056 |
| 2029 | $11,228,807 | $21,700,313 |
| 2030 | $11,983,559 | $23,345,802 |
| 2031 | $12,760,954 | $25,057,953 |
| 2032 | $13,561,671 | $26,839,286 |
| 2033 | $14,386,409 | $28,692,410 |
| 2034 | $15,235,889 | $30,620,029 |
| 2035 | $16,110,854 | $32,624,945 |
| 2036 | $17,012,067 | $34,710,062 |
| 2037 | $17,940,317 | $36,878,386 |
| 2038 | $18,896,415 | $39,133,035 |
| 2039 | $19,881,195 | $41,477,235 |
| 2040 | $20,895,519 | $43,686,421 |

Source: TXP

## Table 11: Projected Annual TIRZ No. 2 Revenues from City Sales Tax, Current Tax Rate (1%)

| | Scenario A | Scenario B |
|---|---|---|
| 2011 | N.A. | N.A. |
| 2012 | $15,037 | $21,395 |
| 2013 | $17,483 | $26,923 |
| 2014 | $22,186 | $35,502 |
| 2015 | $27,031 | $44,447 |
| 2016 | $32,021 | $53,771 |
| 2017 | $37,160 | $63,490 |
| 2018 | $42,454 | $73,617 |
| 2019 | $47,906 | $84,170 |
| 2020 | $53,522 | $95,164 |
| 2021 | $59,307 | $106,617 |
| 2022 | $65,265 | $118,546 |
| 2023 | $71,402 | $130,970 |
| 2024 | $77,723 | $143,907 |
| 2025 | $84,233 | $157,377 |
| 2026 | $90,939 | $171,400 |
| 2027 | $97,846 | $185,997 |
| 2028 | $104,961 | $201,191 |
| 2029 | $112,288 | $217,003 |
| 2030 | $119,836 | $233,458 |
| 2031 | $127,610 | $250,580 |
| 2032 | $135,617 | $268,393 |
| 2033 | $143,864 | $286,924 |
| 2034 | $152,359 | $306,201 |
| 2035 | $161,109 | $326,250 |
| 2036 | $170,121 | $347,101 |
| 2037 | $179,403 | $368,784 |
| 2038 | $188,964 | $391,331 |
| 2039 | $198,812 | $414,773 |
| 2040 | $208,955 | $436,864 |
| TOTAL | *$2,845,409* | *$5,562,146* |

Source: TXP

*the TIRZ revenue associated with dedicating 100% of City sales taxes imposed on the increment in Table 10

**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 all both projections, Scenario #2 is used as the basis for the calculation of ad valorem taxes and 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 12: Projection No. 1: Annual and Cumulative Revenues**

| | City Property | City Sales | County Property | Annual Total | Cumulative Total |
|---|---|---|---|---|---|
| 2011 | $53,902 | $0 | $0 | $53,902 | |
| 2012 | $94,752 | $21,395 | $0 | $116,147 | $170,049 |
| 2013 | $137,403 | $26,923 | $0 | $164,326 | $334,375 |
| 2014 | $181,924 | $35,502 | $0 | $217,426 | $551,801 |
| 2015 | $228,390 | $44,447 | $0 | $272,837 | $824,638 |
| 2016 | $276,878 | $53,771 | $0 | $330,649 | $1,155,287 |
| 2017 | $327,466 | $63,490 | $0 | $390,956 | $1,546,243 |
| 2018 | $380,239 | $73,617 | $0 | $453,856 | $2,000,099 |
| 2019 | $435,280 | $84,170 | $0 | $519,450 | $2,519,549 |
| 2020 | $492,678 | $95,164 | $0 | $587,842 | $3,107,391 |
| 2021 | $552,527 | $106,617 | $0 | $659,144 | $3,766,535 |
| 2022 | $614,919 | $118,546 | $0 | $733,465 | $4,500,000 |
| 2023 | $679,956 | $130,970 | $0 | $810,926 | $5,310,926 |
| 2024 | $747,739 | $143,907 | $0 | $891,646 | $6,202,572 |
| 2025 | $818,373 | $157,377 | $0 | $975,750 | $7,178,322 |
| 2026 | $891,971 | $171,400 | $0 | $1,063,371 | $8,241,693 |
| 2027 | $968,645 | $185,997 | $0 | $1,154,642 | $9,396,335 |
| 2028 | $1,048,514 | $201,191 | $0 | $1,249,705 | $10,646,040 |
| 2029 | $1,131,700 | $217,003 | $0 | $1,348,703 | $11,994,743 |
| 2030 | $1,218,331 | $233,458 | $0 | $1,451,789 | $13,446,532 |
| 2031 | $1,308,540 | $250,580 | $0 | $1,559,120 | $15,005,652 |
| 2032 | $1,402,461 | $268,393 | $0 | $1,670,854 | $16,676,506 |
| 2033 | $1,500,237 | $286,924 | $0 | $1,787,161 | $18,463,667 |
| 2034 | $1,602,015 | $306,201 | $0 | $1,908,216 | $20,371,883 |
| 2035 | $1,707,947 | $326,250 | $0 | $2,034,197 | $22,406,080 |
| 2036 | $1,818,190 | $347,101 | $0 | $2,165,291 | $24,571,371 |
| 2037 | $1,932,907 | $368,784 | $0 | $2,301,691 | $26,873,062 |
| 2038 | $2,052,269 | $391,331 | $0 | $2,443,600 | $29,316,662 |
| 2039 | $2,176,450 | $414,773 | $0 | $2,591,223 | $31,907,885 |
| 2040 | $2,292,751 | $436,864 | $0 | $2,729,615 | $34,637,500 |
| TOTAL | *$29,075,354* | *$5,562,146* | - | *$34,637,500* | - |

Source: TXP

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

**Table 13: Projection No. 2: Annual and Cumulative Revenues**

| | City Property | City Sales | County Property | Annual Total | Cumulative Total |
|---|---|---|---|---|---|
| 2011 | $53,902 | $0 | $11,163 | $65,065 | |
| 2012 | $94,752 | $21,395 | $19,622 | $135,769 | $200,834 |
| 2013 | $137,403 | $26,923 | $28,455 | $192,781 | $393,615 |
| 2014 | $181,924 | $35,502 | $37,674 | $255,100 | $648,715 |
| 2015 | $228,390 | $44,447 | $47,297 | $320,134 | $968,849 |
| 2016 | $276,878 | $53,771 | $57,338 | $387,987 | $1,356,836 |
| 2017 | $327,466 | $63,490 | $67,815 | $458,771 | $1,815,607 |
| 2018 | $380,239 | $73,617 | $78,743 | $532,599 | $2,348,206 |
| 2019 | $435,280 | $84,170 | $90,141 | $609,591 | $2,957,797 |
| 2020 | $492,678 | $95,164 | $102,028 | $689,870 | $3,647,667 |
| 2021 | $552,527 | $106,617 | $114,422 | $773,566 | $4,421,233 |
| 2022 | $614,919 | $118,546 | $127,343 | $860,808 | $5,282,041 |
| 2023 | $679,956 | $130,970 | $140,811 | $951,737 | $6,233,778 |
| 2024 | $747,739 | $143,907 | $154,848 | $1,046,494 | $7,280,272 |
| 2025 | $818,373 | $157,377 | $169,476 | $1,145,226 | $8,425,498 |
| 2026 | $891,971 | $171,400 | $184,717 | $1,248,088 | $9,673,586 |
| 2027 | $968,645 | $185,997 | $200,595 | $1,355,237 | $11,028,823 |
| 2028 | $1,048,514 | $201,191 | $217,135 | $1,466,840 | $12,495,663 |
| 2029 | $1,131,700 | $217,003 | $234,362 | $1,583,065 | $14,078,728 |
| 2030 | $1,218,331 | $233,458 | $252,302 | $1,704,091 | $15,782,819 |
| 2031 | $1,308,540 | $250,580 | $270,983 | $1,830,103 | $17,612,922 |
| 2032 | $1,402,461 | $268,393 | $290,433 | $1,961,287 | $19,574,209 |
| 2033 | $1,500,237 | $286,924 | $310,681 | $2,097,842 | $21,672,051 |
| 2034 | $1,602,015 | $306,201 | $331,758 | $2,239,974 | $23,912,025 |
| 2035 | $1,707,947 | $326,250 | $353,695 | $2,387,892 | $26,299,917 |
| 2036 | $1,818,190 | $347,101 | $376,525 | $2,541,816 | $28,841,733 |
| 2037 | $1,932,907 | $368,784 | $400,282 | $2,701,973 | $31,543,706 |
| 2038 | $2,052,269 | $391,331 | $425,000 | $2,868,600 | $34,412,306 |
| 2039 | $2,176,450 | $414,773 | $450,717 | $3,041,940 | $37,454,246 |
| 2040 | $2,292,751 | $436,864 | $474,801 | $3,204,416 | $40,658,662 |
| TOTAL | *$29,075,354* | *$5,562,146* | *$6,021,156* | *$40,658,662* | - |

Source: TXP