

December 10, 2013

Susan Combs
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

Board of Trustees Allen Independent School District Louise Master, *President* 601 E. Main St. Allen, Texas 75002

Board of Trustees Collin College c/o Mac Hendricks, Chair 4800 Preston Park Blvd. Plano, Texas 75093

Collin County Commissioners c/o Keith Self, County Judge 2300 Bloomdale Rd., Suite 4192 McKinney, TX 75071

Dear Ms. Combs and Honorable Members:

The City of Allen created Tax Increment Reinvestment Zone No. 1 in December 2005. This reinvestment zone is commonly referred to as Watters Creek, the Garden District or Montgomery Farm and is located at US 75 Highway and Bethany Road in Allen, Texas.

Pursuant to Chapter 311, Section 311.016 of the Tax Code, the City is required to provide an annual report to governmental entities that levy taxes in a reinvestment zone. Although the participating entities are the City and County, a report is also being sent to Collin College and the Allen ISD. Additionally, state law requires that the report be sent to the State Comptroller.

Enclosed is the annual report. The balance sheet and income statement reflect the tax increment designated for developer reimbursements. Valuation changes were effective as of January 1, 2012 and were recognized as property tax increments in FY2013. Please refer to Exhibit F for valuations and the increment recognized in FY2013. In addition to an

increment in property tax, the fund balance also includes sales tax increment. No TIF bonds were issued since this is a pay-as-you-go TIF.

Watters Creek is a unique mixed-use development. In addition to the retail stores and restaurants, the development incorporates office space and lofts. Green space, complete with water features, bisects the development and provides an area for community events. The development is a destination point for shoppers and draws shoppers to the City of Allen for a unique retail experience.

Should you have any questions concerning the report or the TIF, please contact me at (214) 509-4627.

Sincerely,

Kevin Hammeke Chief Financial Officer City of Allen, Texas

With copies to:

Commissioner Chris Hill, Collin County
Mónika Arris, Budget and Finance Director, Collin County
Cary Israel, President – Collin College
Beth Nicholas- Allen Independent School District, Interim Superintendent
Peter H. Vargas, City Manager



AN ANNUAL REPORT TO CITY OF ALLEN TAX INCREMENT FINANCING BOARD RELATING TO REINVESTMENT ZONE NO. 1 (GARDEN DISTRICT)

WITH A COPY TO THE STATE OF TEXAS COMPTROLLER'S OFFICE, COLLIN COUNTY, ALLEN ISD, AND COLLIN COLLEGE

For Fiscal Year ending September 30, 2013



KEVIN HAMMEKE
CHIEF FINANCIAL OFFICER
CITY OF ALLEN, TEXAS
305 Century Parkway
Allen, Texas 75013

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Facsimile (214) 509-4672
E-Mail:khammeke@cityofallen.org

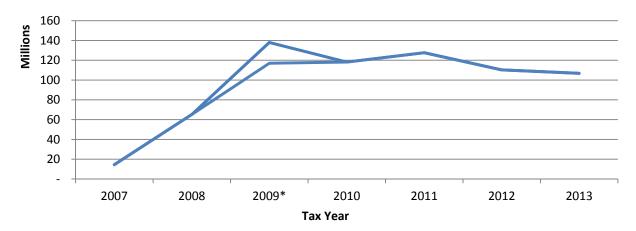
Garden District TIF

The Garden District TIF Zone was created on December 13, 2005. As of September 30, 2013, the developer was still in the process of constructing the TIF pursuant to the Development Agreement. The project has been proceeding with Watters Creek Owner, LLC constructing the eastern portion of the TIF and the predominantly mixed use retail area. The western portion of the TIF is being developed by Montgomery Farm Garden District, Ltd.



As of January 1, 2013, an increment of approximately \$106 million was calculated according to the certified values provided by the Collin Central Appraisal District (CCAD). The property tax increment will not be recognized until after taxes are billed and paid in FY2014. The FY2013 property tax increment was \$110 million. After valuation protests and litigation, the FY2010, tax year 2009, increment of \$138 million was ultimately lowered to \$117 million. The chart below shows both increments. The valuation information from CCAD is shown in Exhibits A-1 through A-9.

Property Tax Increment

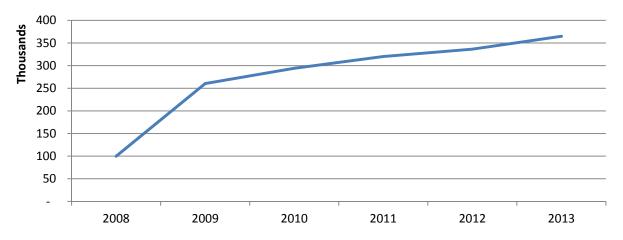


^{*}Increment for tax year 2009 was reduced to \$117 million



No sales tax producing activities took place within the boundaries of TIF 1 prior to its inception. Therefore, the tax increment base was established at \$0. Sales tax increments for FY2013 totaled \$364,954. The grand opening took place in May of 2008 making FY2008 the first year to recognize sales tax increment. By the end of the 2013 fiscal year, more than 338,000 square feet of retail and restaurants were open. Total developed retail and restaurant space is approximately 365,000 square feet. The resulting occupancy rate is approximately 92.6%. This is an increase from the previous year's occupancy rate of 81%. Additional space will be available in the future as construction continues in accordance with the Proposed Concept Plan (Exhibit B).

Sales Tax Increment



Office and apartment space was constructed on the floors above the retail and restaurant stores. The Offices at Watters Creek currently has 98,612 square feet of office space. The Lofts at Watters Creek began leasing its 233 luxury style lofts in 2008.



The TIF Board approved the Final Project and Financing Plan on October 24, 2007 and recommended it proceed to the City Council for adoption. On November 27, 2007, the City Council approved Ordinance 2681-11-07 that adopted the TIF Zone No. 1 Final Project and Financing Plan. The Plan incorporated the increase in retail square footage that Trademark was proposing as compared to the Preliminary Project and Financing Plan. The City contributes 50% of the property tax to the TIF for years 1 through 10, 45% for years 11 and 12, and 40% for years 13 through 25. The City contributes 50% of sales tax through December 31, 2015, 45% through December 31, 2017, and 40% through January 1, 2021. The County participation is 50% of property tax and is expected to continue through the twenty-five year life of the TIF Zone. Exhibit B reflects the existing Concept Plan for the project.

Exhibit C reflects the Balance Sheet and Income Statement associated with the TIF Fund as of September 30, 2013. Increments from both property and sales tax were recognized in FY2013. Before the initial payment is made, the contract requires an initial fund balance of \$500,000 and \$80 million in taxable property value. After the initial balance is met, a balance of \$50,000 must be maintained. In March of 2009, the initial balance threshold of \$500,000 was met. Exhibit A-5 identifies the taxable value greater than \$140 million as of January 1, 2009. With these two conditions met, payments began in FY2009.

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Revenues						
Property Tax						
County	\$18,385	\$79,036	\$137,718	\$138,626	\$154,783	\$137,131
City	41,801	181,213	315,189	319,996	356,638	315,420
Sales Tax						
City	99,942	260,446	294,138	320,230	336,437	364,954
Other Income	490	1,884	4,340	2,474	8,287	897
Total Revenues	160,618	522,579	751,385	781,326	856,145	818,402
Expenditures						
Administrative	-	30,000	15,000	15,000	15,000	15,000
Legal	188	22,268	2,120	-	40	3,472
Reimbursements	-	516,714	596,991	767,622	776,219	802,102
Capital Projects Transfer	-	-	-	35,000	-	-
Total Expenditures	188	568,982	614,111	817,622	791,259	820,574
Net	160,430	(46,403)	137,274	(36,296)	64,886	(2,172)
Fund Balance	\$160,430	\$114,027	\$251,301	\$215,005	\$279,891	\$277,719



Exhibit D reflects the planned TIF eligible infrastructure costs. Both the City of Allen and Collin County are participating in the TIF. The County's participation is primarily associated with the ramp reversals on US 75 Highway, traffic signals, deceleration lanes, a bridge, and Montgomery Drive. The ramp reversals are open and operational and the deceleration lanes are completed. The full amount contributed from the County, totaling \$665,678, was paid towards the ramp reversals. The City's participation is associated with public parking garages. Three parking structures are open to the public. The three structures include 1,410 spaces. The City reimburses at a rate of \$11,440.81 per parking space making more than \$16 million eligible for reimbursement. The City portion of the reimbursement totals \$2,793,970 or over 244 parking spaces paid for. Legal expenses associated with the TIF total \$28,088. Administrative expenses to date total \$90,000. Exhibit E shows an aerial pictorial of the TIF for 2007 and 2010. No new buildings have been constructed since the aerial photo in 2010.

Respectfully Submitted by,

Kevin Hammeke Chief Financial Officer City of Allen, Texas

Collin County	2013 C	ALS	As of Certification		
Property Count: 18			7/22/2013	11:07:20AM	
Land		Value			
Homesite:		0	•		
Non Homesite:		19,635,156			
Ag Market:		0			
Timber Market:		0	Total Land	(+)	19,635,156
Improvement		Value			
Homesite:		0			
Non Homesite:		90,703,147	Total Improvements	(+)	90,703,147
Non Real	Count	Value]		
Personal Property:	0	0			
Mineral Property:	0	0			
Autos:	0	0	Total Non Real	(+)	0
			Market Value	=	110,338,303
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0	Productivity Loss	(-)	0
Timber Use:	0	0	Appraised Value	=	110,338,303
Productivity Loss:	0	0			
			Homestead Cap	(-)	0
			Assessed Value	=	110,338,303
Exemption Count	Local	State Total]		
EX-XV 8	0 1,1	59,781 1,159,781	Total Exemptions	(-)	1,159,781
			Net Taxable	=	109,178,522

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100) 602,665.44 = 109,178,522 * (0.552000 / 100)

Collin County	2012 CERT	As	As of Certification		
Property Count: 18	TA1 - ALLEN Gran	7/23/2012	1:56:42PM		
Land		Value			
Homesite:		0			
Non Homesite:		19,382,212			
Ag Market:		0			
Timber Market:		0 Total Lan	d (+)	19,382,212	
mprovement		Value			
Homesite:		0			
Non Homesite:		94,449,105 Total Imp	rovements (+)	94,449,105	
Non Real	Count	Value			
Personal Property:	0	0			
Mineral Property:	0	0			
Autos:	0	0 Total Non	n Real (+)	0	
		Market Va	alue =	113,831,317	
Ag	Non Exempt	Exempt			
Total Productivity Market:	0	0			
Ag Use:	0	0 Productiv	vity Loss (-)	0	
Timber Use:	0	0 Appraised	d Value =	113,831,317	
Productivity Loss:	0	0			
		Homestea	ad Cap (-)	0	
		Assessed	i Value =	113,831,317	
Exemption Count	Local State	Total			
EX 8	0 1,159,781	1,159,781 Total Exe	mptions (-)	1,159,781	

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100) 0.00 = 112,671,536 * (0.000000 / 100)

Collin County As of Certification 2011 CERTIFIED TOTALS CAL - ALLEN CITY **Grand Totals** Property Count: 17 7/19/2011 4:13:59PM Land Value Homesite: Non Homesite: 18,876,323 Ag Market: 0 Timber Market: 0 **Total Land** (+) 18,876,323 Improvement Value 0 Homesite: 112,257,355 Non Homesite: 112,257,355 **Total Improvements** Non Real Count Value Personal Property: 0 0 Mineral Property: 0 0 0 Autos: 0 **Total Non Real** 0 **Market Value** 131,133,678 Non Exempt Exempt Ag Total Productivity Market: 0 Ag Use: 0 0 **Productivity Loss** (-) 0 Timber Use: 0 0 **Appraised Value** 131,133,678 Productivity Loss: 0 **Homestead Cap** (-) **Assessed Value** 131,133,678 Exemption Count Local State Total 1,024,560 1,024,560 EX 6 0 **Total Exemptions** EX(Prorated) 1 0 62,153 62,153 (-) 1,086,713 **Net Taxable** 130,046,965

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100) 720,460.19 = 130,046,965 * (0.554000 / 100)

Tax Increment Finance Value:
Tax Increment Finance Levy:

0.00

Collin County As of Certification 2010 CERTIFIED TOTALS TA1 - ALLEN TIF #1 - BASE 2005-6 Property Count: 15 **Grand Totals** 07/22/2010 9:30:39AM Land Value Homesite: 18,688,776 Non Homesite: Ag Market: 0 Timber Market: 0 **Total Land** (+) 18,688,776 Improvement Value 0 Homesite: 102,857,355 Non Homesite: 102,857,355 **Total Improvements** (+) Non Real Count Value Personal Property: 0 0 Mineral Property: 0 0 0 **Total Non Real** Autos: 0 0 (+) **Market Value** 121,546,131 Non Exempt Exempt Ag **Total Productivity Market:** 0 0 Ag Use: 0 0 **Productivity Loss** (-) 0 Timber Use: 0 0 **Appraised Value** 121,546,131 Productivity Loss: 0 0 **Homestead Cap** (-) **Assessed Value** 121,546,131 Exemption Count Local State Total EX 4 0 728,366 728,366 2 EX(Prorated) 0 200,431 200,431 **Total Exemptions** (-) 928,797 **Net Taxable** 120,617,334

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100) 0.00 = 120,617,334 * (0.000000 / 100)

Collin County As of Certification 2009 CERTIFIED TOTALS TA1 - ALLEN TIF #1 - BASE 2005-6 Property Count: 12 **ARB Approved Totals** 7/23/2009 3:14:24PM Land Value Homesite: Non Homesite: 16,834,013 Ag Market: 0 Timber Market: 0 **Total Land** (+) 16,834,013 Improvement Value 0 Homesite: 124,295,899 Non Homesite: 124,295,899 **Total Improvements** (+) Non Real Count Value Personal Property: 0 0 Mineral Property: 0 0 0 **Total Non Real** Autos: 0 0 (+) **Market Value** 141,129,912 Non Exempt Exempt Ag **Total Productivity Market:** 0 0 Ag Use: 0 0 **Productivity Loss** (-) 0 Timber Use: 0 0 **Appraised Value** 141,129,912 Productivity Loss: 0 0 **Homestead Cap** (-) **Assessed Value** 141,129,912 Exemption Count Local State Total 709,439 EX 3 0 709,439 EX(Prorated) 1 0 17,060 17,060 **Total Exemptions** (-) 726,499 **Net Taxable** 140,403,413 APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100) 0.00 = 140,403,413 * (0.000000 / 100)

Collin County	2008	CERTIF	Aso	of Certification			
Property Count: 13	TA1 - ALLEN TIF #1 - BASE 2005					7/24/2008	3:53:04PM
Land				Value			
Homesite:				0			
Non Homesite:				17,122,556			
Ag Market:				1,834,551			
Timber Market:				0	Total Land	(+)	18,957,107
Improvement				Value			
Homesite:				0			
Non Homesite:				51,193,537	Total Improvements	(+)	51,193,537
Non Real		Count		Value			
Personal Property:		0		0			
Mineral Property:		0		0			
Autos:		0		0	Total Non Real	(+)	(
					Market Value	=	70,150,644
Ag		Non Exempt		Exempt			
Total Productivity Mark	et:	1,834,551		0			
Ag Use:		1,937		0	Productivity Loss	(-)	1,832,614
Timber Use:		0		0	Appraised Value	=	68,318,030
Productivity Loss:		1,832,614		0			
					Homestead Cap	(-)	(
					Assessed Value	=	68,318,030
Exemption	Count	Local	State	Total			
EX	3	0	709,440	709,440	Total Exemptions	(-)	709,440
					N . = 11		
					Net Taxable	=	67,608,590

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100) 0.00 = 67,608,590 * (0.000000 / 100)

Collin County		200'	7 CERTIF	IED TOTA	ALS	Aso	of Certification
Property Count: 12		TA1 - ALLEN #1 TIF - BASE 2005 Grand Totals				7/24/2007	8:20:01AN
Land				Value			
Homesite:				0			
Non Homesite:				17,465,427			
Ag Market:				20,212			
Timber Market:				0	Total Land	(+)	17,485,63
Improvement				Value			
Homesite:				0			
Non Homesite:				0	Total Improvements	(+)	(
Non Real		Coun	t	Value			
Personal Property:		C)	0			
Mineral Property:		()	0			
Autos:		()	0	Total Non Real	(+)	(
					Market Value	=	17,485,639
Ag		Non Exemp	t	Exempt			
Total Productivity M	farket:	20,212	2	0			
Ag Use:		780)	0	Productivity Loss	(-)	19,43
Timber Use:		()	0	Appraised Value	=	17,466,207
Productivity Loss:		19,432	2	0			
					Homestead Cap	(-)	(
					Assessed Value	=	17,466,20
Exemption	Count	Local	State	Total			
EX	2	0	642,859	642,859	Total Exemptions	(-)	642,85
					Net Taxable	=	16,823,34
APPROXIMATE TO	OTAL LEVY = NET	TAXABLE * (TAX F	RATE / 100)				
0.00 = 16,823,348 *		•	,				

Collin County	2006	2000 CERTIFIED TOTALS				of Certification
Property Count: 8		TA1 - ALI Grand	LEN #1 TIF Fotals		7/22/2006	2:38:56PN
Land			Value			
Homesite:			0			
Non Homesite:			2,416,247			
Ag Market:			10,997,258			
Timber Market:			0	Total Land	(+)	13,413,50
Improvement			Value			
Homesite:			0			
Non Homesite:			0	Total Improvements	(+)	(
Non Real	Count		Value			
Personal Property:	0		0			
Mineral Property:	0		0			
Autos:	0		0	Total Non Real	(+)	(
				Market Value	=	13,413,50
Ag	Non Exempt		Exempt			
Total Productivity Market:	10,997,258		0			
Ag Use:	8,173		0	Productivity Loss	(-)	10,989,08
Timber Use:	0		0	Appraised Value	=	2,424,420
Productivity Loss:	10,989,085		0			
				Homestead Cap	(-)	(
				Assessed Value	=	2,424,420
Exemption Count	Local	State	Total			
0	0	0	0	Total Exemptions	(-)	(
				Net Taxable	=	2,424,42

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100) 0.00 = 2,424,420 * (0.0000 / 100)

Collin County					As of	Supplement 24	
Property Count: 9	CAL - ALLEN CITY Grand Totals				10/17/2007	9:09:00AM	
Land				Value			
Homesite:				0	•		
Non Homesite:				2,921,956			
Ag Market:				9,377,554			
Timber Market:				0	Total Land	(+)	12,299,510
Improvement				Value			
Homesite:				0			
Non Homesite:				0	Total Improvements	(+)	0
					•	(.,	· ·
NonReal		С	ount	Value			
Personal Property:			0	0			
Mineral Property:			0	0			
Autos:			0	0	Total Non Real	(+)	0
					Market Value	=	12,299,510
Ag		Non Exe	empt	Exempt			
Total Productivity Market:		9,37	7,554	0			
Ag Use:			7,851	0	Productivity Loss	(-)	9,369,703
Timber Use:			0	0	Appraised Value	=	2,929,807
Productivity Loss:		9,36	9,703	0			
					Homestead Cap	(-)	0
					Assessed Value	=	2,929,807
Exemption	Count		State	Total	Total Frametics	()	F0F 700
EX	1	0 505	,709	505,709	Total Exemptions	(-)	505,709
					Not Touchto		0.404.000
					Net Taxable	=	2,424,098

APPROXIMATE TOTAL LEVY = NET TAXABLE * (TAX RATE / 100) 13,550.71 =2,424, 098 * (0.559000 / 100)



EXHIBIT C

CITY OF ALLEN, TEXAS

Tax Increment Financing Fund Garden District Reinvestment Zone No. One

Balance Sheet as of September 30, 2013 Unaudited

	<u>ASSETS</u>		
Cash and Investments		\$	216,189
Receivable	Total Assets	\$	61,530 277,719
	Total Assets	-	2//,/19
	<u>LIABILITIES</u>		
TIF Increment Payable		\$	-
Other Payable	Total Liabilities	\$	-
Fund Balance	Total Fund Equity	\$ \$	277,719
	>	277,719	
TOTAL LIA	BILITIES & FUND EQUITY	\$	277,719
	Income Statement as of September 30, 2013 Unaudited		
REVENUES			264.054
Sales Tax - City Increme Property Tax - City Incre		\$	364,954 315,420
Property Tax - County Ir			137,131
Investment Earnings			897
Total Revenues		\$	818,402
EXPENDITUI	RES		
TIF Eligible Certified Exp	penditures		
Developers Reimburse		\$	802,102
Legal Expenses			3,472
Administrative Expens	ses		15,000
Total Expenditures		\$	820,574
Revenues O	ver / (Under) Expenditures		(2,172)
Fund Balance at 9-30-12	2		279,891
	FUND BALANCE	\$	277,719

EXHIBIT D

Total Estimated Costs: Parking Structures

Hard Costs	s	27,696,021
Soft Costs (A/E Fees, Const Fin, Other)		7,041,404
Total Parking Structure Costs		34,737,425

Zone	Spaces	9	Garage Costs
Retail Phase I-A			
Garage G	210	\$	4,868,471
Garage M	407		4,535,941
Soft Costs			2,020,346
Total Retail Phase I-A	617		11,424,757
Retail Phase I-B			
Garage P	750	↔	8,498,329
Soft Costs			1,869,192
Total Retail Phase I-B	750		10,367,521
Retail Phase II			
Garage X	300	↔	4.165.280
Soft Costs			900,866
Total Retail Phase II	300		5,066,147
Green Tract			
N/A		↔	1
Soft Costs			•
Total Green Tract			1
; ;			
Angel Field Center		•	
Garage	318	so	5,628,000
Soft Costs			2,251,000
Total Angel Field Center	318		7,879,000
Totals	1,985	\$	34,737,425

Total Estimated Costs: County Priority Projects

	COSC
S	800,000
	179,000
	314,000
	88,000
	68,000
	689,000
	850,000
€	2,988,000
9	37,725,425
	<i>y</i> • <i>y</i> •

EXHIBIT E



2010 Aerial View of TIF#1



2007 Aerial View of TIF#1

EXHIBIT F

Allen TIF #1 SUMMARY

TAX YEAR 2012

AS OF SUPPLEMENT 14, 3/6/2013

Allen - TIF 1		2012 VALUE	LESS BASE YR 2005	Capt. Appr. Val.
CERTIFIED TAXABLE VALUE WITH ADJUSTMENTS FOR	CITY	\$112,671,536 \$2,424,420		\$110,247,116
AG ACCOUNTS	COUNTY	\$112,671,536	\$2,424,420	\$110,247,116
2012 TAX RATES/\$100 VAL	JE			
ALLEN CITY RATE				\$0.552000
COUNTY RATE				\$0.240000
TOTAL LEVY ON TAX INCREM	ENT BASED O	N PARTICIPATION	N PERCENTAGE	
ALLEN CITY @ 50% PARTICIPA	ATION			\$304,282.04
COUNTY @ 50% PARTICIPATI	ON			\$132,296.54
LESS TIF TAXES DELINQUEN	Γ (REMAINING	OUTSTANDING) F	OR 2012	
ALLEN CITY				\$0.00
COUNTY				\$0.00
PLUS 2011 &PRIOR YEAR DEL	INQUENT TAX	(ES PAID SINCE L	AST REPORT	
ALLEN CITY				\$11,138.37
COUNTY		\$4,834.01		
AMOUNT TO BE BILLED TO				
ALLEN CITY DUE @ 50% PART		\$315,420.41		
COUNTY DUE @ 50% PARTICI	PATION			\$137,130.55
TOTAL				\$452,550.96

^{*} Captured Appraised Value figures do not include any net losses in value on individual accounts since the base year including newly exempt property.

This report reflects all collections through March 8, 2013.