

MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

APRIL 27, 2017

The McKinney Community Development Corporation met in regular session in the Council Chambers, 222 N. Tennessee Street, McKinney, Texas, on April 27, 2017 at 8:00 a.m.

Board members Present: Chairman Kurt Kuehn, Vice Chairman David Clarke Secretary Hamilton Doak, Treasurer David Myers, Michelle Gamble, Jackie Brewer and Rick Glew.

City Council members Present: Mayor Pro Tem Randy Pogue and Rainey Rogers

Staff Present: President Cindy Schneible

City Staff Present: City Manager Paul Grimes, Assistant City Manager Barry Shelton, Interim Director of Parks and Recreation Ryan Mullins, Parks Planning Manager Jill Yount, Parks Planning and Development Manager Jenny Baker, MPAC/Main Street Director Amy Rosenthal, Senior Financial Analyst Trevor Minyard, Executive Director of Development Services Michael Quint, MCVB Sales Manager Vanesa Rhodes, MEDC Operations and Compliance Administrator Sheri Van Slycke.

There were seven guests present.

Chairman Kuehn called the meeting to order at 8:03 a.m. after determining a quorum was present. Chairman Kuehn called for the action on all consent items.

17-421 Minutes of the McKinney Community Development Corporation Meeting of January 26, 2017. Board members unanimously approved the motion by Secretary Doak, seconded by Treasurer Myers, to approve the January 26, 2017 minutes.

17-422 Minutes of the City Council and the McKinney Community Development Corporation Joint Meeting of February 23, 2017. Board members unanimously approved the motion by Secretary Doak, seconded by Treasurer Myers, to approve the February 23, 2017 joint minutes.

- 17-423** Minutes of the McKinney Community Development Corporation Strategic Planning Work Session of March 28, 2017. Board members unanimously approved the motion by Secretary Doak, seconded by Treasurer Myers, to approve the March 28, 2017 work session minutes.
- 17-424** Minutes of the City Council and the McKinney Community Development Corporation Joint Meeting of April 18, 2017. Board members unanimously approved the motion by Secretary Doak, seconded by Treasurer Myers, to approve the April 18, 2017 joint minutes.
- 17-425** Chairman Kuehn called for the February and March Financial Reports. Senior Financial Analyst Trevor Minyard reported revenue is above budget YTD by 23.01% in February and by 17.63% in March. Sales tax figures came in 10.5% in February and 13.19% in March above last year's collection in the corresponding months. Expenditures are below budget in total. The fund expenditures in February and March were primarily related to The Apex Centre, with over \$30.8 million related to the construction and finish-out of The Apex Centre. Also, noted by Mr. Minyard, there was an audit adjustment in January and February last year, which skewed the chart for January and February this year.
- 17-427** Chairman Kuehn called for the Board and Liaison Updates.
- Board Chairman - Chairman Kuehn read the CDC mission statement for the McKinney Community Development Corporation- to work proactively in partnership with others to promote and fund community, cultural economic development projects that maintain and enhance the quality of life in McKinney-and encouraged board members to keep the mission in mind as the corporation's business was carried out.
- City of McKinney - City Manager Paul Grimes reported the City of McKinney is the first Texas city to achieve a fifth transparency star under the financial transparency initiative program of the State Comptroller. City Council and the City Manager's Office are encouraging public

comment and input for the 2018 budget planning earlier in the process than usual, through a section of the City Council agenda. City Manager stated that City Council has authorized staff to proceed with finalizing an urban transit district agreement with Denton County Transportation Authority. June 1st is the target date for service to be established.

Parks and Recreation – Interim Director of Parks and Recreation Ryan Mullins expressed his appreciation for MCDC Board participation in the groundbreaking ceremony for the All-Abilities Playground. Mr. Mullins reported construction has begun on two trail projects that will connect a loop from Town Lake to Eldorado Parkway to Park Central and then the Community Center. Mr. Mullins stated the Apex Centre has 58% annual memberships and 42% monthly. Currently, Apex Centre has 116 employees, including part-time and seasonal. Board members questioned the possibility of capping day passes and Mr. Mullins responded that the matter is under consideration and a course of action will be determined within the next 30 days or so.

Main Street/MPAC - MPAC/Main Street Director Amy Rosenthal expressed her appreciation to the MCDC Board for their support of Arts in Bloom. There were over 33,200 guests with 14 wineries, artists from 16 states, 55 McKinney artists, 22 entertainment groups and 110 works of art from MISD students. Ms. Rosenthal shared the upcoming MPAC schedule and reported Bike the Bricks will be on May 26th this year. Bike the Bricks is the largest criterium race and festival in Texas with over 500 racers from across the country. Ms. Rosenthal stated the little Gem has arrived and the unveiling will be soon.

McKinney Convention and Visitors Bureau - MCVB Sales Manager Vanesa Rhodes reported MCVB helped generate over 270 hotel rooms resulting in revenue of \$30,000. MCVB was provided with publicity from a Restless Chipotle Sponsored Blog and BubbleLife Collin County, each with a PR value of \$27,000. Ms. Rhodes reminded the Board that the

second week of May is National Tourism Week that includes a special luncheon provided for McKinney's first responders.

17-428 Chairman Kuehn called for the President's Report. President Schneible directed the Board to the monthly reports on potential projects and the status of FY17 grant funds that were attached to the agenda. In addition, an update on the strategic plan based on the meeting in March, was attached for board member review. Plans for the StarCenter expansion continue. A draft lease was forwarded from the City to the Stars organization for review and we are waiting on their comments and input. The Dulaney House project at Chestnut Square is nearing completion. The Heritage Guild will be showcasing the renovations during two upcoming events: Farmers Market at Sunset on May 7th; and the Farm to Table Dinner on May 19th. The application period for the second, and final, cycle for Promotional and Community Event Grants will be open from May 1 through May 31; the application period for the final cycle for FY17 Project grants will be open June 1 through June 30.

17-429 Chairman Kuehn called for a Public Hearing and Consideration/Discussion/Action on an Amendment to Project Grant #16-03, McKinney Armed Services Memorial Board Gold Star Memorial, to Provide Additional Funding in an Amount Not to Exceed Twenty Thousand Dollars (\$20,000); Total Construction Cost, with Contingency, is Estimated to be One Hundred, Sixty-Five Thousand Dollars (\$165,000); Total Amount Requested from MCDC Represents 100% of Project Cost. Mr. Barry Brown, Board Chairman of the McKinney Armed Services Memorial Board stated the Armed Services Memorial Board has secured \$9,000 in cash and \$14,000 in pledges to date and fundraising continues. The additional \$20,000 requested from MCDC would serve to allow authorization to proceed with the contract and begin construction of the memorial on June 1, with a dedication planned during the annual Veteran's Day event. Board members unanimously approved

the motion by Treasurer Myers, seconded by Vice Chairman Clarke, to close the public hearing.

17-430 Chairman Kuehn called for a Public Hearing and Consideration/Discussion/Action on an Amendment to Project Grant #16-06, McKinney Rotary Foundation All Abilities Playground, to Provide Additional Funding in an Amount Not to Exceed Seventy-Five Thousand Dollars (\$75,000); Total Construction Cost is Estimated to be Five Hundred, Three Thousand, Two-Hundred Dollars (\$503,200); Total Requested from MCDC (\$275,000) represents 55% of All Abilities Playground Construction Cost. Ms. Juli Smith, Co-Chair, McKinney Rotary Clubs' All-Abilities Playground Project, reminded the Board that the MCDC Board approved grant funding for construction of an All-Abilities Playground in 2016. The total estimated cost for construction of the project is \$503,200 based on the contractor's bid. To date, McKinney Rotary Foundation has secured \$430,295 in cash and pledges, including \$200,000 from MCDC and \$35,000 from the Rotary Foundation. Fundraising continues and includes grant solicitation and special events. The additional amount of up to \$75,000 requested from MCDC would serve as a contingency to allow authorization to proceed with the contract and begin construction of the project. Board members unanimously approved the motion by Board member Glew, seconded by Board member Gamble, to close the public hearing.

17-431 Chairman Kuehn called for a Public Hearing and Consideration/Discussion/Action on Project Grant #17-03, Submitted by Collin County Historical Society in the Amount of Seven Thousand Sixty-two Dollars and 00/100 (\$7,062.00) for Museum Display Cases; Amount Requested Represents 70% of Total Estimated Equipment Costs. Ms. Mary Carole Strother, Executive Director of the Collin County Historical Society and Museum shared the museum's need for an additional six display cases, allowing replacement and repositioning of older cases

currently in use. Board member Glew asked about the possibility of signage with better visibility for the museum. Board members unanimously approved the motion by Vice Chairman Clarke, seconded by Board member Glew, to close the public hearing.

17-432 Chairman Kuehn called for a Public Hearing and Consideration/Discussion/Action on Project #17-04, Submitted by the City of McKinney for an MCDC Loan to Aimbridge Hospitality in the Amount of Five Million Dollars (\$5,000,000) and an MCDC Grant to Aimbridge Hospitality in the Amount of Three Million Dollars (\$3,000,000) for Partial Funding for the Construction of a Resort Hotel; Estimated Project Construction Cost is \$98,500,000; the Amount Requested Represents 8.12% of the Total Estimated Construction Cost. Mr. Barry Shelton, Assistant City Manager reported the City of McKinney is requesting MCDC funding participation in the construction costs associated with a resort hotel at the intersection of Collin McKinney Parkway and Van Tuyl Parkway. The funding being requested is in the form of a \$5,000,000 to the developer at the commencement of construction, to be repaid at an interest rate of 3%, at the time of a sale of refinancing of the hotel or within eight years after the issuance of a CO. In addition, MCDC is requested to provide a grant, in the amount of \$3,000,000 upon issuance of a CO. The proposed hotel will consist of a minimum of 285 guest rooms and a minimum of 33,000 square feet of conference space. The total project cost for the hotel is estimated to be \$98,500,000. Based on various projections of average daily room rates and occupancy, it is anticipated the initial \$5 million loan and the \$3 million grant will be recovered by the City within seven to eight years after issuance of the CO. Board members expressed concerns regarding guarantee of maintaining the Autograph flag, or a four plus star brand, in the event of a sale of the property. Mr. Bob Roeder, legal counsel for the hotel development team, addressed the concern by sharing that the term

of the franchise agreement with Marriott for the Autograph flag was 20 years. If there was early termination, there would be significant punitive damages assessed and funds required to be repaid to Marriott. Additionally, the proposed 380 Agreement with City requires that the Autograph brand be maintained for the 10 year term of that Agreement. The development team indicated they would accept a similar provision in the documents executed with MCDC, if the funding request was approved by the Board. Board members unanimously approved the motion by Secretary Doak, seconded by Treasurer Myers, to close the public hearing. Board members unanimously approved the motion by Board member Glew, seconded by Treasurer Myers, to approve the loan and grant for Project #17-04.

17-433 Chairman Kuehn called for the Consideration/Discussion/Action on Heard Natural Science Museum and Wildlife Sanctuary Request to Extend the Term of the Performance Agreement for Project Grant #16-02 from April 30, 2017 to August 31, 2017. President Schneible reported the Heard Museum is requesting an extension of their grant from April 30th to August 31st due to the museum staff awaiting a reply from the Meadows Foundation for a grant request in the amount of \$85,000. The museum has the funds to move forward with the Magic Planet Science Sphere, however, extending the term would ease any strain the museum budget. Board members unanimously approved the motion by Treasurer Myers, seconded by Board member Glew, to approve extending the term of the performance agreement to August 31, 2017.

17-434 Chairman Kuehn called for the Consideration/Discussion/Action on a Recommendation to City Council for Approval of the Parks, Recreation, Open Space, Trails and Streetscape Master Plan. Mr. Lenny Hughes with Halff Associates, Inc. provided the presentation for the Board. The Parks Master Plan has been a two year initiative with participation from multiple Boards, departments and outside professional's collaboration

The primary theme focus for the Plan is the creek/greenbelt system that runs through McKinney-Wilson Creek, East Fork of the Trinity and Honey Creek, as well as smaller tributaries and creeks that are connected. These creek corridors, with their natural beauty, serve as the backbone of the entire parks and trails system, creating a system of linear parks that are designated as signature and greenbelt parks, also called "Pearls" and "Gems" in this park plan. The Park Plan is being updated concurrently with the City's overall Comprehensive Plan update, which is being managed through the Planning Department. Both of these plans are being coordinated in conjunction with each other. Board members unanimously approved the motion by Vice Chairman Clarke, seconded by Board member Glew, to approve recommendation to City Council the Parks Master Plan as presented in item **#17-434**.

17-435 Chairman Kuehn called for the Consideration/Discussion/Action on the Proposed FY18 Budget for Submission to the City Manager for Review. President Schneible presented the 2017-2018 draft budget and budget summary for the Board's discussion and adoption. Ms. Schneible provided an overview of the proposed FY18 budget. Revenue is estimated at \$11,465,000 and includes both sales tax revenue and interest income. Total expense for Administration and Operations totals \$575,000, which is in line with the current budget. The debt service on the bond sold to finance construction of the Apex Centre totals \$1,717,916. The proposed budget includes a continued allocation to MPAC to support operations in the amount of \$375,000; an administrative fee paid to the City in the amount of \$170,000; and continues funds to subsidize Apex operations at this year's level in the amount of \$1,040,093. Grant allocations include \$5,500,000 for Parks CIP projects and \$1,259,745 for discretionary projects. The amount for Promotional and Community Event grants was increased from \$100,000 to \$150,000 for FY18. Additionally, funds in the amount of \$60,000 have

been included for a potential bicycle share program and \$50,000 for a festival tent to be used for Main Street events. Funds were also budgeted for future projects in the amount of \$538,674. Ms. Schneible indicated that the proposed budget had been reviewed with the MCDC Finance Committee and they were recommending approval by the Board. If approved, the document will undergo review by the City Manager and will be presented to the Board for the final approval in the July/August timeframe. Board members unanimously approved the motion by Vice Chairman Clarke, seconded by Board member Gamble, to approve the proposed FY 18 budget.

Chairman Kuehn called for citizen comments and there were none. Chairman Kuehn called for Board or Commissioner comments and Board member Glew asked if Ms. Schneible was aware of which non-profits may be coming forward with requests, and aside from some of the usual's, she was not aware.

Board members unanimously approved the motion by Secretary Doak, seconded by Treasurer Myers, to adjourn. Chairman Kuehn adjourned the meeting at 10 a.m.

KURT KUEHN
Chairman