

# McKINNEY ECONOMIC DEVELOPMENT CORPORATION

## REGULAR BOARD MEETING

August 16, 2011

The McKinney Economic Development Corporation met on Tuesday, August 16, 2011 in the Dowdy Boardroom of the Corporation office. The meeting was called to order at 8:05 a.m. by Chairman Keith Clifton. Board members present were Chairman Keith Clifton, Vice-Chairman Scott Lewis, Secretary-Treasurer Marta Gore, Director Carrie Alfieri, Director Doug Parker, Director Ernest Lynch, III and Ex-officio member David Brooks.

Staff present was President Jim Young, BREP Director Greg Sims, International Development VP Abby Liu, Administrative Assistant Durinda Fisher and Corporation Attorney Mark Houser.

The Board reviewed the minutes from the Regular Board meeting held on June 21, 2011 and the Special Board meeting held on July 18, 2011. On a motion by Marta Gore, seconded by Scott Lewis, both sets of minutes were approved. Motion carried.

The Board next reviewed the Consent Items. Ms. Fisher reviewed the MEDC check requests for the months of June and July 2011. Rent subsidy payments were made to Project Servergy in June and July. The MEDC was a sponsor of the Chamber's recent golf tournament and new teacher's breakfast. The MEDC also was a sponsor of the recent *Dallas Business Journal's* Heavy Hitters event. Finance Budget Director Jason Cooley reviewed the MEDC's balance sheet and operating statement ending July 31, 2011. Sales tax receipts for the month of July totaled \$626,389 which was an increase of 7.9% from the previous year. President Young reported that EDS received their monthly lease subsidy for the project payments along with the Servergy payments. The Consent Items were approved on a motion by Marta Gore, seconded by Doug Parker. Motion carried.

President Young next gave an update on the MEDC marketing. The NTCAR Expo will be held on August 30<sup>th</sup> at the Sheraton Hotel in downtown Dallas. The MEDC will display their booth and hand out marketing give-a-ways. TexasOne will be having their board meeting on September 27<sup>th</sup>. The Collin County Regional Partnership which the MEDC is part of is sponsoring the 50<sup>th</sup> TEDC Anniversary dinner and gala to be held on October 6<sup>th</sup>. The event will be held at the Worthington Renaissance Hotel in Ft. Worth. A MEDC electronic newsletter was sent out this month. The web site is down some on the number hits per month. Director Parker asked what a "bounce hit" meant and President Young answered that it is when someone goes to our web site and then goes immediately off the site.

Greg Sims next gave his BREP report. Mr. Sims reviewed the Federal Reserve District report dated July 2011. Blockbuster had their first profit report since the DISH Network acquisition. The *USA Today* did an article on Zynga regarding the "Words with Friends" app becoming available on Facebook. Encore Wire reports showed an improved second quarter. Raytheon has secured a contract with the State of Wisconsin for their first interoperable communications system. Mr. Sims will be attending the AmCon Design & Contract Manufacturing Expo in Plano in September.

Abby Liu next gave her International Development report. Ms. Liu developed a new advertising campaign for the Chinese newspapers which highlighted points of interests in McKinney. The World Journal recently interviewed City Manager Jason Gray. She will be attending the 100<sup>th</sup> Birthday of Taiwan and will be sending out more information about upcoming events for the celebration. A September visit is being planned for Mayor Loughmiller to meet with the Director General of the Republic of China in Houston. Also, the Mayor, City Manager and Ms. Liu are planning a visit in October to Taiwan. A visit to the Tong Yang Group manufacturing plant in Taiwan is planned as a business retention visit. Ms. Liu will host an "Invest in McKinney" seminar in Taiwan during their visit. The group also plans to visit the City of Tainan to establish an "economic alliance". Ms. Liu gave the Board updates on Project Green Pineapple, Project Apple and Project Guava. Director Gore asked how many people would be visiting on the trip to Taiwan. Ms. Liu answered that the plans to date it would be just the three city officials. Director Parker asked when a decision from Project Green Pineapple would be forthcoming. Ms. Liu answered that a decision may be made at their next Board meeting on August 22<sup>nd</sup>. Once a decision is made the company will move fast.

The Board next heard the liaison reports.

City Manager Jason Gray reported that the city is moving through the budget process. More information will be reported in Executive Session.

The CCRA Director Ken Wiegand reported that the recent reports regarding National Federal Aviation funding has not had an effect on the Collin County Regional Airport. He thanked the MEDC for their assistance in the paving of the runway. The layout plan is up to date and on file with the Federal Aviation to get financial assistance. The MADC Board is currently working with a prospect along with the assistance of the MEDC.

MCDC Chairman Tracy Rath reported that their Board is working through their budget process. The Board is reviewing seven applications for promotional dollars.

Chamber President Jodi Ann LaFreniere reported that the new leadership group will be kicking off their year with a retreat. Ms. Liu and Ms. Schneible will be attending the retreat. Eighty-three new teachers attended the annual new teacher's breakfast. Currently ten people have signed-up for the Candidate School which will be offered on September 10th. The Chamber and the MEDC are partnering to offer employers an HR Roundtable luncheon and discussion on September 14<sup>th</sup>. The first meeting will be held at Encore Wire which will also be hosting the luncheon.

McKinney Convention and Visitors' Bureau Director Diann Bayes reported that to date, the MCVB has recorded 1554 downloads on their Smartphone application. Director Gore congratulated the MCVB staff upon receiving the first place award at the recent TACVB conference for cooperative marketing on the "Bloomin' and Boomin'" event. The office also received a first place award for their promotion of National Tourism Week. President Young asked Ms. Bayes to demonstrate the QR (Quick Response) Code. The application directs users to a link with information about their business. The application is very popular with realtors and teenagers. Ms. Bayes is working closely with Ty Lake and Guy Giersch to develop a QR Code for a historic tour of McKinney.

The Board was next introduced to Dr. Matthew Shoemake representing Project #11-17. The company wants to expand and move their offices to McKinney. The company was found in 2008 and is in the consumer video calling market. The company is seeking assistance from the MEDC for rent subsidy through the Emerging Technology Program.

The Board was next given a presentation from Bill Guthrey and Miles Prestemon representing Craig Ranch and Project #11-18. The company is seeking forty acres for an educational facility within Craig Ranch. The project would employ 235 employees with plans for growth after the first phase. Phase I would include a three-story administration building, approximately 325,000 sf with 200 classrooms. Director Alfieri asked the status of the hotel being planned in Craig Ranch. Mr. Prestemon said that he is working directly with the City Manager on the hotel project.

Chairman Clifton called for a short break at 9:30 a.m.

In accordance with TX GOV'T CODE ANN. S 551.071 et. seq. the meeting was adjourned into executive session at 9:44 a.m. Mr. Brooks excused himself from the meeting at 10:00 a.m. The Board adjourned out of executive session into open session at 11:55 a.m.

The Board was next introduced to Bill Cox representing the landlord of the current location of the MEDC offices. President Young expressed to the Board that he appreciates the offer from Mr. Cox for the MEDC to stay at 321 N. Central Expressway, Suite 200. The point was made that when the MEDC renewed their lease three years ago the promises that were made for improvements to the building were not completed as assured at that time – the parking lot, the bathrooms, etc. Mr. Cox expressed that if the MEDC renewed their lease for one year at this time the second floor bathrooms could possibly be remodeled. If the lease was extended for three years, he would guarantee that all the bathrooms would be redone.

The Board next discussed the Action Items.

The Board reviewed Project Proposal #11-17. On a motion by Scott Lewis, seconded by Marta Gore, the Board approved the following:

- (A) Under the Emerging Technology Fund, the MEDC will reimburse the company fifty (50) percent of actual rent paid (to a maximum of \$4,167.00 monthly) for a period of twenty-four (24) payments.
- (B) The company will submit evidence of rent paid on a monthly basis to the MEDC for reimbursement. The payments would be advanced in the form of a forgivable loan. The forgivable loan would be forgiven after three (3) years (October 2014), if the company is still in compliance.

Motion carried.

The Board next discussed Project Proposal #11-18. On a motion by Scott Lewis, seconded by Doug Parker, with Directors Marta Gore and Ernest Lynch, II abstaining, and Director Carrie voting against, the Board approved the following:

- (A) To reimburse the company up to \$250,000 in expenses associated with the development of the facility.
- (B) To require that the company employ 225 full time employees.
- (C) Upon receiving the Certificate of Occupancy, prior to December 31, 2013, the company will apply for funding.
- (D) The facility be built substantially to match plans shown to the MEDC Board on August 16, 2011 and be at least 300,000 sf.

Motion carried.

The Board next discussed Project Proposal #11-19. On a motion by Ernest Lynch, II, seconded by Carrie Alfieri, the Board approved the staff recommendations to offer the following:

- (A) To support the company's facility with a forgivable loan of \$730,000 for expenses incurred in the development of the facility.
- (B) Upon completion, prior to December 31, 2013, the company will render the below values and apply for funds.
- (C) The offer is contingent upon the completed facility to have a value of at least

\$25,000,000 as evaluated by the Collin County Tax Appraisal District (including both Real and Business Personal Property, but excluding land) on January 1, 2014.

(D) The loan to be forgiven on January 1, 2016, if still in compliance.

(E) The MEDC would also assist the company in the application for assistance through the Texas Enterprise Fund.

Motion carried!

On a motion by Marta Gore, seconded by Doug Parker, the Board instructed the MEDC staff to negotiate a deal regarding the office location. The motion was then removed by Director Gore.

In accordance with TX GOV'T CODE ANN. S 551.071 et. seq. the meeting was adjourned into executive session at 12:10 p.m. The Board adjourned out of executive session into open session at 12:15 p.m.

The Board next discussed the office lease. On a motion by Marta Gore, seconded by Doug Parker, the Board approved the discussions made in executive session for President Young to execute negotiations regarding the office lease terms. Vice-Chairman Scott Lewis and Director Carrie Alfieri voted against the motion. Motion carried.

The Board next reviewed the proposed MEDC Budget FY 2011-2012. President Young suggested that the budget be approved according to the outcome of the lease agreement which would also concern the furniture/fixtures line item. On a motion by Marta Gore, seconded by Doug Parker, the Board approved the FY2011-2012 Budget, subject to lease adjustments. Motion carried.

Vice-Chairman Lewis requested a relook at the Emerging Technology Fund in reference to the new budget.

The next scheduled meeting for the MEDC is scheduled for Tuesday, September 20<sup>th</sup>. City Council will have made their appointments to the city Boards and Commissions by that date.

On a motion of acclamation, the meeting was adjourned at 12:20 p.m.

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MARTA GORE, MEDC Secretary/Treasurer