

MCKINNEY ECONOMIC DEVELOPMENT CORPORATION

Regular Board Meeting March 20, 2012

The McKinney Economic Development Corporation (MEDC) met on Tuesday, March 20, 2012 in the Dowdy Boardroom of the Corporation office. The meeting was called to order at 8:07 by Vice-Chairman Ernest Lynch III. Board members present were Secretary-Treasurer Marta Gore, Director Carrie Alfieri, Director Doug Parker, and Director Steve Heussner.

Staff present was Vice-President Abby Liu, Administrative Assistant Connie Gibson, and Corporation Attorney Mark Houser.

The board reviewed the minutes from the regular board meeting on January 17, 2012, and the minutes from the special board meeting on February 14, 2012. Marta Gore made a motion to approve the minutes for both meetings. The motion was seconded by Steve Heussner. The motion was voted on and passed unanimously (5-0).

Check requests for the months of January and February were reviewed. There was some discussion on the Aars Wells invoices. The invoices reflect costs related to photography and printing of a new aerial map. There were aerial photographs taken in October. Some board members expressed concern on the delay of the printing of the maps.

Keith Clifton entered the meeting at 8:11 A.M.

Carrie Alfieri stated that she appreciated the detail on the check requests. Marta Gore made a motion, seconded by Carrie Alfieri, to approve the consent items. The motion passed unanimously (6-0).

Jason Cooley, Strategic Planning and Budget Director with the City of McKinney, gave the financial report. The corporation is in the fifth month of the fiscal year, with revenue 47% dispersed. Year-to-date expenditures are at 45.9%. A debt service payment of \$116,255 had been made in February. Originally there had not been a budget allocation for this amount. A budget amendment will be made to clean up the budget. Sales tax revenues for the month of February are down approximately \$12,000 from February, 2011. Overall, sales tax revenues for the year are up 1.6%.

The board next took action on the Manner Plastics Loan Agreement. MEDC granted Manner Plastics a loan of \$180,000 in 2008, with the performance of Manner Plastics to be determined by investment of not less than \$2.5 million, which would be reflected as additional business personal property taxable value and the addition of eight full time employees. The addition of staff was met, but the amount paid in taxes was \$178,364.77, \$1,635.23 short of the \$180,000 in taxes paid requirement. City Manager Jason Gray recommended to the board that the full loan amount of \$180,000 be forgiven, since over 99% of the required taxes were paid. Marta Gore asked if the amount could be adjusted to reflect what they were able to accomplish. Mr. Gray stated that the board could do that, but because there were two requirements, and one was missed by a small amount, he recommended forgiving the full amount. Doug Parker agreed with Marta from the standpoint of setting a precedent, but was okay with using board discretion. Mr. Gray stated that agreements could be worded differently in the future. Carrie Alfieri made a motion to forgive the \$180,000 Loan Agreement to Manner

Plastics. Doug Parker seconded the motion. The motion was voted on and passed unanimously (6-0).

Abby Liu gave the marketing report. In February there were 746 visits to the MEDC website, coming from 15 countries. Encore Wire will receive the Star Manufacturing Award on March 28th. This award is presented by Texas Workforce Commission. The CoreNet golf tournament will be held on May 7th at the TPC at Craig Ranch. MEDC placed an ad in the Dallas Business Journal the week of March 2-8th.

There was no Business Retention and Expansion Report. John Valencia was out of the country.

Darrell Tate entered the meeting at 8:25 A.M.

Carrie Alfieri expressed gratitude with the details included in the BREP report. Marta Gore asked if the Zynga project was close to fruition. City Manager Gray stated they have verbally committed to a five year lease with more square footage at the Cotton Mill.

The International Development report was given next. Abby Liu reported that she attended a meeting with the Director of Global Leadership Executive MBA, University of Texas at Dallas. In late January the 2012 Chinese New Year Charity Gala was attended by Abby Liu, Mayor Brian Loughmiller, Mayor Pro Tem Travis Ussery, Keith Clifton, Doug Parker and family, Tong Yang Group, and Project Green Pineapple. The Gala was held at the Intercontinental Hotel in Addison. Ms. Liu attended the North Texas Commission "To the Point – Global Integration" at the Anatole Hotel, Dallas. Planning continues for a potential Taiwan sister city for McKinney. Ms. Liu visited some existing McKinney businesses the past month. She met with the President of Encore Wire. Encore Wire is the second largest manufacturer of copper wire in the United States. A meeting was held at Tong Yang Group United States headquarters in McKinney. The meeting was attended by Steve Huang, Assistant Vice President of TYG global headquarters in Taiwan. TYG is the largest manufacturer of after-market bumpers in the world. Prospect Proposal #12-03 Dongbu HiTek accepted the MEDC incentive offer. They will occupy an 8,000 square foot office in the Valliance Bank Building. Prospect Proposal #12-02 Quadrant Chemical accepted the MEDC offer on February 29th.

City Manager Jason Gray gave the President's Report. He reported he is working out of the MEDC office on Fridays and hopes to begin sending out weekly updates to the board. Blockbuster distribution center has announced they are closing, but the corporate headquarters in McKinney will remain intact. His office will work closely with Blockbuster to find appropriate corporate headquarters space, and will work with the owner of the distribution center building to find tenants for the building. The City of McKinney is starting the budget process for fiscal year 2012-13. An MEDC draft budget will most likely be brought to the board in April. There was no update on construction on Industrial Road. The Custer Road completion date is April 15th. Interstate 75 construction is well underway. The majority of the utility relocation work along HWY 380 is completed. The Wilmeth overpass is expected to be completed before the start of school in the fall.

John Wroten, Chairman of the McKinney Airport Development Corporation reviewed the Airport Master Plan with the board. The Master Plan will be presented to the City Council for approval in April, and then filed with the FAA. The runway under construction will be completed this summer, and an official opening will be scheduled in

the fall. With the relocation of FM 546, the runway can be extended an additional 1,000 feet, for a total of 8,500 feet.

MCDC board Chair Tracy Rath gave an update. The MCDC board approved five promotional and community grants totaling \$40,000. The board will hear from five Project presentations during the March 22nd board meeting. They include: The Heritage Guild of Collin County requesting \$99,000; City of McKinney/McKinney Arts Commission requesting \$35,000; McKinney Independent School District requesting \$326,407; City of McKinney/PROS requesting up to \$2,660,000; Economic development incentive for a research and development facility in McKinney. The draft budget for FY 2012-13 will be reviewed by the board.

The Chairman announced six guest presentations would be heard next. Abby Liu introduced the first presenter. Dan Madoni and James Bresnahan spoke for prospect proposal #12-08, LocalHitz. The business is an internet based company that automates the online advertising process. For a monthly subscription fee a customer can design their own online advertising campaign. Benefits include lower cost structure, direct control of advertising by the customer, and easy access to effective and efficient methods of online advertising. The Flour Mill has a 1,000 square foot office space that will meet their needs.

Prospect proposal #12-09, Curious Complex presented next. Jason Adams, CEO, spoke. Curious Complex offers an easy and free place for a person to connect exclusively with their specific interests. For brands, it provides an effective and affordable way to reach niche consumers. Their single-technology platform makes it feasible to open any niche-interest site, large or small. This creates a tremendous market advantage for the company. Office space in both the Pogue Building and Valliance Bank are being considered. Their space requirement is 3,500-4,000 square foot.

Prospect proposal #12-11 - James Penny, CEO of Compound Profit Corp. shared details on the company he hopes to relocate to McKinney. CredSystems, LLC, provides new and existing business owners with the tools, advisors, and funding resources needed to survive in today's market. Network members are given the tools to build strong business credit scores, and have access to a proprietary database containing thousands of vendor lines of credit, business credit cards, lending credit unions, and their unique funding programs. Mr. Penny has targeted a larger office space within his current location at Prosperity Bank building.

Prospect proposal #12-12 - Imagine Xhibits CEO Ann Windham addressed the board next. Her company is a full service trade show marketing business. They offer custom design modular component exhibits, and expert marketing consultants. Certified trainers are available to provide quarterly seminars, and in house service for custom structures and graphic design is available. The Cotton Mill has space that fits their need requirements of 4,000-5,000 square feet.

Prospect proposal #12-13 – The Art of C. Benson-Cobb presentation was given by the artist. By using a digitizing technique, the artist is able to use sections of the original work to create an entire art collection. The product line is carried by Neiman Marcus and Aidan Gray Home. She is hoping to expand her studio space in The Cotton Mill.

Prospect proposal #12-14 – Adventure Pilot President and Owner Walter Boyd, addressed the board. His company designs and manufactures a GPS designed for

aviation used by private pilots. The product name is iFly GPS. Adventure Pilot is located in The Cotton Mill. They currently occupy 1500 square feet of office space, and plan to expand in the same location.

The board discussed the naming of the conference room. The conference room in the previous office space had been named in honor of Bill Dowdy, an MEDC board director from 1995-2003, and board chairman from 1997-2003. The consensus of the board was to continue the Dowdy boardroom name for the conference room in the new office.

Board discussion was held on the entrance to the MEDC/MCDC office. Some board members would like to explore having the main entrance open into the lobby.

Chairman Keith Clifton called the meeting into Executive Session at 10:31 A.M.

Executive Session ended at 11:52 A.M.

Open Session started and the board next discussed the action items.

Prospect Proposal #12-08 – Staff recommended against funding LocalHitz, as it does not meet Emerging Technology criteria.

Prospect Proposal #12-09: Under the Emerging Technology Fund, MEDC would reimburse Curious Complex 50 percent of actual rent paid (to a maximum of \$4,167 monthly) for a period of up to 24 months. Curious Complex will submit evidence of rent paid on a monthly basis to MEDC for reimbursement. These payments would be advanced in the form of a forgivable loan. The loan would be forgiven after three years if Curious Complex is still in compliance. Staff recommends approval. Ernest Lynch III made a motion to approve staff recommendations. Darrell Tate seconded the motion. The motion carried unanimously.

The board took no action on Projects #12-11 – CredSystems, and #12-12 – Imagine Xhibits. Staff will work with the prospects to reapply under a different funding category.

Staff recommended the board take no action on Project #12-13 – The Art of C. Benson-Cobb. The project does not meet Emerging Technology criteria.

Staff recommended funding Project #12-14 – Adventure Pilot. MEDC would reimburse Adventure Pilot 50 percent of actual rent paid (to a maximum of \$4,167 monthly) for up to 24 months. Adventure Pilot would submit evidence of rent paid monthly for reimbursement. These payments would be in the form of a forgivable loan that would be forgiven after three years if they were still in compliance. Marta Gore made a motion to approve staff recommendation. Doug Parker seconded the motion. The motion carried unanimously.

Prospect Proposal #12-06: A motion was made to approve staff recommendation. Ernest Lynch III moved to offer Project #12-06 one million dollars up front, and \$100,000 for five years. Marta Gore seconded the motion. The motion passed unanimously.

Meeting was adjourned at 11:56 A.M.