

INNOVATION VILLAGE AT THE SQUARE

PREPARED FOR
MCKINNEY CITY COUNCIL

June 25, 2014

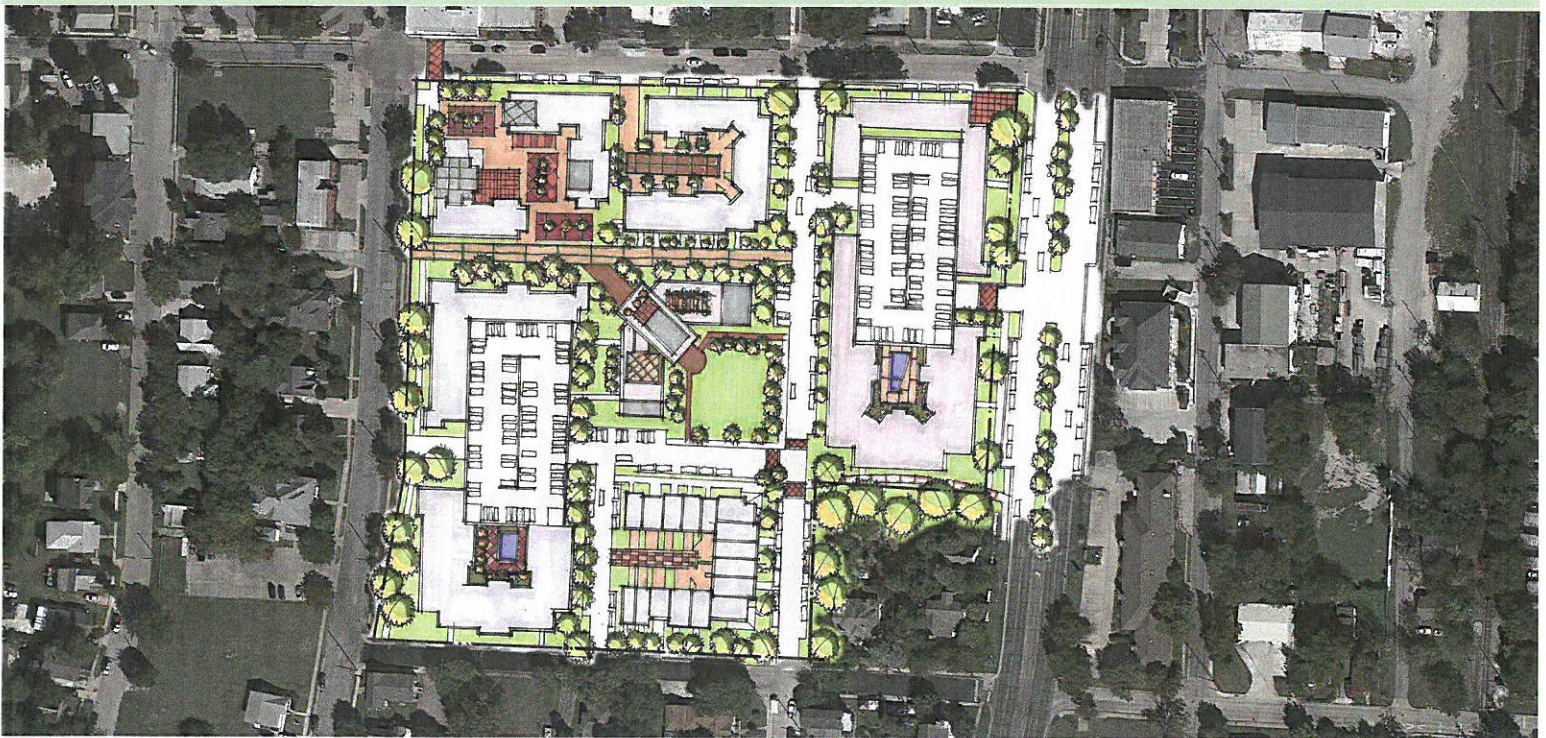
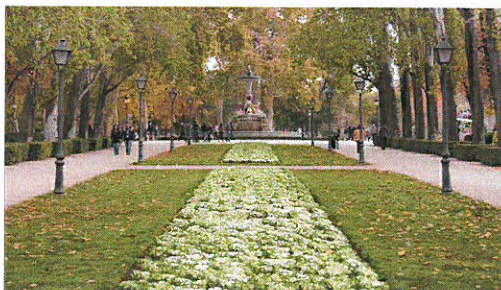


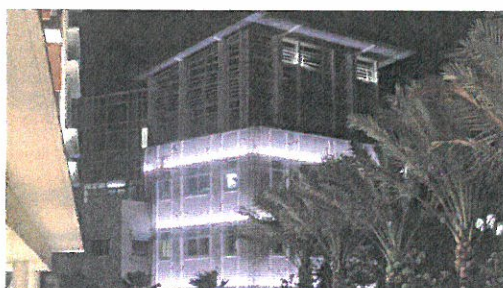
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THE PURPOSE

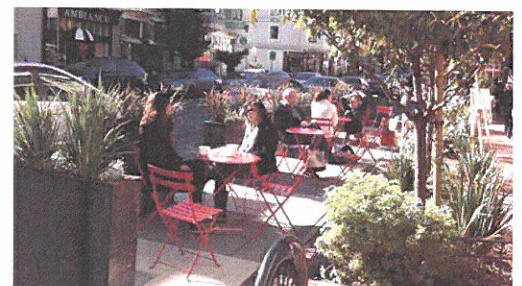
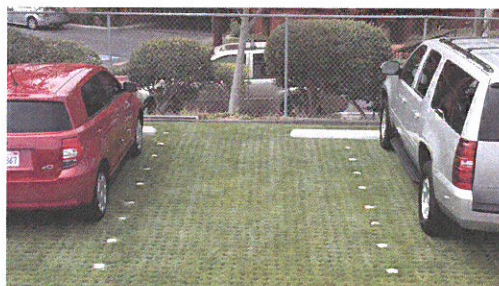
The purpose of this presentation is to provide a clear and concise illustration of our plan to keep McKinney moving forward by creating a live-work-play community on the 9.2 acres between Tennessee St. and McDonald bordered by Anthony St. and Davis St. This presentation will answer previously posed questions from the City Council in preparation of the August 4th meeting.



THE VISION

The vision is to create cutting edge office space in the downtown district as a destination for high tech companies, innovative start-ups, and passionate entrepreneurs that will drive jobs and become an economic driver of downtown.

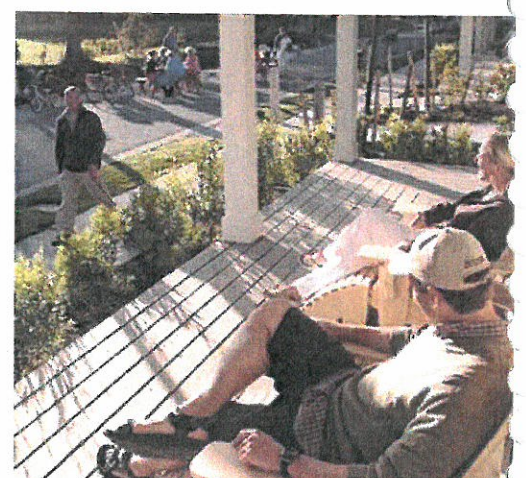
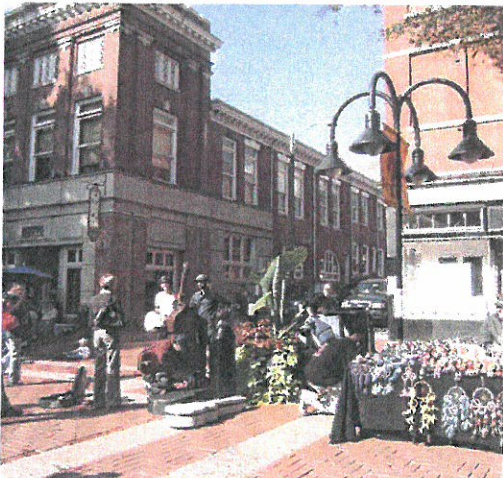
Sub-notes: We have a soft commitment from one of the newest global impacting technology companies to be our anchor tenant. Additionally, we have commitment from a large tech fund that will look at companies that office out of McKinney.



THE VILLAGE

To create a sustainable ecosystem of live, work, play for the high tech companies, we must have all the components of a Village, which includes restaurants, retail, residential, and natural space.

Sub-notes: Importance of developing as a whole - Synergy – where the interaction of individual elements produces a greater total effect than the sum of the individual elements.



THE PRODUCT

To stay consistent with the desires of the community, the goals of the city and the vision for downtown, the product look, feel and quality will drive the development.

What is the proposed development program (land uses, square footage, number and type of residential units, retail, etc.)?

The development is contemplated to include construction of commercial office space, residential apartment homes, retail buildings, residential townhomes, and parking garages. Initial drawings propose seven buildings.

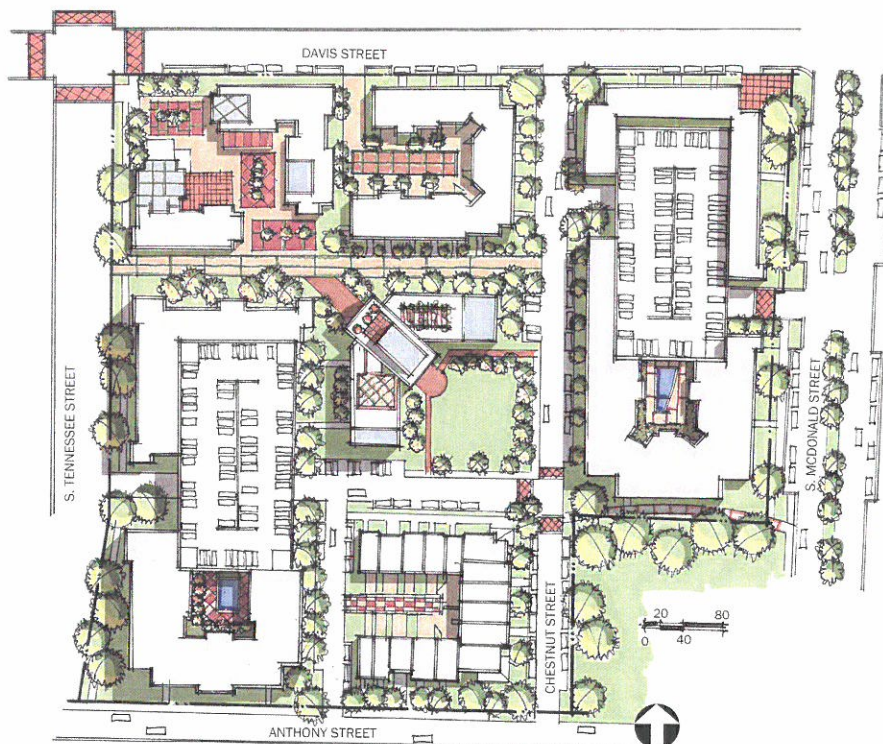
One of the buildings will be office and retail.

One of the buildings will be mixed use including retail, restaurant, and apartment homes.

Two of the buildings will be exclusively retail.

Two of the buildings will be exclusively apartment homes.

One of the buildings will be a for-sale townhome product.



INITIAL TABULATIONS

Office: 76,000 SQ. FT.

Restaurant: 6,000 SQ. FT.

Retail: 15,000 SQ. FT.

Multifamily: 304 Units

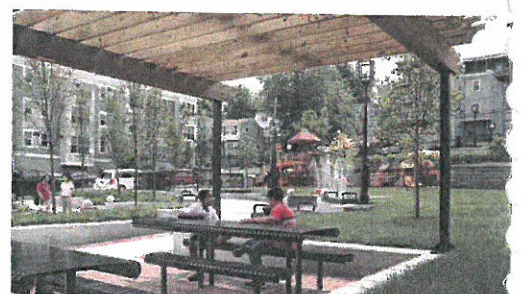
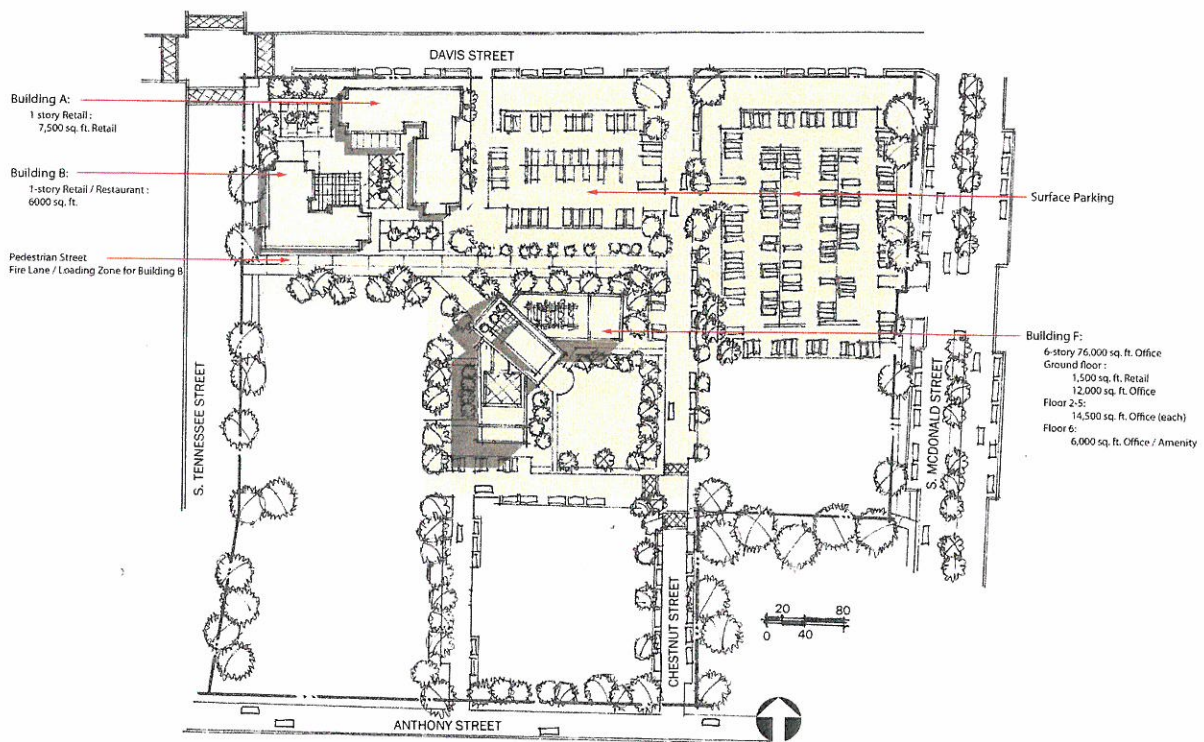
Townhomes: 16 Units

THE PRODUCT

What are the proposed schedule and/or timing of development phases?

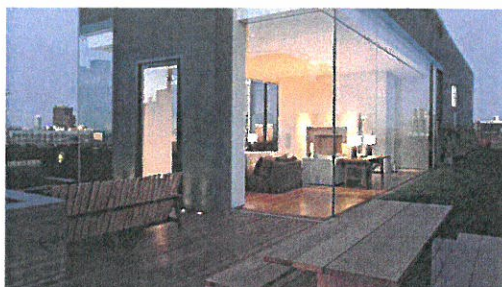
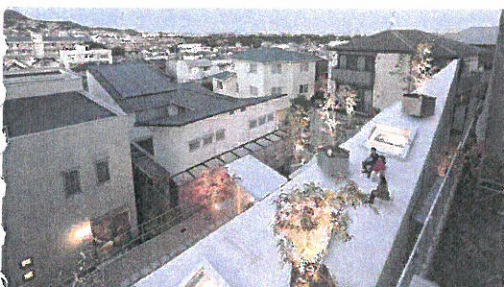
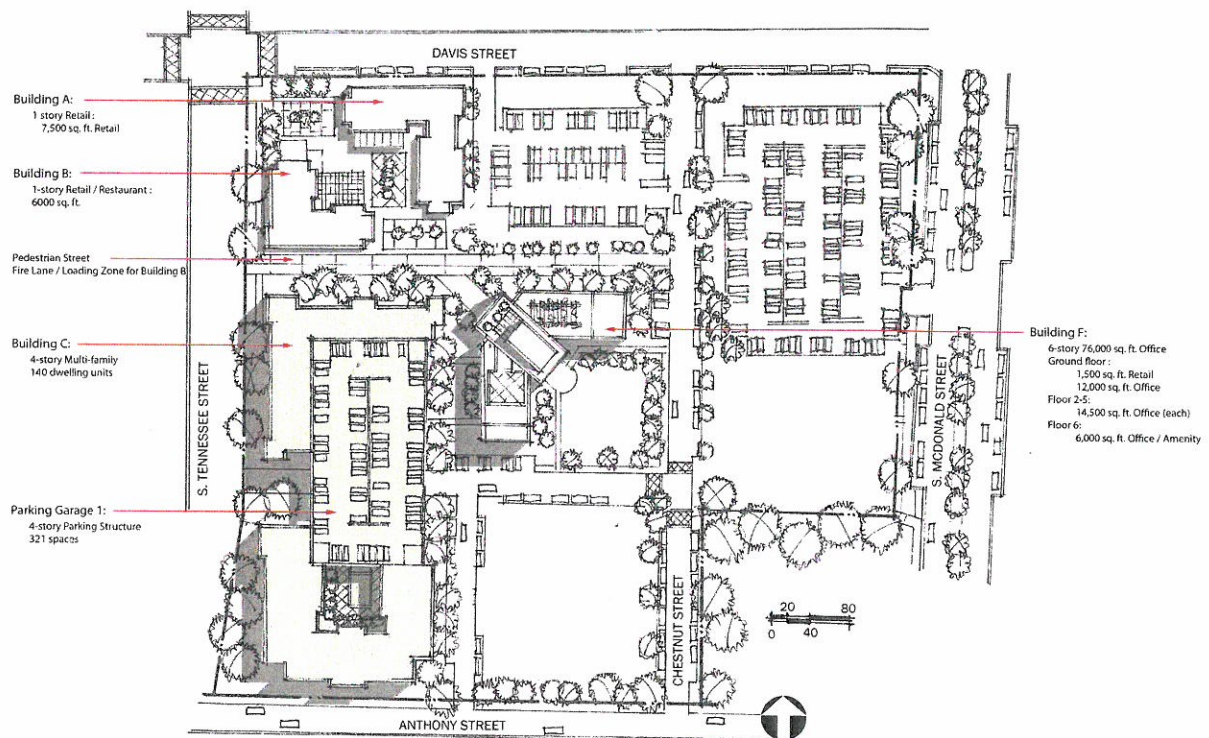
The primary objective of phasing this project properly is to put the City's interest first by creating cutting-edge office space, attracting innovative jobs, remaining sensitive to public parking, and infusing retail space.

PHASE 1 To maintain the focus of bringing jobs to the area, it is anticipated that Phase 1 will begin with the two retail sites at the corner of Davis and Tennessee and the commercial office building located at the center of the development. Surface parking (254 spaces) along Davis and McDonald (Hwy 5) will support public parking close to the square and the office building until the structured parking is built. Phase 1 will also include an urban-style public park which will be used for special events, concerts, etc.



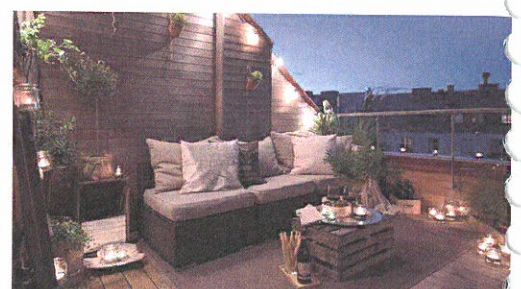
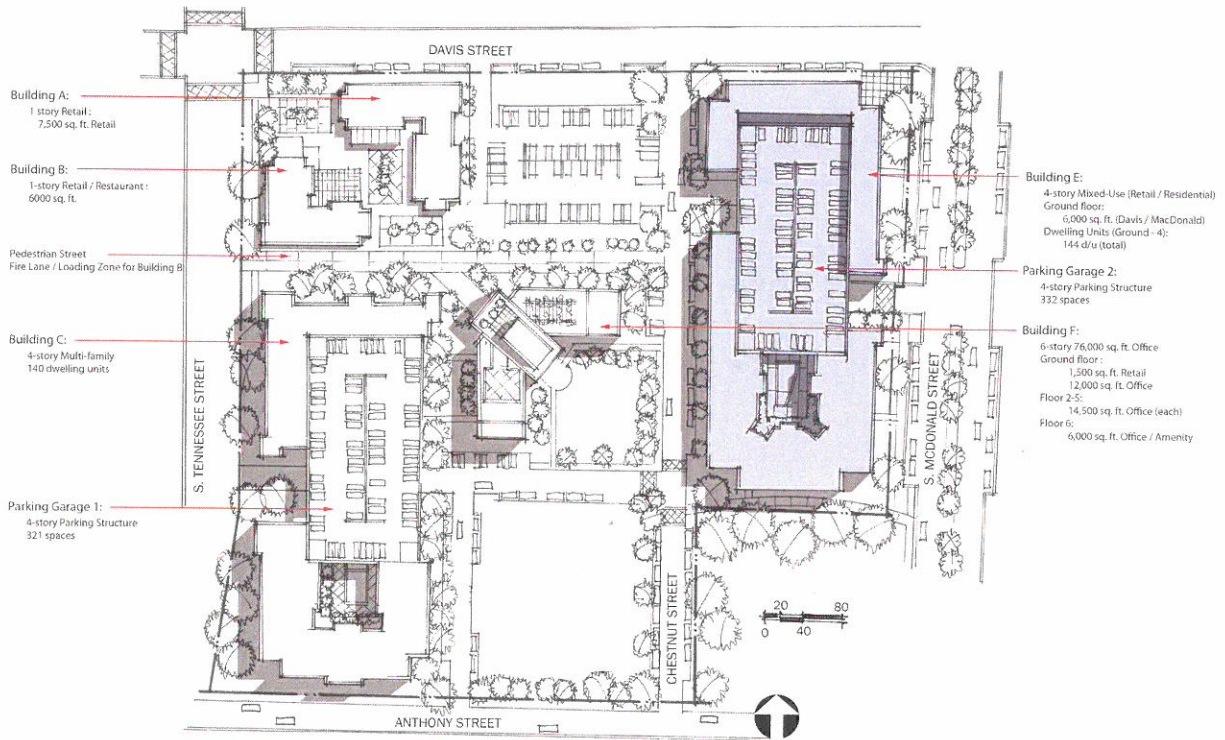
THE PRODUCT

PHASE 2 will include 140 apartment homes and the first of two structured parking garages (321 spaces) at the corner of Tennessee and Anthony. The view corridor will begin to balance as the building heights will graduate from 1-story to 4-story to 6-story at the center.



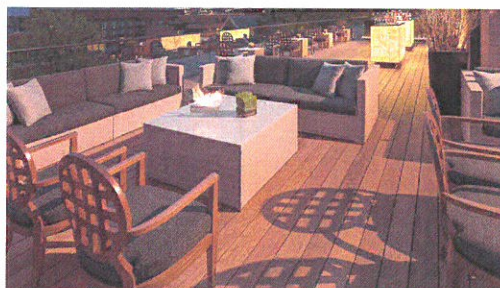
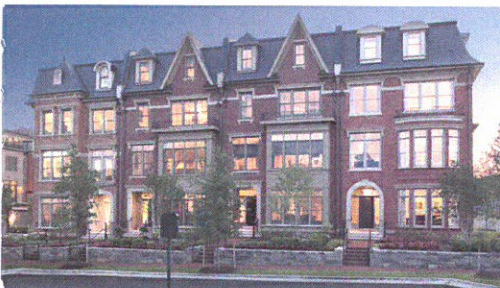
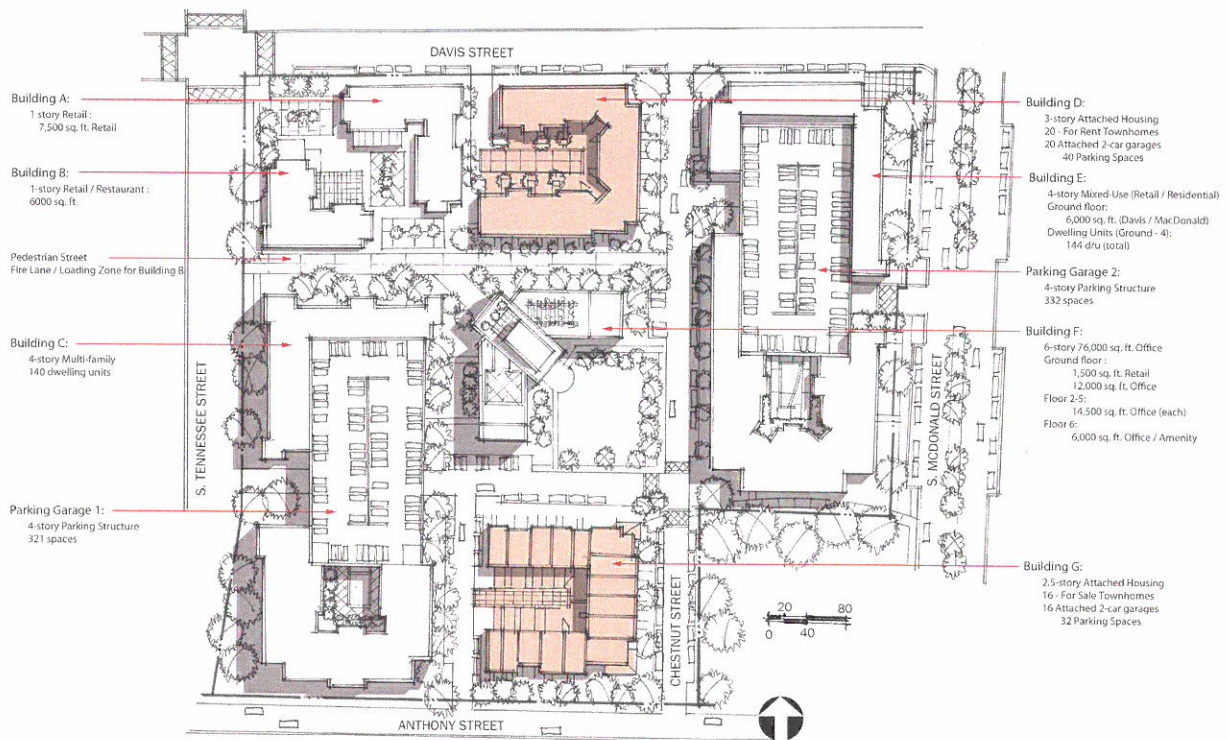
THE PRODUCT

PHASE 3 will include 144 apartment homes and the second of two structured parking garages (332 spaces) at the corner of Davis and McDonald (Hwy 5). An additional 6,000 sq.ft. of convertible retail will be facing McDonald. This convertible space can serve as retail or residential. Public surface parking remains along Davis Street.



THE PRODUCT

PHASE 4 will include 20 apartment homes with attached 2-car garages built along Davis. Phase 4 also includes the land for 16 for-sale townhome sites along Anthony Street. The sale proceeds for these lots will go directly to reimburse the City for their contributions.



THE PRODUCT

What type of special maintenance organization (BID, PID, etc.), if any, will be proposed to maintain public improvements including open space and/or parking structures?

A master HOA will maintain the development with dues paid by each segment to address common area maintenance which includes garages, streets, landscaping, and the park.

What are the general numbers of parking spaces being proposed and what is the split between public and private parking (garage and street)?

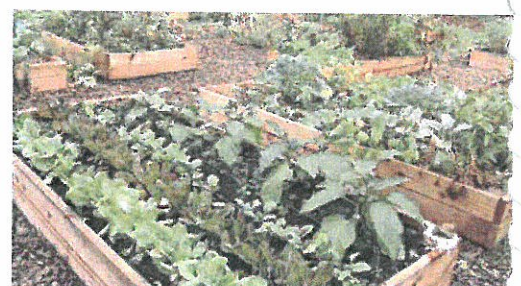
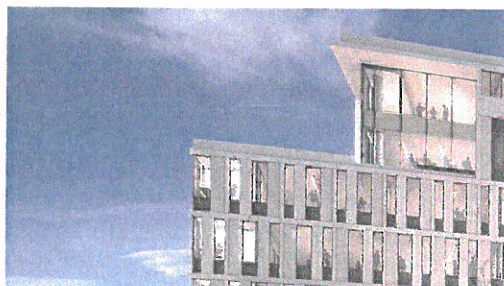
Upon completion of the development, the parking tabulations are:

88 surface parking spaces

653 structured parking spaces

Of the total spaces, 315 parking spaces will be available to the public. Note, most of the commercial parking spaces will serve dual roles. These spaces will be available to the public during non-office hours of the work week.

Provisions for paved surface parking during construction have been planned to accommodate public use.



THE PARTNERSHIP

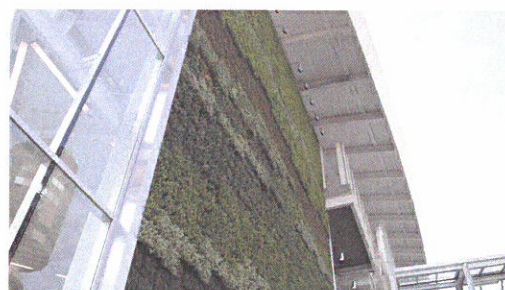
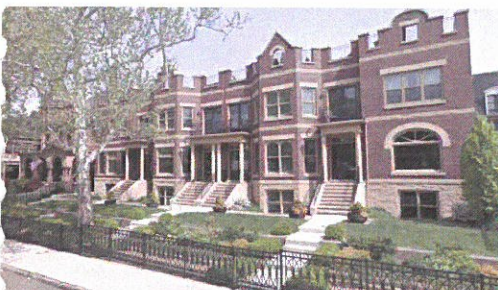
A unique long-term private-public partnership is necessary and critical to the success of the development and the achievement of the vision, goals, and desires of the City and community.

Who are the equity team/partners and what level of participation and/or funding are they committing to the project?

The entity, Innovation Village, is made up of Palladium USA International, Inc., Curious Complex Corporation, and key local partners. Innovation Village is currently funding the engagement and will master plan and secure capital for the entire development.

Who are the development partners for the project and what will be their role in the project?

Innovation Village, led by Palladium, a privately held, 130 year-old company operating in ten countries, will direct the design, construction, development, property marketing, management, engineering, CC&Rs, platting, permitting, and budgeting processes. Innovation Village will also be responsible for attracting new technology companies and jobs.



THE PARTNERSHIP

What form of land deal is being proposed? Will this be a fee simple land transaction, land lease, or some other proposal?

The 9.2 acre property is owned by the City. For the sake of the city's long-term benefits and value, it is anticipated that the City will enter into a 99-year ground lease. The ground Lease will provide for, among other things, annual rent in a nominal amount, together with customary provisions for transactions of this type and structure; with the added benefit of restoring the property to the city tax roll.

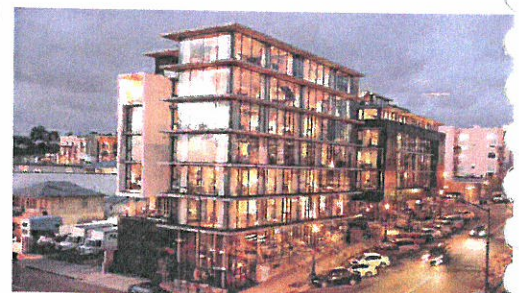
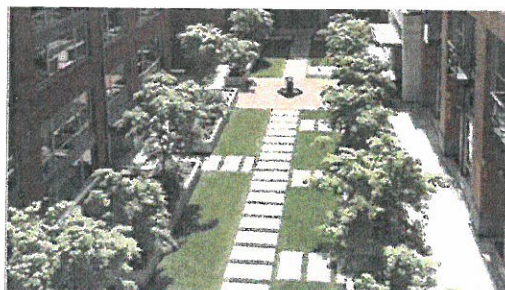
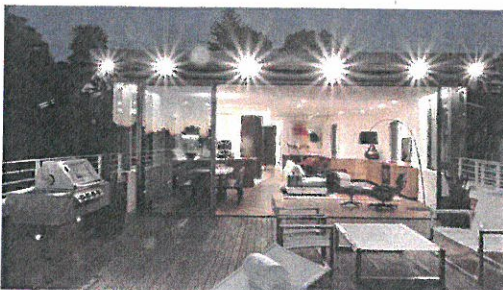
What form of city investment or participation is needed and in what form is this participation (funding, land, fee waivers, etc.)?

The development is estimated at \$74 million and we anticipate that various non-cash contributions will be requested in "bite-sized" increments that correlate with development phases. Non-cash contributions will include partial tax abatements, infrastructure improvements, and various fee waivers related to the development.

It was the intended goal of the 120 days to:

- secure the master development group and equity partners
- define the mixed use of the land
- show product concepts
- arrive at a total budget for the development
- understand general parameters of participation

If the City Council is satisfied with the direction of the vision, the product, and the team that has been established, the next step is to work in detailed discussions with the City staff to arrive at the specific form and level of participation that is required to make the development feasible to the City and the developer.



MCKINNEY MOVING FORWARD

The Innovation Village can achieve the goals of the City Council and the community while becoming the first major development in the revitalization of downtown and Highway 5. The Innovation Village will reflect the qualities of the town and globally showcase McKinney's commitment to growing businesses and jobs.

Together, we have a unique opportunity to create a public private partnership that successfully achieves the visions and goals of the city and globally raises the flag in McKinney that says "Live, Work, Play Here".

We look forward to presenting the full version and details on August 4.

