

MCKINNEY ECONOMIC DEVELOPMENT CORPORATION

NOVEMBER 18, 2014

The McKinney Economic Development Corporation met in regular session in the Dowdy Board Room, 5900 S. Lake Forest Drive, McKinney, Texas, on November 18, 2014 at 8:00 a.m.

Board members Present: Chairman Darrell Tate, Vice-Chair Lance Lindsay, Secretary/Treasurer Robbie Clark, Pablo Ruiz, Chuck Branch, Julie Fort, and (alt.) Joe Strub. Council Liaisons Present: Mayor Pro Tem Travis Ussery, Council Member Geralyn Kever.

Absent: Randy Page.

MEDC Staff Present: President/CEO Jim Wehmeier; Executive Vice President Abby Liu; Director of Business Development Chad Walker; Director of Business Retention, Expansion and Emerging Technology John Valencia; and Administrative Assistant Deb Hass.

City Staff Present: Corporation Attorney Mark Houser; Interim City Manager Tom Muehlenbeck; Accounting Manager Trudy Mathis; Assistant to the City Manager Darrek Ferrell; and Executive Director of the McKinney National Airport Ken Wiegand.

There were twelve guests present.

Chairman Tate called the meeting to order at 8:02 a.m. after determining a quorum present.

14-1212 Minutes of the McKinney Economic Development Corporation Meeting of October 21, 2014. Board members unanimously approved the motion by Vice Chair Lindsay, seconded by Secretary/Treasurer Clark to approve the Minutes of October 21, 2014 with the correction of Julie Fort's name in the Oath of Office.

14-1213 McKinney Werx Presentation. John Valencia, MEDC Director of Business Retention and Expansion and Emerging Technology introduced the McKinney Werx Board members and presented a short biography of each member. The current proposed McKinney Werx Board consists of Christine Smith, Terry Casey, Steve Tucker, Mark Cottam, and ex. Officio

John Valencia. Mr. Valencia introduced Mr. Cottam who gave the presentation. Mr. Cottam presented a power point presentation explaining the objectives and benefits the Center would have on the community. Werx would like to establish itself as a 501 (c) (6) with a 501 (c) (3) foundation entity to be able to receive tax deductible donations and sponsorships. Mr. Cottam believes a strong Board, and advisory committees are important to the success of the Center. Mr. Cottam stressed the importance of keeping a strong relationship with the City of McKinney, and the MEDC. Mr. Cottam also explained a committed relationship with existing businesses in the Center is also important. Mr. Cottam explained to the MEDC Board some of the challenges and successes of the original Collide Center. Some of the successes Mr. Cottam expressed were, the Center has been in existence for seventeen months, have had over thirty-five companies come through the Center with three moving into the Emerging Technology Program. The Center provided educational classes for the residents, and has created a workable culture. The Center has engaged the larger community, and has a space for the community to benefit from. Mr. Cottam noted some of the social events, and media attention the Center has attracted. One of the challenges of the Center, Mr. Cottam explained, was a single source of revenue. The Center cannot survive on just the charge of rent. The Center is looking for corporate donations, and sponsorships to bring in additional revenue. Mr. Cottam suggested renting out certain parts of the facility, and charging drop-in fees for the usage of the Center. Mr. Cottam stated the goal of the Center is to be self-sustainable, and cannot survive on contributions alone. Mr. Cottam showed a graph displaying the strategy for the Center to be self-sustainable in twenty-four months. Mr. Cottam stated operating costs for center are approximately \$15,000 a month. Mr. Cottam would like to incorporate artist into the mix of the Center, with the potential of a design center. Mr. Cottam explained Werx

is in the process of redefining the work space, and have possible ideas for build out. Mr. Cottam expressed without MEDC Werx would not be here, and they still depend on that partnership for the next step which is self-sustainable in twenty to twenty-four months. Werx is asking for a two year financial commitment from MEDC. Mr. Cottam noted a commitment was approved earlier in the year but was not allocated. Mr. Cottam stated Werx has a proforma that details the expenses and revenues of the Center. Mr. Cottam thanked the Board for allowing him to present. Mr. Cottam asked if the Board had any questions. Board member Fort questioned who would choose the Board members going forward. Mr. Cottam explained Werx is in the process of developing their bylaws, but as of now the Board is on a volunteer bases. Board member Fort brought up the discussion of using the MEDC name when soliciting sponsorships. Mr. Cottam stated Werx is asking for support from businesses to further advance the community, and will be asking companies that have had MEDC support in the past to be sponsors. Board member Branch asked of the status on the non-profit application. Ms. Smith updated the Board on the progress of that application. Mr. Wehmeier asked if after the twenty-four months, and the Center is self-sustainable, will MEDC still have a presence on the Board. Mr. Cottam answered absolutely; the Center would not be here without the support of MEDC. Board member Strub asked if revenues would be solely off of rent and sponsorships. Mr. Cottam sees the revenue coming from multiple areas. City Attorney Houser stated that it would be problematic to have a board or staff member as a voting board member due to conflict of interest issues and recommended the board appoint someone outside the corporation. Chairman Tate thanked Mr. Cottam for the presentation.

Chairman Tate asked for the October financial report to be given at this time.

14-1221 Consider/Discuss/Act on October Financials. Senior Financial Services Manager Trudy Mathis gave the report. Ms. Mathis reported October is the first month of the new fiscal year and the FY14 is still in the audit process. Ms. Mathis explained preliminary balances have been forwarded from last fiscal year, and minor adjustments will be made after the year end audit process. Ms. Mathis referenced in the operating statement MEDC met the one month budgeted sales tax revenue of 8.3%. Ms. Mathis stated overall expenditures are at 4.5% of annual budget. The MEDC sales tax revenue report states MEDC is up 3.7% over October 2013. Ms. Mathis reported in sister city comparison, Frisco was up 27.7%, and Plano was up 16.3% compared to October 2013. Ms. Mathis stated Finance will continue to monitor that trend. Ms. Mathis commented that various things could have happened for Plano and Frisco's numbers to be high. Ms. Mathis stated there could have been audits from the Comptrollers offices, or there were large purchases that would reflect their numbers. Ms. Mathis also reported Allen at 0.7% over October 2013. Auditors will be on site starting December 1, 2014. All audits should be done and the annual financial statements taken to City Council the first meeting of February. Ms. Mathis stated there is one item on City Council's agenda for re-appropriation for MEDC related to some unspent funds on a larger project that will go to City Council December 1, 2014. This will be a budget amendment that will add the unspent funds to the FY15 budget. Board member Branch noted project Butterfly had not spent any money, and if any was projected. Mr. Wehmeier answered the projected budget for Butterfly will be approximately \$20,000. Mr. Wehmeier explained project Butterfly had come to MEDC twice, one for interim support such as rent reimbursement to help transfer their operation from another community to McKinney. Project Butterfly came to MEDC with a larger project which was approved, but in the company's transition they asked to hold off and see how things go, and then they will

approach MEDC for the larger amount. Mr. Wehmeier will update the Project report and email it to the Board. Board member Branch asked what the total request was from Project Butterfly. Mr. Wehmeier replied the amount committed was a total of \$50,000. Board member Branch asked if that request was for fiscal years 2014 and 2015. Mr. Wehmeier stated there was only \$20,000 remaining and it is only for fiscal year 2015, and nothing after this year. Board member Branch asked if the agreement with Butterfly was for them to bring in \$19.8 million in aircraft, and if we were only doing rent reimbursement for this year. Mr. Wehmeier stated the rent reimbursement was the active agreement and the larger agreement referencing \$19.8 million in taxable value was never executed. Mr. Wehmeier commented the rent reimbursement was just a transition agreement to get them to move to the McKinney National Airport to provide a service that was not already offered at the airport. Board member Ruiz asked a question about the personnel line item, that it was over for this percentage of year passed, but the extra position had not been filled. Mr. Wehmeier explained some benefits are paid in advance for all staff and not a monthly transfer. Ms. Mathis also stated in addition, some of the salary increases that were awarded during annual personnel reviews were not necessarily what was budgeted and that would cause an increase in the personnel line item. Ms. Mathis also commented Finance will do a midyear update in the budget for salaries, and attrition will be caught up by the end of the year. Board members unanimously approved the motion by Board member Ruiz, seconded by Vice Chair Lindsay, to approve the October Financial Report.

14-1214 Consider/Discuss on Items to be Discussed at the 2014 Strategic Planning Retreat. Mr. Wehmeier stated he would email the Board with items he believes need to be discussed during the strategic planning retreat. Mr. Wehmeier requested the Board to inform staff of any topics they would like added to the agenda for the planning retreat. Board

member Ruiz asked how long the meeting would last. Mr. Wehmeier responded the meeting right now is scheduled for a full day. Chairman Tate reminded the Board how important this meeting is for the success of the Board for this year. Chairman Tate asked the Board if they would prefer to have the meeting in January, after the holidays. Mr. Wehmeier reminded the Board regular agenda items will also be on the agenda during the retreat meeting. The Board agreed to begin the strategic planning retreat at 7:30 a.m. on December 16, 2014. Mr. Wehmeier asked Board members to email Chairman Tate and copy him on items the Board members might want put on the agenda for the meeting. Chairman Tate would like all Board members to suggest at least one item to be added to the agenda. Board member Pablo stated he liked the additional items already referenced in today's report and didn't have more to add.

Chairman Tate welcomed Board alternate Strub for sitting in for absent Board member Page.

14-1215 Board and Liaison Update

Board Chair - Chairman Tate stated he, Vice Chair Lindsay, Secretary/Treasurer Clark, several staff members, several Council members, the Mayor, Mayor Pro Tem and the Interim City Manager attended a dinner on November 12, 2014 with five site consultants visiting McKinney. These consultants were from different states all over the country. Chairman Tate commented the group had a great meal, and the site consultants got quite a bit of good information from the group. Chairman Tate stated he thought the dinner went very well. Vice Chair Lindsay stated the site consultants were given a helicopter tour around the area. Chairman Tate commented that Daniel Jones, President and CEO of Encore Wire spoke to the group about Encore Wire's commitment to the McKinney area. Chairman Tate expressed he thought the site consultants have connections with some large companies and

they were very impressed with the City of McKinney. Chairman Tate mentioned City Council in their work session discussed board and commission best practices. Chairman Tate asked City Council member Kever if City Council would be addressing this at the City Council meeting being held on November 18, 2014. City Council member Kever stated City Council will wait for December 17, 2014 when there is a full seated City Council. Ms. Kever stated the committee received a message from the City Secretary about comments that were received. The commission will highlight the most important comments and bring the comments to the December 17, 2014 City Council work session. Interim City Manager Muehlenbeck replied it will be placed as an action item on the December 18, 2014 City Council meeting agenda if City Council wishes. City Council member Kever thanked Chairman Tate, Board member Ruiz, and Mr. Wehmeier for their input.

Chamber of Commerce – *McKinney Magazine* Publisher Peggy Smolen gave the Chamber of Commerce report. Ms. Smolen reported the Chambers State of the City was a sold out event. Ms. Smolen commented the *McKinney Magazine's Business to Business* Issue was distributed at the event. Ms. Smolen mentioned the Leadership McKinney alumni event "Food for Friends" is being held November 21, 2014 at Adriatica and will benefit the Community Food Pantry. Ms. Smolen reminded the Board the Chamber is moving to their downtown location on November 18, 2014.

City of McKinney – Interim City Manager Tom Muehlenbeck reported the City Council is working on a ten year capital improvement program and general fund operating budget. Mr. Muehlenbeck stated the City will be looking at a longer time frame and making projections and assumptions he thinks will guide the City with a good foundation for future budgets and capital projects. Mr. Muehlenbeck feels items coming out of the guidelines will result in an additional bond referendum. Mr. Muehlenbeck

stated beginning in December; the City Council will also have a monthly financial report given at their City Council meetings. Council member Kever gave an update on TxDot, and the Regional Transportation Council. The Mayors within Collin County are looking to provide information to the Proposition 1 committee. County Judge Keith Self represents Collin County on the Proposition 1 committee. Council member Kever stated the City needs to be proactive on all the road needs of Collin County. Ms. Kever expressed on top of the City of McKinney's list is FM 546.

McKinney Convention & Visitor's Bureau (MCVB) – Executive Director Dee-Dee Guerra reminded the Board of the four travel writers that visited McKinney last month. Ms. Guerra expressed the visit went very well with several merchants entertaining the group. Ms. Guerra noted recent advertising being done in the November TourTexas.com, Tea in Texas winter issue, Chamber Business to Business issue, Oxford American Music for their December issue on Texas music. Ms. Guerra also reported advertising in TripInfo.com, TTIA, and Courier Home for the Holidays special circular, Texas Monthly's December Merry Main Street issue, Southern Living, and Martha Stuart Living. The month of October MCVB saw 227 total walk-ins, 98 were out of state visitors, 18 were out of country visitors, 70 were Texas resident visitors, and 41 were McKinney resident visitors. Ms. Guerra reported 3628 leads were processed from AARP, Tour Texas, See Texas First, Texas Highways, and Texas State and Travel Guide. Ms. Guerra noted in October MCVB helped with nine weddings with thirty-six total room nights with revenue of \$3560. Ms. Guerra reported the MCVB Board had their strategic planning session last month. Ms. Guerra stated she has invited Johnny Martinez, Director of Sales for Sheraton to attend the Southwest Showcase in Austin in January, and also to the Dallas Fort Worth Association of Executives held in April. Ms. Guerra reported she will also

be attending a Latin American tour by the State in December and a holiday luncheon in December with TSAE, and meeting with Sheraton at their round table on November 19, 2014.

McKinney National Airport – McKinney National Airport Executive Director Ken Wiegand reported the airport had forecasted a 4% increase in operations in fiscal year 2014. Mr. Wiegand reported the Airport had a 10.2% increase in operations in fiscal year 2014. Mr. Wiegand noted an increase in business aircraft at the airport, went from 88,600 to 97,600. The airport broke record sales in fuel the month of October. Mr. Wiegand stated staff is working on needs analyst forecast for growth for the airport. Mr. Wiegand reported he, Interim City Manager Tom Muehlenbeck, and Mayor Loughmiller will be traveling to Washington the first week of December to meet with the FAA to report the successes of the airport. Mr. Wiegand thanked the Board for their support of the airport.

Main St. & MPAC – Mayor Pro Tem Ussery reported the Main St. group are preparing for the “Home for the Holidays” event being held the weekend of November 28, 2014. Mayor Pro Tem Ussery stated the event will be grander than the other events. Mayor Pro Tem Ussery commented the TYGP group is sponsoring the event with a \$1500 donation and will be sponsoring the event in the future. Mayor Pro Tem Ussery stated it is good to see a blending of our corporate activities with our community activities.

14-1216 Director of Business Development Report. Chad Walker, Director of Business Development stated most of last month’s work has been the preparation and implementing of the FAM tour. Mr. Walker also reported he attended a mission trip to Atlanta, GA, and Greenville, SC with the Dallas Regional Chamber for three days meeting with site consultants.

14-1217 Director of BRE/Emerging Tech Report. John Valencia, Director of BRE/Emerging Tech updated the Board on the Expansion part of the

program. Mr. Valencia met with Daniel Jones, President and CEO of Encore Wire regarding their expansion. Encore Wire is taking delivery of their new equipment for their expansion with anticipation of starting production the first part of next year. StatLab, Mr. Valencia reported, continues to advance on the Bray Central property that MEDC sold to them. Lawton Mechanical is working on design engineering, and planning and expects a ground breaking approximately in the month of March, with a completion sometime in the fall. Mr. Valencia reported there are currently six active companies in the emerging tech program. Mr. Valencia noted there are seventeen startups and 30 people working in McKinney Werx. Mr. Valencia gave an update on the US 75 from SH 121 to US 380 construction. Chairman Tate thanked Mr. Valencia for his work on the McKinney Werx proposal.

14-1218 Director of Marketing Report. Mr. Wehmeier reported Ms. Stein was out of town attending EDI, which is a three year training program for economic development. Mr. Wehmeier asked the Board to look at her report in the board packet. Mr. Wehmeier commented that DCI recruited the site selectors for the FAM tour. Secretary/Treasurer Clark asked for part of the strategic planning retreat be an overview of Marketing plans for next year.

14-1219 Executive Vice President Report. Executive Vice President Abby Liu reported one of the goals this year for MEDC is to begin a record management program. Ms. Liu gave an update on the progress of that program. Ms. Liu commented on the working relationship with MEDC and Main St. and MPAC with the sponsorship of "Home for the Holidays" by the TYGP group. Ms. Liu stated on November 20, 2014 she has organized a tour of MPAC, and a meeting with Amy Rosenthal, Director of MPAC and Main St. for the Federation of Chinese Organizations in hopes they will utilize MPAC for events they are planning in the next year. Ms. Liu updated the Board, all legal documents are signed with

Barclays. Ms. Liu thanked Corporation Attorney Houser and Interim City Manager Muehlenbeck for their help in closing this project.

14-1220 President - CEO Report. President Wehmeier gave an update on the FAM tour, or the Familiarization Tour, and reported it was a success. Mr. Wehmeier thanked everyone that participated in the event. Mr. Wehmeier commented on the CRM. A demo was done and plans are to move forward with a specially designed product that Sales Force develops. Mr. Wehmeier stated the cost of the product is a \$7500 setup and then a monthly fee of approximately a \$700 per seat. Mr. Wehmeier updated the Board on the open position and stated he and Ms. Schneible feel an additional Admin is needed for the office. Mr. Wehmeier reported per request he has sent the Board a weekly update email. Secretary/Treasurer Clark asked if MEDC pays for the expenses of the FAM tour site selectors. Mr. Wehmeier answered all expenses are paid by MEDC, and that most tours average \$7,000 to \$10,000 per event. Board member Branch asked what type of reporting is MEDC going to be using with the Sales Force software. Mr. Wehmeier stated MEDC will be using the program for a single source as a contact management system, financial reporting, and offers to companies, auditing, and a project management database. Secretary/Treasurer Clark questioned the confidentiality of the program with staff. Mr. Wehmeier assured the Board the staff has the highest level of confidentiality and the program is password protected, but when the contracts are signed it is technically public information.

Chairman Tate called for citizen and Board comments, but there were none. Chairman Tate called for a 10 minute break at 9:27 a.m.

Chairman Tate recessed the meeting into executive session at 9:35 a.m. per Texas Government Code Section 551.071 (2) Consultation with Attorney on any Work Session, Special or Regular Session agenda item requiring confidential, attorney/client advice necessitated by the

deliberation or discussion of said items (as needed), Section 551.072 Discuss Real Property, and Section 551.087 Discuss Economic Development Matter, Section 55.074 Personnel Matters as listed on the posted agenda. Chairman Tate recessed to open session at 10:40 a.m. and called for a 3 minute break.

14-1222 Consider/Discuss/Act on Recommending Encore Wire for a Texas Enterprise Project Designation. Board members unanimously approved the motion by Board member Fort, seconded by Secretary/Treasurer Clark, to approve recommending Encore Wire for a Texas Enterprise Project Designation.

14-1223 Consider/Discuss/Act on Commitment to McKinney Werx Incubator. Board members unanimously approved the motion by Vice Chair Lindsay, seconded by Board member Ruiz to approve on a Commitment to McKinney Werx Incubator with the following conditions: McKinney Werx establishes a EIN number with the State prior to any disbursement of funds; Bylaws are established and open for review; Operation will be set up under 501(c)(6) and 501 (c)(3) entities; Reporting will be given to the MEDC every six months; At 12 month mark, full financial review will be held, and performance must be at least 75% performance to pro-forma; John Valencia as a MEDC staff will be an Ex-Officio, nonvoting McKinney Werx Board member; and MEDC will always maintain a voting McKinney Werx Board seat that will be appointed by the MEDC Board.

14-1224 Consider/Discuss/Act on Boss Fight Request for Year Two in Emerging Tech Program. Board members unanimously approved the motion by Board member Fort, seconded by Vice Chair Lindsay to approve Boss Fight's request for year two in the Emerging Tech Program.

Board members unanimously approved the motion by Board member Ruiz, seconded by Board member Fort, to adjourn. Chairman Tate adjourned the meeting at 10:50 a.m.

DARRELL TATE
Charman