



MCKINNEY ECONOMIC DEVELOPMENT CORPORATION

February 11, 2015

To: MEDC Board

From: John Valencia

Director of BRE & ET Programs

Subject: February 17, 2015 MEDC Board Meeting; BREP Report/Update

Business Retention & Expansion Program

Following I will use a bit of a different format in updating you on some of our ongoing BREP projects:

Popular Ink - It was announced February 10th that the middle market private investment firm Highlander Partners LP out of Dallas area bought Popular Ink. Financial terms were not disclosed. But both Dru Riess and Ray Salinas will keep their leadership positions as well as significant stakes in the company. (See attached Press Release) In speaking with Dru, they currently have 21 employees and look forward to a very good and strong 2015. Employee growth with this is anticipated at 35 by the end of this year.

Encore - Last month we reported that by mid-February some of the equipment being installed would be operational and that has happened. Although there is still ongoing installation and HR movement and growth, they are on schedule to be fully going in the June timeframe. Today they have in excess of 1,300 employees and anticipate with this new plant coming online and other activity, 1,500 by the end of this year is a very real number!

Statlab - If you haven't been up in the Bray Central area and seen the StatLab building, it's worth the visit. It is really coming along. They still plan on an opening date of May first. Dan Henn says that the project has grown to \$10 million far exceeding the number of \$6.2 in their application. Growth too has occurred in their employment numbers. Today they have 99!

Salesforce - Getting closer to having the Salesforce solution up and running. I hope to report next month that we've imputed the data and starting to use it. Can't wait!

Emerging Technology

At this time we have five (5) active companies in the Program. (See attached detailed update on the Emerging Technology companies)

The two companies I reported last month that were under review, one made the cut for job creation, so will not be presented under ET, but for New Business. The other did not qualify.

Of note though, there is news with two of our ET companies specific. Servergy has announced a cloud storage solution, named Cyphre that runs on their hardware that we will assist in getting the word out to our community. (See one sheet flyer on Cyphre)

The second company is Boss Fight Entertainment. They are in the process of finishing out suite 800 (old Collide Center space in the Cotton Mill) and hope to move from their current 2,800 sf to 6,400 by mid-March. This is none too soon as they have grown to 48 employees. Although 8 are working offsite, they still are very crowded and can't wait to get set up with the larger space. Also exciting for them is that they are negotiating their third publishing deal and hope to have it inked by June. Very exciting for them!

Other ET companies are doing well

The Werx in McKinney

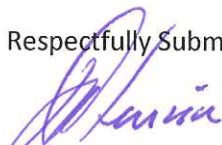
The Werx is off and running. Six weeks in the books and they're off to a great start. There are 15 Resident companies with 19 people working there as of today. (See attached Resident Company Profiles) It's not a full house, but very close. There are some desks available and a half dozen or so, open desks. On a daily basis Christine Smith, ED, is getting either a call for information or drop ins wanting to inquire on space. Exciting for this group is that one of the Residents have grown to the point of applying into our Emerging technology Program. Looks like it Werx!

75 Construction Communication

We continue to try our best as a Community to keep those affected most with how the project is going and updates. There were no complaints in particular reported to be investigated, nor any Construction communiques published.

The Team here continues to work hard in promoting our wonderful community. These are exciting times and we are blessed to be a part of McKinney!

Respectfully Submitted,



John Valencia

Director of Business Retention, Expansion & Emerging Technology
MCKINNEY ECONOMIC DEVELOPMENT CORP.

From the Dallas Business Journal

[:http://www.bizjournals.com/dallas/news/2015/02/10/highlander-partners-invests-in-mckinney-based.html](http://www.bizjournals.com/dallas/news/2015/02/10/highlander-partners-invests-in-mckinney-based.html)

Highlander Partners invests in McKinney-based Popular Ink

Feb 10, 2015, 1:39pm CST



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Middle market private investment firm Highlander Partners LP has bought Popular Ink, a McKinney company that manufactures printed flexible packaging.

Popular Ink's founders [Dru Riess](#) and [Ray Salinas](#) will keep their leadership positions as well as significant stakes in the company. Highlander Operating Partner John Beckert will join as chairman of Popular Ink's board of directors.

"Highlander is a perfect fit for Popular Ink, given the extensive background of Highlander's principals in specialty printing and their experience in scaling businesses," Riess said. "And their willingness to invest their own capital shows Ray and I how serious they are about the brand's success. Highlander is exactly what Ray and I were looking for when we set out to find a partner to help us bring the business to the next level."

Highlander's strategy Popular Ink will be to facilitate the company's future goals.

"This investment was a chance to partner with a young management team and a company experiencing a lot of growth," a representative with the firm told the Dallas Business Journal. "Our goal is to continue to support the principles of the business. They've done well and they'll keep that up if they keep doing what they're doing."

Financial terms of the deal were not disclosed.

Highlander Partners, based in Dallas, has more than \$1 billion in assets under management and focuses on business sectors including basic manufacturing, food, chemicals, building materials and consumer products.

Korri covers banking, finance and nonprofits for the Dallas Business Journal.

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Emerging Technology Program - Started: Oct 2009

This as of February 1, 2015

Proj #	Date	Company Name	Emp. #	Est 2015 Payroll	Avg wage	Mo Payment	Months	Investment
9-15	Jan-10	Perfectly Green Corp	17	\$ 1,445,000	\$ 85,000	\$ 4,166.67	24	\$ 100,000
10-16	Apr-11	Servery - 1st	0			\$ 4,166.67	24	\$ 100,000
10-17	Oct-11	Biscotti	6	\$ 575,000	\$ 95,833	\$ 4,166.67	24	\$ 100,000
12-xx DNE	Feb-12	Zynga (now Playful)	35	\$ 3,790,000	\$ 108,286	-	0	\$ -
12-04	May-12	Sigmatrrix	19	\$ 1,900,000	\$ 100,000	\$ 3,127.00	24	\$ 75,048
12-08	Jun-12	Local Hitz	1	\$ 80,000	\$ 80,000	\$ 1,075.00	24	\$ 25,800
12-12	Jun-12	CredSystems OOB	0			\$ 2,000.00	8	\$ 16,000
12-18	Jul-12	HIE	12	\$ 1,020,000	\$ 85,000	\$ 2,427.00	8	\$ 19,416
12-09	Feb-13	Curious Complex 1st	4	\$ 250,000	\$ 62,500	\$ 950.00	8	\$ 7,600
13-xx	Jun-13	Collide/Werx Project	30	\$ 1,750,000	\$ 58,333	\$ 12,190.67	17	\$ 207,241
12-09	Oct-13	Curious Complex 2nd	-	\$ -		\$ 4,144.00	10	\$ 41,440
12-14	Mar-13	Adventure Pilot	8	\$ 495,000	\$ 61,875	\$ 425.00	12	\$ 5,100
12-24	Jun-13	HealthQuest	44	\$ 3,400,000	\$ 77,273	\$ 4,166.67	12	\$ 50,000
13-10	Aug-13	Boss Fight Ent	0			\$ 2,689.29	12	\$ 32,271
14-05	May-14	SureShot Media	10	\$ 500,000	\$ 50,000	\$ 1,800.00	12	\$ 21,600
14-11	Jul-14	Servery - 2nd	25	\$ 4,200,000	\$ 168,000	\$ 4,166.67	12	\$ 50,000
14-12	Jul-14	Munzee	0			\$ 4,166.67	12	\$ 50,000
14-13	Jul-14	Adelphoi	6	\$ 400,000	\$ 66,667	\$ 3,600.00	12	\$ 43,200
14-15	Dec-14	Boss Fight Ent - 2nd	48	\$ 4,080,000	\$ 85,000	\$ 2,689.29	12	\$ 32,271

Employees 265 \$ 23,885,000

Avg wage \$ 90,132

Companies 15

Program Cost \$ 976,988

Per Employee \$ 3,687

Budget \$ 2,500,000

39.1%

Color legend:

- Grown Out
- Did not make it
- Pilot Program
- Moved out of Mck
- Active Company



CYPHRE

Cloud storage you actually **control**

www.cyphre.com

THE PROBLEM

In today's increasingly cloud-based world, cyber security is an extensive challenge faced by governments, enterprises and individuals alike. Although cyber threats aren't a new matter, the increase of BYOD in the work place creates a new problem for IT departments – a need for a cloud computing solution that is extremely secure.

SO, WHY CYPHRE?

Cyphre operates on in-house servers (built from the ground up), uses end-to-end encryption, and triple redundant backup, ultimately giving full control to the user. The best part, Cyphre's seamless interface makes it easy to use and allows administrators to control access and usage. Essentially, Cyphre enhances data security by giving every user actual control of their own data - the way cloud storage should be.

FEATURES	Cyphre	Tresorit	Dropbox	Box	Google Drive
STORE AND ACCESS					
Desktop and Mobile Access	✓	✓	✓	✓	✓
Sync Any Folder	✓	✓	✗	✓	✗
Easy Install, No Admin Rights Required	✓	✓	✗	✗	✗
Version History	✓	✓	Limited	✓	✓
Access to Other Storage: Amazon, Google Drive, etc.	✓	✗	✗	✗	✗
SHARE AND COLLABORATE					
Share Encrypted Content	✓	✓	✗	✓	✗
Folder and User Level, Granular Permissions	✓	✓	Limited	✓	Limited
Activity History	✓	✓	✗	✓	✓
Collaborative Editing	✓	✗	✗	✗	✓
STAY SAFE IN THE CLOUD					
Client-Side Encryption	✓ ¹	✓	✗	✗	✗
Server-Side Encryption	✓ ²	✗	✓	✓	✓
Server Cannot Access Stored Data	✓	✓	✗	✗	✗
Security Offload Engine	✓ ³	✗	✗	✗	✗
Ownership of Location and Data	✓	✗	✗	✗	✗
STORAGE SECURITY					
Server Location	US	EU	US	US	US
ISO27001 and SSAE 16 Certified Data Centers	✓	✓	✗	✓	✓
ADDITIONAL FEATURES					
Enable Physical External Storage	✓	✗	✗	✗	✗

¹ Cyphre Cloud uses AES-256 File Encryption with a unique key per file.

² Each user receives a unique 4k key for encryption

³ Hardware random number generator enables stronger keys through better entropy

Security ✓

- Military-grade Encryption
- Encryption key management
- Platform based on Trust Architecture
- Monitoring and logging for security audit/compliance

Reliability ✓

- Data replicated 3x
- Full 2N supportable architecture
- Data backed up nightly
- Self-healing scalable storage cluster technology
- Ability to backup in multiple network/geographic zones

Scalability ✓

- Low form factor; valuable data center space saver
- Incremental storage growth - no forklift packages necessary
- Network infrastructure capable of handling 40GB traffic
- Full rack capability of over 1PB raw storage

Ease of Use ✓

- Easy to use, intuitive desktop interface
- Drag & Drop file storing capability
- Access to / import data from external storage / storage providers and web APIs
- Sharing and collaboration features

2GB of storage for free or unlimited storage for \$7/user/mo



The WERX in McKinney : Resident Companies Profiles

ABUZZ Entertainment is creating a social mobile app, VenU™, designed to connect like-minded people, brands and marketers in an open and enhanced environment. VenU™ connects the world visually and emotionally via location, interest and opportunity.

AgeView Press creates marketing material and defines marketing strategies for small start-up entrepreneurial ventures.

360PRM developed referral management software for medical facilities to be global but focuses in the North Texas Region.

Happy Muffin Top: Formed by gaming industry vets, with a distinctively inspired vision, Happy Muffin Top is dedicated to reaching households and families around the world with quality interactive causal gaming entertainment. HMT is currently working on the second title in the 'Fallen Shadows' series.

HealthBloks provides software that closes the gap in communication between health care providers and their patients; improving efficiency in the medical practice and providing patients with more insight and control over their care.

Jackalope Jobs helps job seekers find jobs by with a patent pending platform combining intelligent searching and social networking. A Social Job Discovery Platform..

New Dimensions is a financial management firm that is creating an interactive, second-generation digital book in conjunction with an easy to use portfolio allocation website for unsophisticated investors.

PestRoutes is cloud based software that allows pest control companies to manage their office from anywhere, with a paperless system application.

PhoneRules is a mobile application for business and family plans that allows users to manage phone capabilities by setting rules for their devices. It also allows parents to disable texting while driving.

Septariate, LLC, pursues entrepreneurial ventures that seek to fill in gaps in the market through novel or innovative products and services.

The Talent River controls the flow of talent into your organization. We are a managed service provider of talent acquisition strategies and technologies.

TeacherTube is a website for all the resources you need to know about math, art, educational videos, economics, physics, chemistry, biology, medicine, finance, history, and more. We provide it all for FREE. Watch, read and learn more about education content, Common Core, Texas Essential Knowledge and Skills TEKS.

Texas Data and VoIP Inc. finds the best internet and VoIP service for your business, and also installs low voltage cabling, from cat 5 to fiber & coax, we ensure that your connections are done right and up to building code.

UpstartCatalyst is a program that provides startup companies with a complete business infrastructure including CTO services and a full software development team, among other shared business services. Upstart Catalyst starts where accelerators end.

Ziggli is a new secure messaging application that allows the user to send encrypted texts, pictures and videos to other members in their networks. It uses a bluetooth/NFC device that when held next to the device will unencrypt the messages for reading.