

McKINNEY ECONOMIC DEVELOPMENT CORPORATION

REGULAR BOARD MEETING

January 17, 2012

The McKinney Economic Development Corporation met on Tuesday, January 17, 2012, in the Dowdy Boardroom of the Corporation office. The meeting was called to order at 8:09 a.m. by Chairman Keith Clifton. Board members present were Secretary-Treasurer Marta Gore, Director Carrie Alfieri, Director Doug Parker, Vice-Chairman Ernest Lynch, III, Director Steven Heussner and Director Darrell Tate.

Staff present was President Jim Young, International Development VP Abby Liu, Director of BREP and Emerging Technology John Valencia, Administrative Temp April Smith, and Corporation Attorney Mark Houser.

The board reviewed the minutes from the regular board meeting held on November 15, 2011, and the minutes from the special board meeting held on December 12, 2011. Ms. Gore motioned to accept the minutes for both the regular board meeting in November and special board meeting in December with one addition to the November 15, 2012, minutes. Paragraph five reads, "Ms. Gore wants to delete financials from the agenda." She would like the wording inserted after the word "agenda", "as the financials were not discussed in the board meeting." The motion was seconded by Mr. Lynch. Ms. Alfieri would like it noted that she appreciates the detail in the minutes for November. She feels it is important to let the citizens know what is going on. Motion carried.

The board next reviewed the consent items. Mr. Young reviewed the MEDC check requests for the month of November and December. Ms. Gore asked for clarification in regards to the payment to 321 Partners on the last page of the check request summary for December. She asked if that was the final rent due and if there was an additional payment due for November. Mr. Young verified that the \$11,083.33 was the final payment and MEDC was charged double rent for November. Mr. Young shared that our previous landlord had the right to double bill us. Ms. Gore also inquired about the payment to British American Business. She asked if MEDC had received any "hits" from the ad. Mr. Young responded that the ad was just recently published and this publication is their investment guide to the U.S. featuring the Southwest Area. We have not received any inquiries yet since it is new. Ms. Alfieri inquired about the overall cost to move the office to the new location. Mr. Young responded that he and Ms. Schneible have not totaled everything up yet. Mr. Young indicated that MEDC had the double billing from the previous lease, but he noted that we have six months free of rent payments. Ms. Alfieri thought that payments were spread out and Mr. Young confirmed that we have six months free. He also noted that the only additional cost of the build out was the cabling which turned out to be about \$8,000.00 and included the recessed screen and projector. He then noted that the moving costs were approximately \$3,000 each for MEDC and MCD. Mr. Young then shared that no new furniture had been purchased; however, a new board table will be purchased in the near future and the one we are currently using is a rental.

The board next heard the finance report. Mr. Cooley shared that the financials had been completed for October, November and December. He noted that the financials are in a different format and inquired whether the board liked the new format. Several board members asked for a larger font. Mr. Cooley started with the balance sheet. Mr. Cooley continued to the page which shows sales tax and interest income. Mr. Cooley moved on to salaries and expenses. MEDC is currently operating at 10% of gross revenues. Some items do not have a budgeted amount and appear in red ink. Mr. Parker wanted to know why the financials were not in the board packet. Mr. Cooley responded that the reason the financials were not in board packets is

because they were completed the previous night. Mr. Parker wanted to know if that will be an ongoing issue. Mr. Cooley responded that it would not. Mr. Cooley then moved to project allocations and stated that amounts dispersed towards projects will continue to be updated. Sales tax chart numbers overall are 2.2% above last year. Ms. Alfieri wanted to know why Plano had a large up spike. Mr. Cooley commented that he was not sure. He said they could pull the records and see. Mr. Cooley said that these are our new financials and asked for comments. He also stated that the Finance Department would like to get the financials out in a timely basis. Mr. Parker commented that the three dimensional tax comparison is hard to read and he would like it changed. Mr. Tate motioned to accept the consent items. Ms. Gore seconded. Motion carried.

The board next heard the marketing report. President Young shared that MEDC is continuing to use the site selection and Dallas Business Journal to get electronic coverage in all of our markets. Mr. Young stated that we are trying the British Investment Guide on a one-time basis. Mr. Young shared that the website visits were down but normal for the month of December. He noted that the website received five hits from India, two from Hong Kong, and two from Japan. The most hits in the U.S. came from New York. Mr. Young noted that he has copies of the ads if anyone would like to see them. Mr. Tate asked about the calendar in the marketing packet. He inquired if the events were going to be attended by staff. Mr. Young responded that in this case, if we had not had the personnel changes we have had, he would be attending the event at the MD&M – West in Anaheim which runs at the same time as the Energy Expo. Mr. Young noted that at this point, we will not have a delegate there. However, through our association with WEDA, we will have a banner and all our materials there. In March, we have the Trade Mission to South America which is part of TexasOne. On May 7, 2012, we are sponsoring the CoreNet Golf Tournament at Craig Ranch. CoreNet is an organization that will have decision makers in attendance and will be high visibility for McKinney. There is a recruitment trip to New York City with TexasOne and a Trade Mission to Europe. Mr. Tate asked about local meetings such as the IEDC. Mr. Young responded that the IEDC leadership summit is not a very heavily attended conference. The main IEDC meeting is held in September or October and that is the one MEDC will try to attend. That meeting will have more decision makers. Mr. Tate inquired about the meeting scheduled in April in Austin. Mr. Young responded that the meeting is a TexasOne board meeting. Since we are a Tier II member, any of our board members that would like to attend may do so. Ms. Gore inquired about the Atlanta Business Recruitment Mission. Mr. Young responded that Atlanta has had some companies that have been distressed. Ms. Gore inquired about May 8, 2012, in New York. Mr. Young responded that that Business Recruitment Mission should be attended.

The board next heard the BREP report. Mr. Valencia shared that his program of work for 2012 is: Top Employers; Emerging Technology; and Project McKinney Turbo. Mr. Valencia then shared that in the two months he has been employed with MEDC he has had the opportunity to visit with Raytheon, Medical Center of McKinney, Collin College, Encore Wire, Blockbuster, Simpson Strong-Tie, Independent Bank, Metro Linen, StatLab, Blue Mountain Equipment, Manner Plastics, BBM, Inc., and Sigmetrix. Those visits will be on-going. Mr. Valencia shared that Emerging Technology is a work in progress and he has met with Sigmetrix, Serveryg and Developing Solutions. Mr. Valencia further shared that Project McKinney Turbo is bringing high speed broadband high connectivity to the community. He also shared that he keeps an extensive journal and if anything needs to be addressed do not hesitate to call him. Ms. Gore inquired about what kind of feel Mr. Valencia received from the top employers that he visited. Mr. Valencia responded that there is a good feel for 2012. It is better, not stellar, with a little bit of growth. The employee base is stable. Mr. Valencia then shared that the companies he has talked with so far are very receptive and communicative. He is partnering closely with Ms. Liu.

The board next heard the International Development report. Ms. Liu shared that she attended the quarterly meeting of the DFW Taiwanese Chamber of Commerce. They will be hosting the Chinese New Year Charity Gala on January 29, 2012. McKinney will sponsor a community table for the event. Ms. Liu shared that she attended the December 6, 2011, City Council Meeting. The Tong Yang Group was represented and Mayor Loughmiller presented a key from the City of McKinney to TYG for the special assistance they provided for the Mayor's Mission to Taiwan in October last year. TYG presented an eleven minute video at the Council meeting. This video is available on YouTube for viewing. TYG, who has been in McKinney for 16 years, manufactures automotive parts. The video was very informative and Ms. Liu urged the board to watch it to better understand the expanse of TYG manufacturing. TYG produces automotive bumpers locally, but globally they manufacture several kinds of automotive parts. Ms. Liu then shared that she planned and participated in the Mayor Hosted Farewell Luncheon for Director General Joseph Chen with the Taipei Economic & Cultural Office in Houston held at Ruggeri's in downtown McKinney on December 30, 2011. Ms. Liu directed the board to look at the copy of the half page media coverage from the Dallas Chinese Business News located in their packets. Ms. Liu also included pictures of the attendees of the luncheon. Ms. Liu next shared that she planned and attended an interview with Mayor Loughmiller by Candace Carlisle of the Dallas Business Journal. Mayor Loughmiller shared with Ms. Carlisle about the Taiwan Business Mission and the International Economic Development Program. Ms. Liu emphasized the importance of maintaining positive relationships with the media. Next Ms. Liu shared that the first meeting for 2012 was held on January 10, 2012, for the Mayor's International Advisory Board which took place in the new MEDC office building. Ms. Liu next shared that she attended a meeting with Deputy City Manager Joe Williams and the CVB Executive Director for promoting McKinney tourism in Asia. Taiwan will be granted as a visa waiver country for the United States in 2012. That will open up new tourism opportunities. Under existing business, Ms. Liu shared that she planned and participated in a tour at Encore Wire. She also participated in tours at Simpson Strong-Tie, Manner Plastics and Raytheon.

The President's report will be given in Executive Session.

The board next heard the liaison reports.

For the City, Deputy City Manger Rick Chaffin reported that the City Council held a strategic budget retreat on January 13, 2012. In this meeting, the council reviewed past and present budgets and got an economic forecast for 2013. The council discussed strategic direction for the City of McKinney.

The board next heard the Regional Airport report given by John Wroten. Mr. Wroten shared that the third and final phase of the runway is underway. This is the most intricate portion of the phase. Mr. Wroten shared that the airport board has submitted two versions of the Airport Master Plan to the State. He would like to present the master plan next month to this board for a final look before it is submitted in final form in March.

Next the board heard from MCDC Chairman Tracy Rath. Ms. Rath shared that MCDC has a board meeting on January 26, 2011 at 8:00 a.m. MCDC has five applications for community promotional grants. Ms. Rath shared that MCDC had a third and final interview for the revamp of their website as a response to the RFQ submitted several months ago. Final agenda details for the joint meeting with MEDC and the City Council on January 30, 2012 are being finalized.

Next the board heard from Chamber President Jodi Ann LaFreniere. Ms. LaFreniere shared that the Annual Relocation Guide and Business Directory had been produced and 45,000 copies were mailed. Ms. LaFreniere next shared that the Chamber was selected to be the lead partner for Collin County and North Texas by the Governor's Office. The Governor's Office conducts a series of meetings throughout the year. The Chamber will start in September hosting the meetings and the Governor's Office will pay for the expenses. Ms. LaFreniere next shared that The Chamber Annual Business Meeting will be held on January 19, 2011, at the

McKinney Performing Arts Center. Jeff Fegan, CEO of DFW Airport, will be the keynote speaker. On February 17, 2012, the Community Awards Celebration will be held at the McKinney airport. Ms. LaFreniere next shared that there was more clarity of the date for the Texas primaries. A Candidate Forum will be held March 2, 2012, and will focus on the two State Senate races as well as the House race and the Collin County Commissioner's race. Ms. LaFreniere shared that because there are more than 50 candidates that affect us locally, the Chamber will host a candidate "meet and greet" on February 8, 2012. Ms. LaFreniere next shared that Collin County Days will be at the end of March. The Chamber will partner with other business organizations to focus on primary issues and concerns which will include transportation and water. The North Texas Municipal Water District will hold their meeting at the end of January and will review whether or not to go to a "stage four" water ban that would take effect on April 1, 2012. The Chamber will be working closely with the City to build a data base of businesses that will be greatly affected by the changes. Ms. LaFreniere next shared that the Chamber will be partnering with Main Street on a project that is geared to drive repeat business to downtown McKinney restaurants. One of the programs will be called "Eat Down the Street" where the business will be invited to have a pre-fixed menu at a set price for mid-week deals.

Next the board heard from Ty Lake with Main Street. Ms. Lake reported that the downtown stores are reporting outstanding numbers. Ms. Lake stated that there are approximately 128 businesses in downtown McKinney and she shared the names of new stores that have recently opened. Ms. Lake also noted that the City of Georgetown recently visited McKinney and talked about a collaboration effort. Ms. Lake then shared that Main Street is in Phase II of the Directional Signage Program. The goal is to lead customers to the downtown streets. Currently, downtown McKinney is a 12 block area and continues to grow. Ms. Lake shared that MPAC has a guest service program and will sell McKinney merchandise Thursdays, Fridays and Saturdays. The upcoming Bridal Show is expected to bring in 1,400 participants. MPAC will also feature Four Funny Females and Collin Raye. Ms. Lake shared that a recent visitor commented that the MPAC building in McKinney is a wonderful venue with great historical charm. Mr. Young inquired where Ms. Lake offices. She responded that she now offices inside the MPAC building.

McKinney Convention and Visitor's Bureau Director Diann Bayes was not in attendance. Beth Shumate presented on her behalf. Ms. Shumate commented that Ms. Bayes was out-of-town. Ms. Shumate noted that Ms. Bayes recently finished the annual reports for 2011 and that MCVB is working to attract more travel writers to the city.

Chairman Clifton then called for a break at 8:50 a.m.

Chairman Clifton called the meeting back to order at 9:02 a.m.

The board next heard a presentation from Prospect #12-02. Quadrant Chemical is a chemical foam company that has been located in McKinney since 1976. Because of the improvements taking place on Industrial Boulevard, Quadrant is in need of a new traffic flow system and would like to expand their facility with a two driveway system. Quadrant would like to have a more efficient in and out traffic flow system. Quadrant is one of McKinney's top ten water users, consuming 350,000 gallons of water per year. The water is used in the processing of its product. Quadrant desires to be able to capture rain water for use in their facility and this would require the installation of a large water tank and gutters. This would not only save money but would also decrease the water it uses within the City of McKinney. Quadrant is planning \$1.8 million in improvements to its current facility which would include: dedicated entrance and exit driveways, fire lane, 12 inch water line and associated fire hydrants, additional loading docks and bulk tanker, improvements to east driveway, site lighting, landscaping, enclose 350 feet of existing drainage channel, detention pond, stubbing out utilities for a future building on the back of property, and a 100,000 gallon ground storage tank for holding collected rainwater. Most of the cost is associated with the concrete work and the water tank. Mr. Young asked for

the approximate amount of sales tax Quadrant collects. That number is around \$150,000 annually.

Next the board heard a presentation from Prospect Proposal #12-03. Dongbu HiTek USA Inc. is part of Dongbu Group, a publicly traded Korean global corporation which operates through seven business segments with 48 subsidiaries and 35,000 employees with estimated revenues for 2011 of \$23 billion. Dongbu HiTek USA was founded in 1997 and is headquartered in Seoul, South Korea. The Allen office was opened in 2009 and has approximately 6,000 square feet. The Allen location currently employs 16, with an annual payroll of \$2.2 million. Dongbu is in the high tech semi conductor business and manufactures sensors used in iPhones and iPads. Dongbu is seeking to relocate to McKinney from Allen. Ms. Liu asked Mr. Oh if there was a potential in the future if Dongbu moves to McKinney that the headquarters would relocate to McKinney also. Mr. Oh responded that it was a possibility and would be ideal for the company. Ms. Alfieri inquired whether Dongbu had already leased space in McKinney and whether Dongbu is moving the whole facility. Mr. Oh responded that Dongbu desires to move to McKinney from Allen and hire additional employees. Mr. Tate commented that considering the size of the parent company of Dongbu, \$100,000 seems like a small amount. Mr. Oh responded that it is a "dog fight" for the semi conductor business. Ms. Gore inquired if there was an area in McKinney that Dongbu is looking at specifically. Mr. Oh responded that they are looking at a few locations and have not made a decision. Ms. Alfieri inquired whether Dongbu has approached Allen. Mr. Oh responded that they have approached Allen; however, they have not had the same level of discussions with them. Their lease expires at the end of August and Dongbu would like to have something finalized by February.

Next the board heard a presentation from Prospect #12-05. Mr. Russ Lessmann shared on behalf of the Redbud Property Owners Association. Mr. Lessmann related that the first business park developed in McKinney is the Heritage Business Park built in 1984. The development is comprised of 31 commercial lots totaling 82 acres. The tax assessed value of the 67 acres of developed land is \$71 million and the tax assessed value of the 15 acres of undeveloped land is \$2.5 million. The development is around 30 years old and there is consensus within the Redbud Properties Association that the landscaping needs a refreshing in order to attract new business to the development as well as keep existing business there. The association requests that the MEDC share equally in the cost of the project. The association has engaged Jim Wilson Architects and David C. Baldwin Landscape Architects to develop a landscape plan. Mr. Tate inquired about the total cost of the project. Mr. Lessmann responded that the hard project cost is from \$359,000 to \$600,000 depending on the scale of selected options. Mr. Parker inquired about the \$30,000 association money that was noted in the presentation materials. Mr. Lessmann stated that the association currently had \$50,000 for the project.

Next the board heard a presentation from Prospect #12-04. Mr. Jeff Brueggeman reported that Sigmetrix was founded in 1999 starting the corporate operations in downtown McKinney. Sigmetrix is a global leader in providing mechanical engineering analysis software. Mr. Brueggeman explained that the Sigmetrix software is used by systems, mechanical and manufacturing engineers worldwide. Sigmetrix provides solutions that eliminate errors between designed assemblies and produced products. This allows companies to manufacture higher quality, lower cost, and more robust products. Some companies that Sigmetrix has helped are: Rolex, GE, Siemens, Chrysler and Harley Davidson. The company is in need of moving to a larger facility to accommodate staffing growth. Sigmetrix currently uses a company out of India for development but would like to move development back to McKinney. On behalf of Sigmetrix, Mr. Brueggeman is requesting consideration for participation in the MEDC Business Retention Program to help offset the McKinney lease rates.

Mr. Clifton called for a short break at 9:50 a.m.

Executive Session started at 10:00 a.m.

Executive Session ended at 11:01 a.m.

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

Prospect Proposal #11-01: A motion was made by Mr. Parker to approve designation with final approval to be made after reviewing the press release. The motion was seconded by Ms. Alfieri. Motion carried.

Prospect Proposal #12-02: A. Upon completion of project, all receipts will be submitted to MEDC. If expenditures are in excess of \$1.5 MM, MEDC will issue an incentive of \$50,000. B. Quadrant must have an increase on the Collin CAD appraisal of \$1 MM on 1/1/2013 (from the 1/1/2012 appraisals.) Staff recommends \$150,000 meeting milestones proportional. The first \$50,000 will be given for completion of the project. The second \$50,000 will be given for sales tax receipts of \$300,000 or more for 2012. The third \$50,000 will be given if sales tax receipts exceed \$300,000 for 2013. Ms. Gore made a motion to approve. Mr. Parker seconded. Motion carried.

Prospect Proposal # 12-03: Under the Emerging Technology Fund, MEDC would reimburse Dongbu 50 percent of actual rent paid (to a maximum of \$4,167 monthly) for a period of 24 months. Dogbu 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. This forgivable loan would be forgiven after three years (2015) if Dongbu is still in compliance. Staff recommends approval. Mr. Lynch made a motion to approve. Mr. Tate seconded. Motion carried. Mr. Houser encouraged that MEDC require an executed lease deadline of June 1, 2012, occupancy.

Prospect Proposal #12-04: Under the Emerging Technology Fund, MEDC would reimburse Sigmetrix 50 percent of actual rent paid (to a maximum of \$4,167 monthly) for a period of 24 months. Sigmetrix 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. This forgivable loan would be forgiven after three years (2015) if Sigmetrix is still in compliance. Staff recommends approval. Mr. Tate motioned to approve. Mr. Parker seconded. Motion carried.

Prospect Proposal #12-05: Redbud/ Heritage - No Action

Mr. Young shared that the Chamber Awards Banquet is February 17, 2012, and to please notify the office if attending.

The board next heard an additional report from Mr. Valencia. Project McKinney Turbo is about bringing high speed internet to our City. Mr. Valencia shared that he has met with the key players in our City and the meetings are almost complete. To date, Mr. Valencia has met with Rick Chaffin, Rodney Rhoades, Karen Skipworth, Wade Cramer, Keith Clifton, Dr. J.D. Kennedy, Caroline Corbin, and Dr. Carey Israel with Collin College. He will be meeting with Allen McDaniel and Kevin Fletcher in the near future. In meeting with the recent contacts, it was found that there is redundancy in the fiber that has been laid in-ground. There was no communication and lines were laid side by side. Mr. Valencia shared that someone needs to run point. Within 30-45 days there should be an all hands on deck with a determination of where we want to go. Mr. Parker brought up Tier One and commented that MEDC might not have lost Houdini if we had known about this before. Mr. Parker wanted to know what is considered super high internet. Mr. Valencia responded that it is 150 up and down. Mr. Heussner inquired about the goal and timeline and suggested that it needs to be initiated now. Mr. Heussner asked Mr. Valencia to put together a timeline and investment recommendation.

Ms. Alfieri would like to ask the City to put out a press release or piece that MEDC has made a commitment to conserve water and increase sustainability. Mr. Parker commented that he would appreciate being able to review future presentations before the actual board meetings. Mr. Tate commented that he would include the financials in that request also. Mr. Clifton thanked Mr. Young for continuing on with MEDC.

Meeting adjourned at 11:25 a.m.

MARTA GORE, MEDC Secretary/Treasurer