

MCKINNEY ECONOMIC DEVELOPMENT CORPORATION

JULY 26, 2022

The McKinney Economic Development Corporation met in regular session in the City Hall Council Chambers, 222 N. Tennessee Street, McKinney, Texas, on Tuesday, July 26, 2022, at 8:00 a.m.

Board members Present: Chairman Michael Jones, Vice Chairman Joe Minissale, Secretary/Treasurer Kurt Kuehn, Julie Williams, Thad Helsley, and Alternate Mohamed Kacem.

Absent: Kenneth Sipiora

Staff Present: President Peter Tokar, Senior Vice President Michael Talley, MEDC Operations Manager Deana Smithee, MEDC Executive Assistant Melanie Molina, MEDC Marketing and Social Media Manager Luke Gajary, City Manager Paul Grimes, MEDC Attorney Mark Houser, and Financial Compliance Manager Chance Miller.

Chairman Jones called the meeting to order at 8:00 a.m. after determining a quorum present.

Chairman Jones called for Public Comments for items on the agenda and there were none.

22-0658 Chairman Jones called for the Minutes of the McKinney Economic Development Corporation of June 21, 2022.

Board members unanimously approved the motion by Vice Chairman Minissale, seconded by Board member Kacem, to approve the Minutes.

22-0659 Chairman Jones called for the Eighth Amended and Restated Bylaws of McKinney Economic Development Corporation.

MEDC Attorney Mark Houser announced the MEDC Board and City Council worked on the item for many months. Mr. Houser thanked all for their partnership. Mr. Houser announced this bylaw amendment will set in motion the budget for the Board to annually set aside funds for the program and encapsulate the statute. Mr. Houser noted the Board would be required annually to allocate or appropriate the money according to

Option Three. Mr. Houser noted there will be a slate of road projects brought the 4th Quarter of each year to both City Council and the MEDC Board to review what the upcoming year expenditures will be, and the projects the funds will be used for. Around November we will know the audited number of the sales tax which will be the floor for which we will measure above each year.

Board members unanimously approved the motion by Board member Loughmiller, seconded by Board member Helsley, to approve the Eighth Amended and Restated Bylaws of McKinney Economic Development Corporation.

22-0660 Chairman Jones called for the MEDC FY23 Budget.

Vice Chairman Minissale announced the budgeted growth in sales tax revenue is 5% over prior year. For historical purposes, revenue has increased over prior year-to-date. Vice Chairman Minissale noted the certainty of double-digit growth with today's economic conditions is not as strong as it has been in the past few years, but the City takes a conservative estimate. Vice Chairman Minissale reported under the revenue line we now have a new lease for the MEDC/MCDC office as well as a sublease to the McKinney Chamber of Commerce. This is reflected in the budget by another revenue line item with about \$2000,000 that adds another 1% to total revenue. Vice Chairman Minissale reported key expenses include a new Project Manager position, rent at the new office (which is higher than the existing office) and rent for the McKinney Chamber of Commerce (which was captured in other revenue).

President Tokar announced a few marketing contracts previously in the marketing budget were moved to the professional services budget as they are a professional services contract. Within the marketing and promotional budget, we added around \$200,000 to that line item as we plan to do a lot more digital marketing and there may be additional print opportunities that come up. President Tokar noted we added more money to marketing and promotion to support MEDC marketing initiatives throughout the year such

as Byron Nelson, Bisnow, and NTCAR events where we pay for exhibit space. Mr. Tokar noted we also added more for promotional products as we purchase in bulk and the last purchase was 2019, 2020. We give these items out at events and are out of them currently. Mr. Tokar noted we try to exercise cost savings by purchasing in bulk for the larger discount. Mr. Tokar announced MEDC was a member of Team Texas but during the 2020 budget aggressive budget prep, cuts were made. For \$28,00 MEDC will be reinstated as a Team Texas member. The yearly cost of \$28,000 gives MEDC admission to the missions and tradeshow Team Texas attends and helps MEDC with recruitment efforts.

Vice Chairman Minissale noted the economic incentives is estimated at \$15.4 million and budgeted at \$14.2 million. The new item we just voted on, the budget and roadway transfer, has an amount of \$518,000 for the 2023 budget. Vice Chairman Minissale noted \$22 million in total revenue, and operating expenses come out to 17.3% for 2023* revenues. (*Vice Chairman Minissale noted a correction in the date on the presentation should be 2023, not 2022). Vice Chairman noted \$14.2 million is left in the economic incentive budget after expenses.

Board members unanimously approved the motion by Board member Helsley, seconded by Board member Williams, to approve the MEDC FY23 Budget.

22-0661 Chairman Jones called for the Grant of a 15' Permanent Water Easement (27,635 sf)/15' Temporary Construction Easement (25,942 sf) to the City of McKinney, Texas [McKillop/SH 5 tract] and the Grant of an Aerial Easement (125.25 sf) to Oncor Electric Delivery Company LLC [Lake Forest/SRT tract].

MEDC Attorney Mark Houser announced the water line easement to the City of McKinney from the MEDC-owned property along Harry McKillop will enhance the southeast quadrant. Mr. Houser noted the project MEDC identified for this property is not affected by this easement, and the price involved in the transaction is not affected by this easement. Mr. Houser

announced the aerial easement for the MEDC-owned property at Lake Forest and Sam Rayburn Tollway is requested by Oncor and is a small triangle of land (125.25 sf). There will not be a pole erected, only an aerial easement with a line over a small corner out of harm's way. MEDC will be compensated by Oncor for the aerial easement.

Board members unanimously approved the motion by Board member Helsley, seconded by Board member Loughmiller, to approve the Grant of a 15' Permanent Water Easement (27,635 sf)/15' Temporary Construction Easement (25,942 sf) to the City of McKinney, Texas [McKillop/SH 5 tract] and the Grant of an Aerial Easement (125.25 sf) to Oncor Electric Delivery Company LLC [Lake Forest/SRT tract].

22-0662 Chairman Jones called for the June 2022 Financials.

Financial Compliance Manager Chance Miller announced June puts us 75% through the fiscal year. We had \$1.7 million in sales tax revenue, bringing the year to date to \$15.3 million. Interest income is \$14,000, year-to-date is \$34,000. Total revenues for the month of June were \$1.7 million. MEDC operational expense for June was \$502,000, \$188,000 for projects, and \$238,000 for debt service. Total expenses were \$930,000 resulting in a net surplus of close to \$817,000. Year-to-date is a deficit of \$3 million, but a lot of that is the \$10 million for construction of the parking deck. Mr. Miller announced we received a 14.5% increase over last June collections, Allen had a 0.8% increase, Frisco had a 26.0% increase, and Plano had a 14.0% increase. Mr. Miller noted year-to-date brings McKinney to 17.6%, Allen to 8.6%, Frisco to 24.4%, and Plano to 17.7%. Mr. Miller noted June was an unusual month where neither McKinney nor any of the sister cities had audit collections or prior period collections that altered the numbers, making this a good example to base analysis on. Mr. Miller noted for industries, everything looked normal. Construction was up from last year's \$200,000, this year we were closer to \$500,000.

Board members unanimously approved the motion by Board member Kacem, seconded by Secretary/Treasurer Kuehn, to approve the June 2022 Financials.

22-0663 Chairman Jones called for Board and Liaison Updates.

City of McKinney- City Manager Paul Grimes announced City Council would be making a budget presentation on August 12. Mr. Grimes noted 2021 saw inflation increase at 6%, and this year will be 9%. Mr. Grimes announced the City Hall project continues to move forward, with a “notice to proceed” expected in October. The cost is expected to be about \$98 million. The City of McKinney is finalizing the sources of funding and is using a variety of those sources. Mr. Grimes noted it will be a great shot in the arm for the redevelopment and revitalization for the East Side, also known as “the Mill District”. Mr. Grimes gave a travel update. July 11 through 13, Mr. Grimes, Mayor George Fuller, Assistant City Manager Barry Shelton, Director of Strategic Services Trevor Minyard, Airport Director Kenneth Carley traveled to Washington DC to meet with members of the FAA and Department of Transportation as well as legislative delegations to talk about items of strategic importance to McKinney including the future of the McKinney National Airport. Mr. Grimes feels the meetings were productive, the message was delivered, and the City of McKinney has a good collaborative relationship with both regional FAA and DOT offices as well as the Federal Washington branch. Mr. Grimes announced residents and businesses are asked to voluntarily constrain their use of water. Watering of lawns is requested to be kept to once a week. Mr. Grimes saw in the news there has been 51 days without measurable rain. The water district pumped a record 600 million gallons a day last week. We have the water in the reservoirs, but our pipes and ability to treat the water with the infrastructure in place is constrained. There will be water rate increases next year due to mainly the cost of chemicals going up. The cost will be passed on to customers. Mr. Grimes concluded in stating voluntary water restrictions are currently

in place, but if the trend continues, the water restriction will be made mandatory and supersede HOA restrictions.

MCDC- MCDC Chairwoman Kathryn McGill announced this week MCDC will have public hearings for the applications for project grants, and board action will be scheduled for August 25. This week MCDC will also have board action on the promotional and community grant. These help to fund a lot of the festivals and activities with the nonprofits during the year. The July cycle for the retail development infrastructure grant opens and runs through the end of this month. This helps to cover the cost of horizontal infrastructure exterior improvements to a building. Ms. McGill noted the maximum award is \$25,000 and requires an equal match from the applicant.

22-0664 Chairman Jones called for the MEDC Monthly Organizational Report. President Tokar thanked the Finance Committee for their hard work on this year's budget. President Tokar had no further updates to add to the report.

22-0665 Chairman Jones called for the MEDC Monthly KPI Metrics Report. President Tokar announced we are doing very well with BRE and thanked BRE Manager Madison Clark and Senior Vice President Michael Talley for their hard work on BRE. President Tokar noted we are at or over 50% for all our KPI's, and we are gearing up for the next quarterly newsletter in September, which will update the email marketing open rates. One of the reasons we added money to the marketing budget was to be able to send out more frequent emails. Mr. Tokar noted so far, our metrics look strong heading into the third quarter.

Board members unanimously approved the motion by Board member Loughmiller, seconded by Board member Williams, to Adjourn.

Chairman Jones adjourned the meeting at 8:43 a.m.

MEDC MINUTES

July 26, 2022

PAGE 7

A video recording of this meeting is available through the City of McKinney meeting archive.

These minutes approved by the MEDC members on: September 20, 2022

MICHAEL H. JONES
Chairman

KURT KUEHN
Secretary / Treasurer