

MCKINNEY ECONOMIC DEVELOPMENT CORPORATION

JANUARY 20, 2015

The McKinney Economic Development Corporation met in regular session in the Dowdy Board Room, 5900 S. Lake Forest Drive, McKinney, Texas, on January 20, 2015 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 Randy Page. Council Liaisons Present: Mayor Pro Tem Travis Ussery, and Council Member Geralyn Kever.

Absent: Board Alternate Joseph Strub.

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; Director of Marketing Cayti Stein; and Administrative Assistant Deb Hass.

City Staff Present: Corporation Attorney Mark Houser; Interim City Manager Tom Muehlenbeck; MCDC President Cindy Schneible; and Chief Financial Officer Rodney Rhoades.

There were three guests present.

15-085 Minutes of the McKinney Economic Development Corporation Meeting of January 2, 2015. Board members unanimously approved the motion by Vice Chair Lindsay, seconded by Secretary/Treasurer Clark, to approve the Minutes of the McKinney Economic Development Corporation Meeting of January 2, 2015

15-086 Minutes of the McKinney Economic Development Corporation Meeting of December 16, 2014. Board members unanimously approved the motion by Vice Chair Lindsay, seconded by Secretary/Treasurer Clark, to approve the Minutes of the McKinney Economic Development Corporation Meeting of December 16, 2014.

15-087 Consider/Discuss on Public Relations and Marketing Vendors. Mr. Wehmeier distributed the contracts with Margulies Communication, and Development Counselors to the Board and gave a brief overview of their responsibilities. Secretary/Treasurer Clark asked what was MEDC's relationship with the City of McKinney's marketing department. Ms. Stein gave a background of the relationship with the City of McKinney's marketing department, and the MEDC's relationship with Margulies. Secretary/Treasurer Clark asked Interim City Manager Muehlenbeck if he thought the City's marketing department could provide the same services as Margulies. Mr. Muehlenbeck stated he would be meeting with the various marketing departments within the City on Wednesday, January 21, 2015 and will be asking the group what they think it would look like if the City had one unified public information office. Mr. Muehlenbeck commented the City spends a lot of money on public relations. Council Member Keever stated City Council has talked about consolidating the communications and public information aspects of City for approximately three or four years. The Board discussed the effectiveness of using Margulies for public information. Chairman Tate commented he thought for \$120,000 MEDC could get a qualified public information specialist employee. Mr. Wehmeier commented he felt there were two different issues, Margulies does public relations and DCI is an outbound marketing firm. Mr. Wehmeier stated staff reviews each year whether to renew either of the contracts. Mr. Wehmeier commented DCI sets up appointments with prospective companies with possible interest in McKinney. Mr. Wehmeier stated DCI organized the FAM Tour that was held in McKinney. Executive Vice President Liu stated that DCI was recommended by Brownsville, TX EDC. Ms. Liu explained to the Board her experiences with DCI. Secretary/Treasurer Clark stated he would like DCI to come present during a future board meeting. Mr. Wehmeier

stated staff could organize a visit with DCI. The Board discussed the effectiveness of DCI. Mr. Walker, Director of Business Development stated that the community he worked for before, Lubbock, TX, did not use a lead generated source and that DCI has been very effective as far as appointments they set up, and the leads on companies they provide. Mr. Wehmeier stated an was already an RFP planned to be sent out this year to companies that provide similar services to DCI to ensure we are getting the best bang for our buck. The Board requested an RFP be sent out so that decisions can be made at a future Board meeting.

15-088 Board and Liaison Updates

City of McKinney - Interim City Manager Muehlenbeck reported City staff has presented a proposed ten year capital improvement plan with a ten year budget to support the program to City Council. Chief Financial Officer Rhoades reviewed the proposal with the Board. Mr. Rhoades reported there are \$220 million in capacity dollars, \$60 million voters authorized, and \$160 million that needs voter authorization. Mr. Rhoades stated a November 15, 2015 bond election is being proposed for voter authorization for the \$160 million. Mr. Rhoades stated the \$160 million would fund street, public safety, airport, and drainage projects. Mr. Muehlenbeck stated the City is in talks with MCDC to take over \$55 million dollars in parks projects over the next ten years, with a goal of \$5.5 million to be used each year. Mr. Muehlenbeck commented that the City's parks are behind the times of where they should be. Chairman Tate asked if the City still works with the school districts when building neighborhood parks. Mr. Muehlenbeck stated yes the City does work with the school districts, and that there is conversation of developing maintenance contracts with the school districts for the maintenance of those parks. Council member Kever commented regarding street projects, the RTC is awarding the City \$13.9 million for the FM 546

project that will free up other funds to be used on other street projects.

McKinney Community Development Corporation (MCDC) - President

Cindy Schneible gave an update on the Aquatic Center. Ms. Schneible reported the CDC Board had a joint meeting with City Council in December to discuss various options in the planning of the Aquatic Center. Ms. Schneible stated a public hearing on the Aquatic Center will be held at the MCDC's January 22, 2015 Board meeting to address the increase of up to \$1.5 million on the already budgeted \$33 million dollar project. The Boards plan is to finance up to \$24 million of the cost of the project, and pay the balance with cash. Ms. Schneible commented she has been working with Mr. Rhoades and his team on preparation of the bond issue which is scheduled for February 3, 2015. Ms. Schneible reported the Sheraton Hotel and Conference Centers opening date is scheduled for February 26, 2015. Ms. Schneible reminded the Board that PSA opened on December 1, 2014, and they are exceeding their plans so the hope is there will be an early repayment of their loan.

Main Street & MPAC – Mayor Pro Tem Ussery reported “Home for the Holidays” and Oktoberfest were a huge success.

15-089 Director of Business Development Report. Director of Business Development Chad Walker reported a couple of local brokers contacted him in the month of December. Mr. Walker stated Project Band Aid would be visiting on January 21, 2015 for a site tour of McKinney. Mr. Walker stated that Salesforce has been purchased and staff would be using it soon.

15-090 Director of BRE/Emerging Tech Report. John Valencia, Director of BRE/Emerging Tech reported Encore continues their installation of their equipment in their new building. Mr. Valencia stated production had not started yet while installation continues. Mr. Valencia reported the Lawton Group is working on the design of their building and will be breaking ground sometime this year. Mr. Valencia commented that

Project Sticky would be discussed in executive session, but this company had applied two years ago and were reapplying. Mr. Valencia reported there are five active companies in the Emerging Tech Program. Mr. Valencia stated that Biscotti, who entered the program in October 2001 has moved out of the Valliance Bank building as of December 31, 2014. Biscotti were looking for 3,000 square feet of office space, but were not able to find Class A office space in McKinney. Mr. Valencia pointed out to the Board the Werx information in their Board packet that will be discussed in executive session. Mr. Valencia commented that Werx has moved upstairs to their new larger area. Vice Chair Lindsay asked if claw backs were used in emerging technology contracts that state the company cannot leave McKinney, and was it in Curious Complex's contract. Mr. Wehmeier stated that policy is used now but was not used when some of the current companies in the program signed their contracts.

15-091 Director of Marketing Report. Director of Marketing Cayti Stein introduced Brian Aken, the developer of the aerial photo, and previewed the longer version video to the Board. Mr. Akin stated to the Board he has done videos of twenty-five cities in Texas and McKinney was by far the most unique. Ms. Stein stated the first aerial video was viewed from people all over the world, and will be releasing the new video on YouTube this week. Ms. Stein reminded the Board of the Tupps Brewery ribbon cutting on January 22, 2015 at 4:30 p.m., and the Chamber of Commerce awards being held on January 30, 2015.

15-092 Executive Vice President Report. Abby Liu, Executive Vice President reported two events she has participated in this new year, the Taiwanese Chamber New Year Dinner Banquet in Houston on January 1, 2015, and a meeting with the Taipei Economic and Cultural office in Houston. Ms. Liu stated to the Board it is quite difficult to have a lead generating company like DCI that targets international markets, so it is important to

establish these contacts with embassy's and/or diplomatic departments of selected foreign countries. Ms. Liu commented the Chinese New Year Charity Gala will be held on Friday, February 13, 2015 at the Hotel InterContinental Dallas, and it will be the year of the sheep. Ms. Liu stated MDCD and MEDC will be sponsoring the event again this year. Ms. Liu commented the executives from Tong Yang Group, Wistron GreenTech Texas Corporation, and Hisun Motors will be in attendance this year.

15-093 President-CEO Report. President Jim Wehmeier reported that there were over seventy applications for the Administrative Assistant position, and staff has narrowed it to six applicants and will begin interviewing this week. Mr. Wehmeier pointed out to the Board the bill tracking update the legislative consultant that represents the City of McKinney, Chamber of Commerce, and MEDC developed to keep a track of issues that are of interest to the three entities. Mr. Wehmeier pointed out to the Board the bills that have significant importance to the EDC, and that have already been filed. Secretary/Treasurer Clark asked if Mr. Wehmeier has been happy with the performance of the consultant. Mr. Wehmeier commented yes, he has been happy with Red Media and Angela Hale. Mr. Wehmeier stated that Ms. Hale was a staff member for the Speaker of the House, and the incoming Governor. Mr. Wehmeier commented that Ms. Hale invited him to several events during TexasOne, one being an event with the Speaker of the House. Mr. Wehmeier stated that Ms. Hale is planning to attend the February MEDC Board meeting. Chairman Tate stated that Board members should try to attend Collin County Days in Austin, Texas. Staff will get back with the Board on the exact dates of the event.

15-094 Consider/Discuss/Act on November Financials. Chief Financial Officer Rodney Rhoades gave the financial report. Mr. Rhoades updated the Board on revenues, stating that sales tax is up for McKinney and all sister

cities. Mr. Rhoades reported expenditures for MEDC are in line and tracking well. Mr. Rhoades updated the Board on his work with the MCDC debt issuance for the Aquatic Center. Mr. Rhoades commented he is working to get MCDC rated; it will be their first rating. Mr. Rhoades stated a special meeting will be held with MCDC Board on February 3, 2015 for the approval of the debt issuance. Mr. Rhoades reported that staff has received the report from the outside auditors and are reviewing it and are preparing for an audit committee meeting on January 26, 2015 with a presentation to City Council on February 3, 2015. Mr. Rhoades commented once City Council approves the audit, finance will prepare year-end totals for the MEDC Board hopefully for the MEDC February Board meeting. Secretary/Treasurer Clark asked Mr. Rhoades if his staff would be able to prepare a report to track MEDC projected income and expenses for fiscal year 2015. Mr. Rhoades commented the existing budget holds true through the middle of the fiscal year, and then Finance will come back and do a mid-year adjustment based on where Finance feels MEDC will end at the end of the fiscal year, and track month to month after that. Mr. Rhoades stated Finance could provide the MEDC Board with a summary. Board members unanimously approved the motion by Vice Chair Lindsay, seconded by Board member Ruiz, to approve the November Financials.

15-095 Consider/Discuss/Act December Financials. Board members unanimously approved the motion by Chairman Tate, seconded by Secretary/Treasurer Clark, to approve the December Financials.

Chairman Tate called for a five minute break at 9:30 a.m. Chairman Tate reconvened into open session at 9:35 and adjourned into executive session at 9:40 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 Matters, Section 551.074 Personnel Matters as listed on the posted agenda. Chairman Tate reconvened the meeting into open session at 11:20 a.m.

15-097 Consider/Discuss/Act on Furniture and Equipment Previously Provided to the Collide Center/McKinney Werx. President Wehmeier explained to the Board the items in question. Board members unanimously approved the motion by Vice Chair Lindsay, seconded by Secretary/Treasurer Clark, to approve on furniture and equipment previously provided to the Collide Center/McKinney Werx to be conveyed to McKinney Werx after six months of continuous operations.

15-096 Consider/Discuss/Act on the Approval of McKinney Werx By-Laws. The Board discussed the Werx By-Laws and the voting and non-voting members on the Werx Board. Board members by a majority approved the motion by Secretary/Treasurer Clark, seconded by Board member Ruiz, to approve the McKinney Werx By-Laws. Board member Fort abstained.

15-098 Consider/Discuss/Act on McKinney Werx Lease Term. Board members unanimously approved the motion by Vice Chair Lindsay, seconded by Board member Ruiz, to approve the McKinney Werx Lease Term.

15-099 Consider/Discuss/Act on Gateway. Board members unanimously approved the motion by Vice Chair Lindsay, seconded by Secretary/Treasurer Clark, to table Gateway indefinitely.

15-101 Consider/Discuss/Act on Project Sticky. Board members unanimously approved the motion by Board member Ruiz, seconded by Vice Chair Lindsay, to approve staff recommendations on Project Sticky with a proportional claw back.

15-100 Consider/Discuss/Act on Project H-Stat. No discussion or action on this item at this time.

Chairman Tate adjourned the meeting at 11:40 a.m.

DARRELL TATE
Chairman