



MCKINNEY ECONOMIC DEVELOPMENT CORPORATION

May 16, 2013

To: MEDC Board

From: John Valencia
Director of BRE & ET Programs

Subject: May 21, 2012 MEDC Board Meeting; BREP Report/Update

Business Retention & Expansion Program

It's been two months now since last we met and activity still remains exciting and busy. Back in March I reported here in this section that Zynga was moving out of the Cotton Mill as there were consolidating their Texas operations. This took place in April and the McKinney Studio along with the Austin group all moved in together at the Allen address (Dallas office) that had been occupied since April of 2012. They have about 17,000 sq ft there that could accommodate the people remaining. But when one door closes... another opens.

Last March the Board approved Curious Complex to become a participant in our Emerging Technology Program. They executed their lease last September and already need to move into bigger spaces. Long story short, Curious Complex has signed a lease to take over the previously occupied Zynga office space at the Cotton Mill beginning June first. So, we can claim this on the "Expansion" front!

Other Expansion news is of course the announcement of Raytheon moving their Space and Airborne Systems Headquarters here from El Segundo, CA. This is very exciting for them and us for sure!

We also are actively working on two other expansion projects that we will discuss in Executive Session.

Here are some quick points on recent and ongoing expansions:

Traxxas - the distribution center is getting closer with a lot more "color" going on, along with starting the office/business complex

Encore - Plant 6 is operational and done! They even added one more piece of equipment and process on top of their original plan. In speaking to Todd Clayton, VP Facilities Engineering, they are good to go on this one and plans for a small facility addition, with is now in the works.

Emerson - Their site is really taking shape and all in the community have the opportunity to see it all happen as it sits right on 75! Since we last met, we've seen most of the steel up and being covered along with lots of glass. In talking to project leadership, they anticipate physically moving from their current 380 location during the month of September and operations soon to follow in the October November timeline. This is a very exciting project to watch and especially as it a part of Gateway.

Manner Plastics - Raj Bhargava says operation "COMPLETE" and operational. I had the opportunity to visit a couple weeks back and it's beautiful. Not only did they add more warehouse and manufacturing space, they remodeled their offices and are very very nice!

Popular Ink - The move into the Redbud address is now complete and they are up and running. They still need to upgrade their power feed and cannot run both machines at the same time. But through some innovative scheduling, when one machine is off the other is running! They are currently being certified for Food Grade applications which will enhance their offerings and present more opportunities. Dru and Ray are very happy with progress to date and very appreciative of the MEDC assistance.

Emerging Technology

This area continues to grow and much attention and interest given. Perfectly Green continues to be in and about the community in sharing the story of their technology. At the present time they have one unit operational at Franconia and are working toward putting their first 250KW unit on the ground. As of now they have 22 solid prospects of which nine have already signed LOI (Letters of Intent.) Based on the power requirement of these 25 businesses and organizations, they are nearing their build forecast for 2013 in what they presented to the MEDC.

A number of our other past and recent Emerging Technology companies are one by one... getting going! Here is a status us the Program since inception:

Servergy - 2011 ET program start, ending Mach 2013. Still in development.

Biscotti - 2011 start,

LocalHitz - 2012 ET Program start. Commercialization begun and new product development.

Curious Complex - 2012 ET program start. Product still in development.

CredSystems - out of the program, as of March 2012

HIE Electronics - 2012 ET program start. Product still in development.

HealthQuest - 2012 ET program start. Just getting into commercialization with new product.

Adventure Pilot - Program begins March 2013. Commercialization under way.

I am sad to report here that James Penney of CredSystems informed us last month that they are dropping out of the program as they are "having a bit of difficulty and filing for bankruptcy".

75 Construction Communication - Our office continues to work with the businesses along the 75 construction corridor. Most recently we are working on banners that businesses want to put up. Although there are City Ordinances governing banner size and time up, we are looking at ways to help allow these for bigger sizes and longer stays. This is ongoing and so far, so good.

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

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