

# McKINNEY ECONOMIC DEVELOPMENT CORPORATION

## REGULAR BOARD MEETING

**November 15, 2011**

The McKinney Economic Development Corporation met on Tuesday, November 18, 2011, in the Dowdy Boardroom of the Corporation office. The meeting was called to order at 8:07 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 October 18, 2011. Ms. Gore noted one word that needed to be inserted on page two. Corrections were noted on minutes. Minutes were passed on a motion by Mr. Tate and seconded by Ms. Gore. Motion carried.

The board next reviewed the consent items. Mr. Young reviewed the MEDC check requests for the month of October. Ms. Alfieri questioned the \$4,000 in legal fees for the lease. The legal fees were billed to MEDC and Mr. Houser noted that the fees were probably on MEDC's expense but they could certainly look into splitting the cost with MCDC.

Mr. Young next noted that financials were not available for this meeting. The financials for October and November should be in place at the next scheduled meeting. Mr. Young shared that the only project payments made were to Servery. Ms. Alfieri would still like the explanation for the \$17,000 in professional fees from the last month's financials. Motion was made to accept the consent items and seconded by Mr. Lynch. Ms. Gore wants to delete financials from the agenda, as the financials were not discussed in the Board meeting. Motion carried.

The Board next heard the marketing report. President Young shared that the Solar Power event was very impressive. There was an enormous presence from the Pacific realm. Mr. Young noted that Deputy City Manager Joe Williams, Mayor Brian Loughmiller and VP of International Development Abby Liu traveled to Taiwan on Saturday, October 23, 2011. Ms. Liu will share more in the international report. Mr. Young reported that the Medical Equipment Show is one of the better shows to attend. TexasOne will be going to South America May 21, 2012. Mr. Young shared that the MEDC website has received approximately 848 visits from different areas. The source of the traffic is primarily Google.

Abby Liu next gave her International Development report. Ms. Liu, the Mayor and City Manager visited the Tong Yang Group in McKinney prior to the Taiwan trip. A letter to invite our sister city is in the works. The Mayor's International Advisory Board meeting was held on November 8, 2011. The Business Mission trip to Taiwan included Ms. Liu, the Mayor and the Deputy City Manager. Also included in the group was Mr. Jeff Chen from Tong Yang Group. Mr. Chen traveled at his own expense and was helpful in setting up appointments. The group attended a meeting at the American Institute in Taiwan. The group next took a high speed train to another city to tour the TYG Global Headquarters. TYG, over a billion dollar company, is family owned and run by three brothers; the Chairman, Vice Chairman and CEO. The purpose of the business mission was business expansion and retention. Ms. Liu asked Mr. Williams if he would like to share anything further about the Taiwan trip. Mr. Williams stated that he was pleased to be able go to Taiwan felt that after meeting with the companies that McKinney is "out

there” and should reap the benefits from the visit. Business in tourism and new business is expected to grow from the Taiwan trip.

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

The Board next heard the liaison reports.

There was no City Manger report. Mr. Gray stated that he will speak in Executive Session.

The board next heard the Regional Airport report given by Ken Weigand. Mr. Weigand shared that the low bid for the airport was selected last week and should start in the middle of December. Next Mr. Weigand shared about the Airport Layout Plan. They have been working as a board for several months on a new airport plan. The final draft has been completed and sent to the state. The plan shows a second runway (east), a terminal and a general aviation terminal. Once the plan is accepted and formally filed with the state; it is a public document and anyone can view it at anytime.

Chamber President Jodi Ann LaFreniere thanked everyone for their involvement in the State of the Community Event. Ms. LaFreniere shared that the December McKinney Living comes out this month. The Small Business Saturday will be held on November 26, 2011. Ms. LaFreniere shared that the HR roundtable conducted along with MEDC was successful. There were approximately 18 in attendance and the information shared was regarding performance reviews and how they are structured. The next Chamber meeting will be January 19, 2012 and will be an evening format. Jeff Fagin, CEO of DFW Airport will be the guest speaker. The holiday reception is December 8, 2011. December 14<sup>th</sup> is the Advisory meeting. Ms. LaFreniere shared that she and Mr. Young had a presentation at Collin County Business Alliance. The relocation guide, which is an essential marketing and promotional tool, will print on December 16, 2011.

McKinney Convention and Visitor’s Bureau Director Diann Bayes was not in attendance, however, Ms. LaFreniere reminded the board that Dickens of a Christmas will take place Thanksgiving weekend. She also shared that Octoberfest went very well.

Next the board heard a presentation from Encore Wire. Mr. Young introduced Daniel Jones the CEO of Encore Wire. Mr. Jones announced that Encore Wire is planning to expand and expects to bring in 60 new jobs immediately. Encore Wire opened in 1989. Mr. Jones shared that the price of copper wire has increased, and Encore was using a larger aluminum wire to replace copper wire. The new plant would have the capacity to produce four to five million pounds per month. This would account for possibly about \$80 million in revenue for the first year. Mr. Jones shared that aluminum wire is not allowed in residential homes because of expansion and contraction. Every commercial structure, however, has aluminum wiring. Mr. Jones announced that Encore broke ground yesterday on the 202,000 square foot building. It should be completed by late July or early August. The cost of the building is \$12 million. The new building will be constructed with expandable and collapsible walls on the north and east sides for future growth. Mr. Jones also shared that he is one of the original eight employees and that Encore has been located in McKinney for twenty-two years. Encore Wire is asking for assistance with their expansion project. Encore employs 870 and they have never experienced a layoff.

Next the Board heard a presentation from Martin Sanchez with Sanchez and Associates. Mr. Sanchez presented the board with a power point presentation that showed the proposed renovation project request. Mr. Sanchez wants to purchase the Boyd-Veigel (15,000 square feet) building and restore it. For the past four to five years, Sanchez has focused on land in the downtown McKinney area up to Highway Five. Mr. Sanchez is proposing to gut the building and replace with a new HVAC; 5,000 square feet for a restaurant; 6,500 square feet for a bakery; 2,500 square feet for an office; 1,000 square feet of flex space; new sprinkler system; and rehab the façade of the building. The goal of this project is to add 70 additional employees and added taxable value. The cost of this project is \$765,000. Mr. Sanchez is asking for \$75,000 to help

bridge the gap. Ms. Alfieri told Mr. Sanchez that MEDC appreciates the work over the past years. She also asked if Mr. Sanchez had applied to CDC. Mr. Sanchez responded that the timing is not right to approach them.

Next the board heard a short presentation from Mr. Mark Fangio. His company has a \$127,000 forgivable loan with a two year extension. He met with Cross Engineering and discovered that the drainage had not been properly handled. They are not getting any phone calls or activity on this property. Mr. Fangio is offering to pay an interest rate to MEDC to move forward. Mr. Fangio stated, "What is right for the community and what is right for us is what we want to do." Mr. Fangio would like to offer a favorable interest rate starting today forward. There were no questions from the board.

Mr. Clifton called for a break at 9:25 a.m.

Executive Session started at 9:43 a.m.

Executive Session ended at 10:10 a.m.

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

Mr. Lynch moved to approve a release agreement with an MEDC employee consistent with the Board's discussion in closed session. Ms. Alfieri seconded. Motion carried.

The first action item was Prospect Proposal #11-23. Ms. Alfieri moved to approve Encore Wire's request for assistance. Ms. Gore seconded. Motion carried.

The second action item was Prospect Proposal #11-24. The board will support renovation for \$75,000, forgivable extended leases for five years and renovation of wiring. Ms. Gore motioned to approve those terms. Mr. Parker seconded. Motion carried. Ms. Alfieri would like it noted into the minutes that although she supports the renovation for Proposal #11-24, she does not feel it is under MEDC's charter or in our realm.

The third action item Prospect Proposal #08-16 had no discussion.

Mr. Clifton called for a lunch break at 11:20 a.m. before starting the Strategic Planning Retreat.

The Strategic Planning Retreat started at 12:05 p.m. with Mr. Young explaining that since 2008, there have been different ideas about what the economy is going to do. The goal of the planning session is to provide direction to staff to develop a three year strategic plan for budget/debt structure, incentive policies, planning, marketing, target industries, and staffing/general policies.

Mr. Young next referred to MEDC's Mission Statement, Bonding and Incentives. Under Incentives, Mr. Young explained that in capital budgeting now there is too much emphasis on incentives. Companies need to find a place where economically it makes sense to move.

Mr. Young next shared that we have in the past, been governed by the Bolin Rule for our incentive policy. The Bolin Rule basically measured bricks and mortar, not jobs.

Next Mr. Young reviewed the current incentive guidelines. He shared that within the last few years additional incentives have been given to companies that are LEED certified.

Next Mr. Young reviewed the Emerging Technology Incentives. MEDC has \$500,000 budgeted for the 50% lease subsidized payment incentive per year. There is a maximum of \$50,000 per project per year. Mr. Clifton inquired whether there is a niche for small business within this incentive. Mr. Parker shared that some other cities own buildings and lease them out to start-up companies. It was shared by Mr. Young that he sees that happening at Cotton Mill for this type of program. Ms. Alfieri commented that the Mayor approached her about small company start-up help. It was also shared that one of McKinney's problems is not being in the fiber optic loop. McKinney has one loop. It was discussed about possibly putting the infrastructure in place to have access to fiber. One suggestion was laser towers.

Mr. Young next shared that ground is moving on the following projects: Traxxas, Baylor MOB, Emerson, and Veneerstone Rail. Mr. Young next share the power point slide that revealed pending projects and then moved on to Targeted Industries. Mr. Young discussed the lease space users and proposed a \$1,000 to \$4,000 per job incentive. Ms. Alfieri questioned

whether we can require that employees live in the city of McKinney. Mr. Gray responded that as of this time there are no policies in place. Ms. Liu commented that she has a prospect that could benefit. She has a computer company that is looking for space with approximately 35-50 jobs. Mr. Gray stated that the smaller companies can move more easily. Mr. Parker suggested that we need to fill up space and then build. Mr. Tate commented that there is lease space available, but there is not a good inventory of Class A office space currently in McKinney.

Next Mr. Young discussed manufacturing space. Ms. Gore questioned how the gap will be bridged for graduates that do not have job opportunities in McKinney. Mr. Young shared that he uses workforce as an incentive when talking to companies. It was also shared that Collin College will develop custom course training for companies.

Next Mr. Young discussed Business Retention and Expansion and Emerging Technology. Mr. Young shared that MEDC assisted emerging technology companies in 2011 by using a virtual incubator. Ms. Alfieri wanted to make sure that Mr. Young was working with John Valencia tracking progress. Mr. Young referred to the Monday morning staff meetings and weekly reports that serve for that purpose.

Next Mr. Young discussed the site selection needs. Ms. Alfieri inquired about the direction being taken with marketing decisions and the possibility to partner with others such as CDC and the City. Mr. Gray shared that each city entity has different customers. The City would like to outsource its marketing needs. They have discussed hiring a marketing firm to address all marketing needs and just combine resources. The City is looking into the most cost effective way to handle the need.

Next Mr. Young shared the Marketing Plan for 2011-2012. Mr. Young explained that the website is very important for regional partnership. It was discussed to formalize an incentive package with other cities to lure flight departments to our airport. Ms. Alfieri stated that she would like a cap on a per piece amount for marketing materials. She noted that one marketing item recently cost \$42.00 per item. Mr. Parker suggested that we need to drive companies to our website and develop a QR code. We need to make it easy for people to navigate and optimize search engines.

Next Mr. Young discussed target audiences both external and internal. The comment was made that we need to engage our citizens. Mr. Tate suggested going back to press conferences or events to make announcements.

Next Mr. Young discussed competition among cities and associations and alliances. The DART issue continues to come up in most meetings that Mr. Young attends.

Next Mr. Young asked Ms. Liu to share about the International opportunities. MEDC is targeting China, Taiwan and two countries that will be targeted in Europe by the Governor's Office. Ms. Liu shared that she can help with the logistic needs of International companies coming to McKinney. McKinney has been aggressive in pursuing Asian markets. Ms. Liu reiterated how important it is to attend events within the International community and keep media relations favorable. Ms. Liu shared with the Board the McKinney businesses with arms that are International. Ms. Gore asked Ms. Liu if the International businesses hire locally and Ms. Liu responded that they do.

Mr. Young next discussed the key trade organizations, development opportunities, and current business parks. Mr. Gray shared that Craig Ranch Corporate Center would like to be designated as "A Corporate Center for the City of McKinney." Ms. Gore wanted to know what the expectation is from Craig Ranch for the designation and whether or not money would be involved. Craig Ranch asked for approximately \$6 million for expansion, however, the designation would be a name only. There are no ties to the designation. Mr. Gray reminded the board members that their job is to provide incentives to companies, but to do so at their own discretion. Mr. Clifton shared that he would prefer that MEDC take the lead on the press release with wording of our own choosing. Mr. Gray suggested that EDC and the Council formally approve the designation. Mr. Clifton will have Mr. Young reach out to Craig Ranch.

Mr. Young then discussed new development opportunities. Ms. Gore made the comment that it is important for MEDC to own the land to be able to determine future development.

Mr. Young next shared that the TPC Broker reception that MEDC sponsors has not had favorable attendance. The decision was put before the Board and a decision was made to cancel.

A motion was made by Mr. Tate to adjourn the meeting with a second by Mr. Parker. Meeting adjourned at 1:45 pm.

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MARTA GORE, MEDC Secretary/Treasurer