

# McKINNEY ECONOMIC DEVELOPMENT CORPORATION

## REGULAR BOARD MEETING

April 19, 2011

The McKinney Economic Development Corporation met on Tuesday, April 19, 2011 in the Dowdy Boardroom of the Corporation office. The meeting was called to order at 8:03 a.m. by Chairman Keith Clifton. Board members present were Chairman Keith Clifton, Vice-Chairman Scott Lewis, Secretary-Treasurer Marta Gore, Director Carrie Alfieri, Director Roger Harris, Director Ernest Lynch III and Director Doug Parker. Ex-officio member David Brooks was absent.

Staff present was President & CEO David Pitstick, Director of Business Development Jim Young, BREP Director Greg Sims, International Development Director Abby Liu, Administrative Assistant Durinda Fisher and Corporation Attorney Mark Houser.

The Board reviewed the minutes from the Regular Board meeting held on March 23, 2011, and minutes from the Special Board Meeting held on March 28, 2011. On a motion by Carrie Alfieri, seconded by Marta Gore, both sets of minutes were approved. Motion carried.

The Board next reviewed the Consent Items. Ms. Fisher reviewed the March 2011 check requests. Several payments were made for legal and professional services. The MEDC distributed payments to the city, school district, county and college for pass through payments for the Craig Ranch Hospital project. Interim City Finance Budget Director Jason Cooley reviewed the MEDC's balance sheet and operating statement for March 2011. Mr. Cooley explained the bond funds transferred from the operating sheet to the balance sheet under bond reserves. The sales tax receipts for April 2011 were up from the figures for the previous year. Mr. Young reported that project payments were made to EDS for their subsidized rent. The Consent Items were approved on a motion by Marta Gore, seconded by Scott Lewis. Motion carried.

President Pitstick reminded the Board of today's CCRA Tower Dedication and tomorrow's TexasOne group's tour of the Cotton Mill and Zynga with Friends. Both events will include lunch and guest speakers. The Heavy Hitters' breakfast award presentation will be held on Thursday, April 28<sup>th</sup>. Mayor Loughmiller will be one of the presenters.

Greg Sims next gave his BREP report. Project Power continues to work with the City and the MEDC staff. Blockbuster representatives will be giving the Board an update today on the recent announcement of DISH Network's purchase of the company. Project Power has signed their incentive documents and has moved their offices into the First United Bank Building in McKinney. Mr. Sims thanked Director Harris for his input and support in assisting with a possible solution for the SW Ice Cream project. Attorney Houser drafted a Resolution for Chairman Clifton's signature expressing the MEDC Board's non-approval of H.B. 3215 which is in reference to new 4A/4B legislation. Attorney Houser also added that he is watching the proposed H.B. 3784 which states that there be financial disclosures of board members serving on city boards with a population over 100,000 that spend public funds be approved.

Abby Liu next gave her International Development report. Ms. Liu reported that over 100 people attended the "Invest in McKinney" event with Director General Chen and the Mayor held at the Eldorado County Club on March 24<sup>th</sup>. A "sister city" visit to McKinney is being planned sometime in mid-June. Ms. Liu met again with Project Green Pineapple. McKinney is now one of two finalists for the company's location. Ms. Liu reported on her recent trip to Europe with First Lady Anita Perry. The group represented the TexasOne program through the State Governor's Office. The group hosted two receptions - one in Madrid, Spain and one in Amsterdam, Netherlands. Director Harris asked if anyone participated in the TexasOne receptions, meetings, etc. President Pitstick answered that it is a large commitment and one is expected to be deeply involved. The group has monthly meetings and Mr. Pitstick said that if someone was interested we could try to get someone placed on their Board. If you really want to be involved, one needs to make the commitment to be on any state committee. Director Harris thanked Ms. Liu for the well done reception for the Director General Chen.

President Pitstick next gave his report. Mr. Pitstick complimented the staff on their continued efforts with BREP, the international program in Asia and the Emerging Technology program. There has been much legislative activity regarding economic development that could have a big impact on 4A/4B cities. Denton County has introduced a transportation bill. Frisco is interested in the bill as they could possibly link with Denton regarding transportation at a much lower rate than joining DART directly. Transportation and economic development are very much interlinked. Director Harris asked at what level has the city and county been involved in getting transportation to our area. Mr. Pitstick answered that there are people tracking it and it will be interesting to see how McKinney reacts as options unfold. Director Gore asked if the city still has a lobbyist in place. City Manager Gray said the City does have a legislative consultant and Rep. Paxton's office works to keep them informed. Mr. Gray added that we work closely with TML with the tracking of bills that impact communities. Once the bill gets down to the final hour that is when the legislative consultants have their impact.

The Board next heard the liaison reports.

City Manager Jason Gray reported that the City and the MEDC has been working together with their efforts on Project Iron. A joint Board meeting with Council, MEDC and MCDC is scheduled for Monday, April 25. A final draft of the report from TIP Strategies was presented to MEDA and it will be presented also at the joint board meeting.

The MADC Board was having their board meeting today also. President Pitstick said that the MEDC had contributed to the building of the new air traffic tower that would be dedicated today. Ms. Liu had taken several of her prospects to look at land that is available around the airport. The MEDC Old Mill Road property is still being considered as a possible new entrance leading to the airport. City Manager Gray added that the Addison airport runway will be under construction and some of their flight crews will be coming to the CCRA during that time and we would like for them to eventually stay in McKinney.

MCDC Chairman Tracy Rath reported that their Board met on March 24<sup>th</sup> and approved grants to the Heard Craig Center for \$20,000 and \$99,000 to the Heritage Guild. The Collin County Habitat for Humanity will be presenting to their Board in April for a grant. The MCDC Board looks forward to the scheduled joint council meeting.

Chamber President Jodi Ann LaFreniere reported that staff has been working with Dr. Kennedy, MISD Superintendent regarding the school finances. Senator Shapiro has introduced a bill regarding school financing and the formula phases out cutbacks rather than immediate cutbacks. The MISD School Bond was supported by the Chamber's PAC. Mayor Dickson from Greenburg, Kansas will be the featured speaker for the May Quarterly Luncheon. A reception for new City Manager Jason Gray will be held on Monday, May 16<sup>th</sup>.

Main Street Director, Ty Lake, reported that the Pantry will be featured on the Food Network showing off their 5 ft. chocolate cream pie. The segment will air on Friday. Election results will be held on the Square the evening of May 14<sup>th</sup>. "Bike the Brick" will be held May 27<sup>th</sup>. Many hotels will be booked for the event.

The Board was next introduced to Cody Cunningham, MISD Communications and Public Relations. MISD currently has doubled in size since 2000 with approximately 24,000 students presently with a growth rate of 700 students added per year. The bond issue currently on the ballot is to make improvements to the schools already in place. Director Gore asked if the bond does not pass what would be the alternative and Mr. Cunningham answered that more portables would be purchased to accommodate the growth and there would need to be more budget cuts.

Jim Young next introduced Mike Harris, Pricewaterhouse Coopers, and Richard Lee, representing Project Proposal #11-09. The company is seeking 20 acres for manufacturing space and would employ approximately 68 employees. The company's timeline is very aggressive with plans for site selection to be at the end of April, land acquisitions by the end of May and construction starting by the end of July 2011. The company is looking at several locations. Mr. Lee added that the company has teams looking at employment, logistics, and demographics and when all the information is gathered for each possible location the whole team meets and makes recommendations. The company gets very involved in the community and expects their employees to give back also. Mr. Lee thanked the Board for giving them the opportunity to present the project on such a short notice.

President Pitstick said that Greg Sims had been working with Blockbuster since he started with the MEDC and has been highly involved with the current developments of the company. Mr. Sims introduced Blockbuster CFO Dennis McGill and Vice President of Real Estate Matt Scow. Mr. McGill said that the planned bankruptcy deal went through several possibilities, but that it was official that the company was bought by DISH Network. The Blockbuster stores that will remain open will most likely sell DISH subscriptions. Negotiations are ongoing regarding the headquarter building in McKinney with the possibility of moving the Blockbuster employees located in downtown Dallas to the McKinney facility. The number of employees moving would be 200 to 250. Director Gore asked the timeline of the move and although there needs to be some construction improvements at the McKinney location, plans are to move quickly and do more upgrades once the employees move in. Mr. McGill added that all Blockbuster DVD's are processed through the McKinney distribution center.

Jim Young next introduced Ty Lake, Main Street Program Director. Mr. Young and Director Lewis highly praised Mr. Lake's efforts and success of the Main Street Program since she became the Director. Ms. Lake is asking the MEDC Board to continue their support of Main Street for the next three years to help with their operating budget.

The Board and attendees took a break at 9:40 a.m.

In accordance with TX GOV'T CODE ANN. S 551.071 et. seq. the meeting was adjourned into executive session at 9:57 a.m. The Board adjourned out of executive session into open session at 11:07 a.m.

The Board next discussed the Action Items. The Board took no action regarding the Blockbuster Project and no action regarding Project Proposal #11-07.

The Board next discussed Project Proposal #11-09. On a motion by Roger Harris, seconded by Doug Parker, the Board approved the following:

- (A) A forgivable loan of \$1,500,000 upon issuance of a Certificate of Occupancy and

certification of a minimum of \$50M in Real Property Improvements and Business Personal Property, not including land by the Collin County Appraisal District on January 1, 2014.

(B) Occupancy by December 31, 2013.

(C) If the company is still in compliance with the above certification, the loan would be forgiven in January 2016.

Motion carried,

The Board next discussed Project Proposal #11-10. On a motion by Marta Gore, seconded by Carrie Alfieri, the Board agreed to continue supporting the Main Street Program's budget in the amount of \$25,000 per year, for the next three (3) years beginning fiscal year 2011-2012. Motion carried.

The Board next discussed MEDC staff appointments. On a motion by Roger Harris seconded by Marta Gore, the Board moved to authorize personnel changes as well as staff modifications effective immediately. Motion carried.

The next scheduled MEDC Board meeting will be on Tuesday, May 17, 2011.

On a motion of acclamation, the meeting was adjourned at 11:20 a.m.

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MARTA GORE, MEDC Secretary/Treasurer