



MCKINNEY INNOVATION CENTER

April 2017 –Success Plan

Topics

- ✓ MIC – What You Can Expect over next 3 years
- ✓ 2017 Space & Jobs
- ✓ SWOT & Demand
- ✓ Pro Forma Summary
- ✓ The Request for Assistance “Ask”
- ✓ Business Plan Summary
- ✓ Next Steps



Expectations – 3 years

- ✓ Creation of 295+ new jobs in McKinney 3 years
Economic development by attracting emerging high potential new companies and established but relocatable successful companies
- ✓ Economic Impact of \$220M (3 years)

At Plan

| Economic Impact | 1/2 of 2017 | 2018 | 2019 | 2020 | Total period |
|---------------------|---------------------|----------------------|----------------------|----------------------|-----------------------|
| Direct Impact | \$ 4,586,636 | \$ 28,666,478 | \$ 42,999,716 | \$ 57,332,955 | \$ 133,585,785 |
| Indirect Impact | \$ 1,547,795 | \$ 9,673,721 | \$ 14,510,582 | \$ 19,347,443 | \$ 45,079,542 |
| Induced Impact | \$ 1,419,370 | \$ 8,871,060 | \$ 13,306,590 | \$ 17,742,120 | \$ 41,339,140 |
| Total Impact | \$ 7,553,801 | \$ 47,211,259 | \$ 70,816,889 | \$ 94,422,518 | \$ 220,004,467 |

- ✓ ROI of 10% – 13% with 7–8 year payback (based on ask)
- ✓ Self-sustaining operations after year 3
- ✓ Enhanced Perception for McKinney as Business
Friendly – Attraction, Creation and Retention

2017 Space & Jobs

- ✓ A-G Committed
- ✓ H-I 90%, Timing
- ✓ J = 1-2 companies added before opening
- ✓ DD - Current Inquires
- ✓ CO - Current Inquires

| | Current WERX | Opening Day (July '17) | Calendar Year end 2017 | New Jobs Delta to Current |
|--------------------------|-----------------|------------------------------|------------------------------|---------------------------------|
| Company A (Gaming) | 9 | 13 | 21 | 12 |
| Company B (Tech Consult) | 3 | 5 | 9 | 6 |
| Company C (Financial) | 0 | 3 | 5 | 5 |
| Company D (Market Dev) | 2 | 2 | 3 | 1 |
| Company E (Health) | 2 | 2 | 4 | 2 |
| Company F (Plastics) | 1 | 1 | 3 | 2 |
| Company G (Technology) | 0 | 2 | 5 | 5 |
| Company H (Telecom) | 0 | 2 | 2 | 2 |
| Company I (Security) | 0 | 3 | 4 | 4 |
| Company J (New TBD) | 0 | 5 | 30 | 30 |
| Dedicated Desk (DD) | 5 | 8 | 14 | 9 |
| Co-Work (Co) | 11 | 15 | 20 | 9 |
| Total | 33 | 61 | 120 | 87 |

The Request for Assistance

- ✓ Asking MEDC for \$1M in grants over a 3 year period (\$400K yr1, \$400K yr2 & \$200K yr3).
- ✓ Use of Funds:
 - Leasehold Improvements / Buildout Capital= \$105,000
 - Technology / IT Capital = \$63,000
 - Furniture Capital = \$120,000
 - Consulting Sales Services = \$110,000
 - Early years lease support = \$300,681
 - Marketing and Operating support = \$150,000
 - Salaries during development phase = \$151,319
- ✓ Asking MEDC for “Backstop” on 5/6 year lease



Pro Forma Summary



MIC Pro Forma Summary

* 2017 includes full fiscal year with McKinney Werx

| Fiscal Year | 2017 * | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|-------------------|--------------------|---------------------|---------------------|---------------------|
| Space Rentals MIC | \$ 27,000 | \$ 422,656 | \$ 932,815 | \$ 1,052,513 | \$ 1,139,190 |
| CO- Working Rental Werx | \$ 40,080 | \$ - | \$ - | \$ - | \$ - |
| <u>Other Revenues</u> | <u>\$ 10,852</u> | <u>\$ 20,000</u> | <u>\$ 20,000</u> | <u>\$ 20,000</u> | <u>\$ 20,000</u> |
| Total Revenues | \$ 77,932 | \$ 442,656 | \$ 952,815 | \$ 1,072,513 | \$ 1,159,190 |
| RIS Grant Match | \$ 54,000 | \$ 54,000 | \$ 54,000 | \$ - | \$ - |
| McKinney EDC Investment | \$ 470,049 | \$ 400,000 | \$ 200,000 | \$ - | \$ - |
| <u>Other Contributions / Grant</u> | <u>\$ 4,242</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Grants | \$ 528,291 | \$ 454,000 | \$ 254,000 | \$ - | \$ - |
| Total Revenues | \$ 606,223 | \$ 896,656 | \$ 1,206,815 | \$ 1,072,513 | \$ 1,159,190 |
| Lease Costs | \$ 100,105 | \$ 273,333 | \$ 380,000 | \$ 400,000 | \$ 450,000 |
| Salaries | \$ 107,532 | \$ 350,004 | \$ 350,004 | \$ 380,629 | \$ 392,004 |
| <u>All other expenses</u> | <u>\$ 200,923</u> | <u>\$ 292,372</u> | <u>\$ 262,372</u> | <u>\$ 265,280</u> | <u>\$ 267,373</u> |
| Total Expenses | \$ 408,560 | \$ 915,709 | \$ 992,376 | \$ 1,045,909 | \$ 1,109,377 |
| Net Operating Income | \$ 197,663 | \$ (19,053) | \$ 214,439 | \$ 26,603 | \$ 49,813 |
| Capital Expenses (CapEX) | \$ 175,000 | \$ 70,000 | \$ 33,000 | \$ 5,000 | \$ 5,000 |
| Year End Cash Flow | \$ 96,605 | \$ 7,552 | \$ 188,991 | \$ 210,595 | \$ 255,407 |

SWOT & Demand



- ✓ Innovate McKinney Now event.
- ✓ Only space north of GBT and demand continues to increase.
- ✓ Interested companies contacting us weekly looking for office space.

Strengths:

Built-up Market Demand
Experienced Team
Desired Location
Desired Facility w/ space
Favorable Landlord
Network / Access to People
Pricing Advantage

Weaknesses:

Perceptions
Lack of near-by facilities

Opportunities:

Immediate timing advantage
Personnel
Facility
Desire by boards
Multi-million \$ impact to area

Threats:

For Profit Companies enter market
Economy turns downward
Other similar models appear
Price war if others enter market
Not attracting the right mix



MIC ReCap/Closing Argument



- ✓ Innovation Center Defined
- ✓ Market Demand Exists
- ✓ SWOT = Timing = Now
- ✓ Initiative aligns with MEDC Strategic Plan and Target Industries
- ✓ Marketing Plan of Attack /Yes
- ✓ 5 Major Components of MIC Differentiate us from anyone
- ✓ Incubator Program Defined
- ✓ Accelerator Program Defined
- ✓ Structured Support
- ✓ Ongoing Assistance
- ✓ Amenities Defined/ Proven
- ✓ Application and acceptance process defined / Proven
- ✓ Structure Defined / Proven
- ✓ Staffing levels minimal
 - but highly experienced
- ✓ Many Stakeholders
- ✓ Pricing Comparison & Model
- ✓ Other Revenue Opportunities
- ✓ Metric / Results Driven
- ✓ Major McKinney Impact!
- ✓ Experienced / What I would do different next time....

MEDC Request Today

- ✓ The MEDC board to approve the business opportunity and “ASK” as soon as today.
- ✓ MEDC releases funds to allow initiative to launch as soon as possible.
- ✓ MEDC and others immediately begin to articulate, communicate, brag, spread positive rumors, get on social media, and add to their vocabulary - >

McKinney Innovation Center = McKinney Economic Impact

- ✓ MEDC and others helps MIC explore other creative ways to:
 - 1) Expand the MIC
 - 2) Attract new companies to the MIC / Texas Crossing
 - 3) Make sure we have retention programs if needed





**Conceptual Foundation and
Strategic Elements of a McKinney
“Innovation Center**

Business Plan v1.1

Mission Statement:

Delivering sustainable and measureable positive economic impact to the McKinney Community and Collin County

WERX Board, Harry Smeenk & John Miller

April 2017

Contents

| | |
|--|----|
| Mission Statement: | 0 |
| Executive Summary | 2 |
| “Innovation Center” Defined..... | 3 |
| Business Case Summary | 4 |
| Market Demand: | 4 |
| SWOT | 5 |
| Targeted Industries: | 5 |
| Marketing Activities Planned: | 6 |
| McKinney Innovation Center Components: | 6 |
| The Makerspace - Entrepreneur Development | 6 |
| Collaboration Center / Co-Working Location / Flex Office Space | 6 |
| Corporate Innovation Labs | 7 |
| Incubator / Accelerator..... | 7 |
| Transition Companies | 7 |
| Incubator Program: | 7 |
| Accelerator Program: | 7 |
| McKinney Innovation Center Planned Amenities: | 9 |
| Virtual Memberships | 10 |
| Applying to McKinney Innovation Center | 10 |
| Structure:..... | 11 |
| Staffing: | 11 |
| Leadership team..... | 11 |
| Stakeholders:..... | 12 |
| Pricing Model | 13 |
| Other Revenue Generating Activities..... | 13 |
| Monthly Dashboards / Metrics | 14 |
| McKinney Area Financial Impact Details..... | 15 |
| Financial summary: | 16 |

Executive Summary

This business plan details the development and implementation of the McKinney Innovation Center (MIC) proposal and the positive economic impact to McKinney and the surrounding area.

Highlights Include:

- ✓ Our purpose is to deliver sustainable & measureable positive economic impact to McKinney. (Details and definitions are provided beginning on page 15). Please note that Economic Impact and Return on Investment, while both very important, provide considerably different measurements and each are valuable methods in determining investment opportunities.

At Plan

| Economic Impact | 1/2 of 2017 | 2018 | 2019 | 2020 | Total period |
|---------------------|---------------------|----------------------|----------------------|----------------------|-----------------------|
| Direct Impact | \$ 4,586,636 | \$ 28,666,478 | \$ 42,999,716 | \$ 57,332,955 | \$ 133,585,785 |
| Indirect Impact | \$ 1,547,795 | \$ 9,673,721 | \$ 14,510,582 | \$ 19,347,443 | \$ 45,079,542 |
| Induced Impact | \$ 1,419,370 | \$ 8,871,060 | \$ 13,306,590 | \$ 17,742,120 | \$ 41,339,140 |
| Total Impact | \$ 7,553,801 | \$ 47,211,259 | \$ 70,816,889 | \$ 94,422,518 | \$ 220,004,467 |

- ✓ Expected **Direct** impact of **\$57,332,995** year 3 (using IMPLAN Model).
- ✓ Expected **Indirect** impact of **\$19,347,443** year 3 (using IMPLAN Model)
- ✓ Expected **Induced** impact of **\$17,742,120** year 3 (using IMPLAN Model)

At Plan

| | Direct | Indirect | Induced | Total |
|-----------------|---------------|---------------|---------------|---------------|
| Employment | 295 | 181 | 179 | 655 |
| Output / Impact | \$ 57,332,955 | \$ 19,347,443 | \$ 17,742,120 | \$ 94,422,518 |
| Labor Income | \$ 31,862,950 | \$ 10,752,396 | \$ 10,633,585 | \$ 53,248,930 |
| Value Added | \$ 38,235,540 | \$ 15,053,354 | \$ 14,355,339 | \$ 67,644,233 |

- ✓ Expected direct jobs of 295 and indirect jobs of 181 year 3 with continued growth.
- ✓ Evolution of the McKinney WERX Foundation to the McKinney Innovation Center.
- ✓ MIC Becomes self-sufficient / self-sustaining after year 3.
- ✓ Potential for payback to MEDC after year 4. (from loan payments, equity stakes,)
- ✓ Enhanced Perception of McKinney as Technology Friendly
- ✓ Support for Entrepreneurs, Start-ups, Second-stage companies and others to grow.
- ✓ Asking MEDC for \$1M in grants over a 3 year period (\$400K yr1, \$400K yr2 & \$200K yr3).

Use of Funds:

- Leasehold Improvements / Buildout Capital= \$105,000
- Technology / IT Capital = \$63,000
- Furniture Capital = \$120,000
- Consulting Sales Services = \$110,000
- Early years lease support = \$300,681
- Marketing and Operating support = \$150,000
- Salaries during development phase = \$151,319
- ✓ Asking MEDC for "Backstop" on 5/6 year lease

Listed below is a 5 year summary of the Pro Forma. Details are provided in the Financial Summary section:

MIC Pro Forma Summary

* 2017 includes full fiscal year with McKinney Werx

| Fiscal Year | 2017 * | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|-------------------|--------------------|---------------------|---------------------|---------------------|
| Space Rentals MIC | \$ 27,000 | \$ 422,656 | \$ 932,815 | \$ 1,052,513 | \$ 1,139,190 |
| CO- Working Rental Werx | \$ 40,080 | \$ - | \$ - | \$ - | \$ - |
| <u>Other Revenues</u> | <u>\$ 10,852</u> | <u>\$ 20,000</u> | <u>\$ 20,000</u> | <u>\$ 20,000</u> | <u>\$ 20,000</u> |
| Total Revenues | \$ 77,932 | \$ 442,656 | \$ 952,815 | \$ 1,072,513 | \$ 1,159,190 |
| RIS Grant Match | \$ 54,000 | \$ 54,000 | \$ 54,000 | \$ - | \$ - |
| McKinney EDC Investment | \$ 470,049 | \$ 400,000 | \$ 200,000 | \$ - | \$ - |
| <u>Other Contributions / Grant</u> | <u>\$ 4,242</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Grants | \$ 528,291 | \$ 454,000 | \$ 254,000 | \$ - | \$ - |
| Total Revenues | \$ 606,223 | \$ 896,656 | \$ 1,206,815 | \$ 1,072,513 | \$ 1,159,190 |
| Lease Costs | \$ 100,105 | \$ 273,333 | \$ 380,000 | \$ 400,000 | \$ 450,000 |
| Salaries | \$ 107,532 | \$ 350,004 | \$ 350,004 | \$ 380,629 | \$ 392,004 |
| <u>All other expenses</u> | <u>\$ 200,923</u> | <u>\$ 292,372</u> | <u>\$ 262,372</u> | <u>\$ 265,280</u> | <u>\$ 267,373</u> |
| Total Expenses | \$ 408,560 | \$ 915,709 | \$ 992,376 | \$ 1,045,909 | \$ 1,109,377 |
| Net Operating Income | \$ 197,663 | \$ (19,053) | \$ 214,439 | \$ 26,603 | \$ 49,813 |
| Capital Expenses (CapEX) | \$ 175,000 | \$ 70,000 | \$ 33,000 | \$ 5,000 | \$ 5,000 |
| Year End Cash Flow | \$ 96,605 | \$ 7,552 | \$ 188,991 | \$ 210,595 | \$ 255,407 |

“Innovation Center” Defined

A location or locations which provide:

- a working / collaboration environment for individuals and emerging companies (commonly known as “co-working space); without programmatic support
- an instructional environment for developing entrepreneurial skills and early stage enterprise (commonly known as incubator/accelerators); programmatic support provided
- a place for later stage or established companies as interim operating space as they grow until they assume more permanent domiciles; little if any programmatic support

The cornerstone of the concept presented here is a co-operative approach adopted by both public and private endeavors. Within the public aspect is:

Public Objectives of an “Innovation Center”

- Improvement in community economic impact from programmatic activity,
- Measurable ROI for public funds provided (typically 10%-13% with 7-8 year payback)

- Employment growth,
- Enhanced perception of the City as a corporate relocation destination
- Measurable attraction of corporate entities
- Advancement of existing community advantages as a corporate domicile
- Leveraging of educational venues and instructional programs

Private Role in Conjunction with an “Innovation Center”

- Leverage of capital needs
- Increased capacity (of co-working space)
- Cooperative initiatives (cost savings)

Business Case Summary

The concept of “The McKinney Innovation Center” is to support economic development by attracting both emerging high potential companies and established but relocatable successful companies. Once established the entity becomes largely cash self-sustaining from rents paid by resident companies. In certain cases modest equity is taken (usually in the form of warrants) but the overriding thrust is to moderate the risk of taxpayer monies through a real estate opportunity.

Accompanying is a pro-forma which demonstrates the execution of the model. This approach is particularly appropriate for McKinney at this time because neighboring cities are aggressively adopting co-working initiatives and other aspects of an “Innovation Center”.

There is an opportunity at the long-vacant Blockbuster building to put the model to work.

In the initial year a cash advance of \$400,000 of the EDC budget is required. In the subsequent two years, as rents build, the cash support drops significantly such that in the fourth year, no support is needed. This proposal is based upon conservative principles.

Market Demand:

A number of factors have been used to determine the market demand for an Innovation Center in the McKinney area.

- 1) Trends across the United States show significant increases in Innovation Centers.
- 2) Activity in surrounding communities:
 - a. Currently there are 26 similar or somewhat similar centers in the DFW area. Some are publicly supported through EDCs or Education institutions and some are privately held for profit businesses.
 - b. There are currently zero similar centers in McKinney at this time.
- 3) Feedback from within the Community
 - a. Business community support.
 - b. Existing entrepreneurs in the community and at the existing McKinney WERX co-working facility.
 - c. Support from educational institutions
 - i. MISD
 - ii. Collin College

- d. Innovate McKinney Now event held March 16th 2017. 120 people attended 15% higher than expected. 100% favorable responses during and post event.
- e. Support letters from various areas of the local community.

SWOT

| | |
|---|---|
| <p>Strengths:</p> <ul style="list-style-type: none"> Built-up Market Demand Experienced Team Desired Location Desired Facility w/ space Favorable Landlord Network / Access to People Pricing Advantage | <p>Weaknesses:</p> <ul style="list-style-type: none"> Perceptions Lack of near-by facilities |
| <p>Opportunities:</p> <ul style="list-style-type: none"> Immediate timing advantage Personnel Facility Desire by boards Multi-million \$ impact to area | <p>Threats:</p> <ul style="list-style-type: none"> For Profit Companies enter market Economy turns downward Other similar models appear Price war if others enter market Not attracting the right mix |

Targeted Industries:

- Technology
- Internet of Things (IoT)
- Internet of Everything (IoX)
- Aerospace
- Gaming
- Cyber Security
- Artificial Intelligence (AI)
- Virtualization
- Business Analysts & Data
- Medical Devices / Healthcare
- Next Generation Robotics
- Oil, Gas, and Alternative Fuels
- Additive Manufacturing
- Neuromorphic Technology
- Digital Genome

Marketing Activities Planned:

Initial and ongoing marketing activity will be required to keep a steady stream of potential MIC members in Queue. These activities include but are not limited to:

- Email campaign(s)
- Liquid Space and other space –listing sites listings and announcements
- Radio Advertisement (KLAK – McKinney Radio Station)
- Social Media (Facebook, twitter....) (Managed daily by the MIC Marketing Director)
- Collin College references
- Networking meetings
- City events / activities
- Media (Dallas and McKinney)
- Web site (McKinney Innovation sites, MEDC, WERX, etc.)
- Attendance at other Innovation and Entrepreneur events
 - o Dallas Startup Week
 - o Entrepreneur Summit
 - o Tech Wildcatter, Health Wildcatter and similar events
- Referrals from other centers

McKinney Innovation Center Components:

The Makerspace - Entrepreneur Development

- a. The WERX Foundation and Collin College team together with the RIS i6 innovation grant to provide a location where we combine manufacturing equipment, community, and education for the purposes of enabling community members to design, prototype and create manufactured works that wouldn't be possible to create with the resources available to individuals working alone.
- b. High School Students
- c. College Students
- d. Entrepreneurs in Training
- e. Community Members
- f. Corporate Interaction

Collaboration Center / Co-Working Location / Flex Office Space

- g. Desk for rent as drop-in or dedicated space
- h. Flexible office space without long term commitments
- i. Expandable space as companies mature and grow
- j. Center and planned activities to foster collaboration between companies, mentors, advisors, and others in the academic and business communities

Corporate Innovation Labs

- k. As industries converge and the rules within and across industry boundaries become rewritten, corporate innovation requires new thinking on innovation and entrepreneurship in existing firms.
- l. Bringing the garage back to the corporate world thru Ideation Labs!

Incubator / Accelerator

- m. Using a proven proprietary milestone-driven success program model, businesses are guided through from formation to launch and beyond.
- n. Program Companies

Transition Companies

- o. Incubator & Accelerator graduates can find a longer-term expandable home among other stage 2 and attracted businesses in the McKinney Innovation Center.
- p. Graduate Directly Into Your Long Term Expandable Space without the Fuss.

Incubator Program:

Incubators are typically publicly supported and seek a return on investment through what is termed “social benefit.” Incubators typically recruit local start-up candidates. In the public sponsored setting, the social benefit that is sought is manifested as increased employment, improved average salaries, and a business environment that is receptive and encouraging to entrepreneurship.

Certainly this benefits the local sponsor indirectly, by the Influx of investment capital, increasing property tax revenues, a larger workforce, and local business growth. These parameters may be reflected as an “economic benefit” to the community by impact analysis, which includes the multiple levels of direct and indirect financial impact the endeavors create. Incubators rarely provide investment capital to their program companies and are somewhat open-ended in program company tenure within the Incubator.

Accelerator Program:

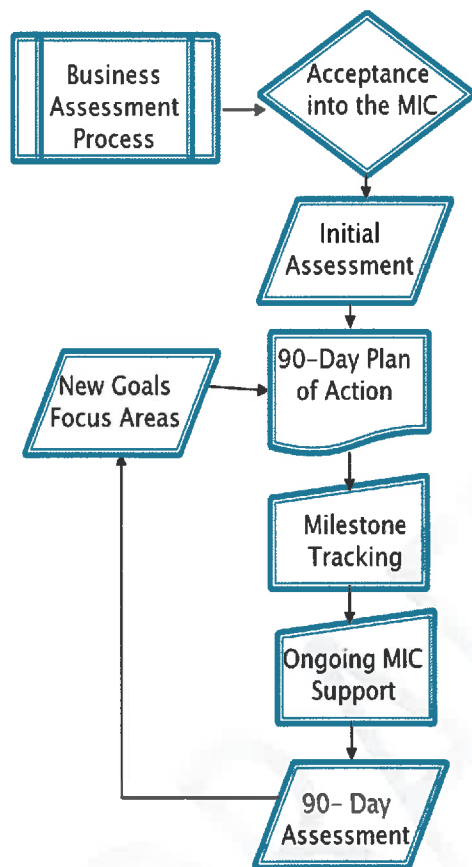
Accelerators typically attract investors who invest in candidate companies and partner with them to encourage rapid development to launch within a short timeframe, typically six to 12 months. The private investors usually participate very closely in day-to-day management to develop the companies. Accelerators tend to recruit regional and national start-up candidates.

The McKinney Innovation Center may at some point decide to invest directly through rent abatement or other In-kind offerings. The direct benefit accrues to the Accelerator in increased financial value of the equity stakes of successful graduating companies that it holds. An indirect benefit accrues to the community where the Accelerator is located due to the concentration of start-up and development-stage activity, investor interest and participation, and local employment.

Building a framework for success. While challenges such as managing cash flow, deciding when and who to hire and how best to generate awareness for a product or service are common to most young companies, we know that no two companies are the same. That’s why we designed the MIC Accelerator

Program to accommodate a wide range of needs while still providing a framework that supports the growth and evolution of our member companies.

Structured Support – MIC personnel will be using a proprietary Assessment process (already developed and proven) to determine who is accepted and who is not. From this, MIC staff will get to know the nature of an applicant company's business, the personalities of their founders and management and may get a sense of the areas where the company needs the most help, but the real exploration of how MIC can best support them comes once they're accepted to the program.



- After everyone is settled into their new offices, MIC staff and advisors (defined below) will meet with members of the company and conduct an initial assessment, which includes a review of financials.
- Based on the information surfaced in the assessment, MIC staff and advisors develop a 90-day plan designed to address the member company's situation, opportunities and challenges.
- Once the recommendations are complete, MIC leadership reviews the plan with member company management and both parties agree to measurable goals and milestones for the next 90 days, as well as who is responsible for reaching them and areas in which MIC will provide support.
- After the goals and milestones have been set, MIC will work with and provide support to the member company, yet holding them accountable for reaching the goals set forth in the plan.
- At the conclusion of the initial 90-day period, MIC leadership will meet with member company leadership in order to determine how they have performed against the plan.
- Following each review session, MIC staff and advisors will recommend new goals and / or areas of focus, and / or advise the company to continue working against the goals and milestones set forth in the original plan.

Ongoing Assistance -In addition to the structured element of the program, MIC staff members provide advice and support in these areas as-needed:

- Business Management
- Business plan development and refinement
- Advisory board development assistance
- Accountability
- Operations

McKinney Innovation Center Planned Amenities:

Far more than a typical office building, the Center provides fully-furnished, turnkey offices, open working environments, med / tech labs, state-of-the art training and meeting rooms and enterprise-grade infrastructure to ventures working in a wide range of industries.

- 24/7 secure key card access
- High-speed wired and wireless internet (100 / 100 Mbps)
- VOIP telecom
- Staffed reception
- Shipping/receiving services
- Private, secure mailboxes
- On-site notary
- Metered postage
- Printing center / work room (print/copy/bind, etc.)
- Network print stations (copy, print, scan, fax)
- Premium coffee / tea service
- Well-equipped Kitchens
- Lounge / Break room
- Ample parking
- Monitored security & fire alarms
- 24/7 Video surveillance

Companies that are accepted into The Accelerator Program pay an all-inclusive fee ranging from \$325 per dedicated desk to \$3,200 a month per office/suite (pricing is described later in this document and there are different rates for co-working and incubator spaces), which includes:

- Accelerator services
- The opportunity to network and collaborate with over 20 other local startups
- Private, fully-furnished offices
- All utilities
- 24/7/365 secure key card access
- High-speed wired and wireless internet (100 / 100 Mbps)
- Meeting rooms with conference phones and full suite of A/V equipment
- Kitchens with premium single-serve coffee & tea service, purified water, ice maker, microwaves and toaster ovens
- Fully furnished lounge / break room with big screen TV and massage chair
- Network print stations (copy, print, scan, fax)
- Fully-equipped printing center / work room (print/copy/bind, etc.)
- Staffed reception
- Shipping/receiving services
- Private, secure mailboxes
- Metered postage
- On-site notary
- Monitored security & fire alarms
- 24/7 Video surveillance
- Ample parking
- Janitorial service

Virtual Memberships

For those who don't require the breadth of the Accelerator Membership, we will offer select organizations virtual memberships, which includes a business mailing address and secure mailbox at the Center, as well as limited meeting room privileges. Virtual membership rate is \$195 per month.

Applying to McKinney Innovation Center

We're not partial to one industry or another. We welcome all emerging businesses and entrepreneurs that are looking for an initial boost or help taking their company to the next level, but we do want to make sure that we can help your organization and that it will enhance our community of member companies and the McKinney community at-large.

You don't have to be from McKinney to be accepted; but you should have plans to base your company here. It isn't a contractual obligation, but contributing meaningfully to McKinney's economy is at the core of our mission, so a desire to be in the area long-term is a big plus.

Broadly speaking, we're seeking startups with innovative ideas, strong potential to have significant market impact within a reasonable time frame, a willingness to learn and the resourcefulness to put the support we provide to good use.

Beyond those high-level attributes, here are a few more-concrete things that we look for in applicants:

- Innovative and identifiable intellectual property
- Time-to-market within a two year target
- Preliminary business plan with pro forma financial statements showing significant revenues within five years
- Founder is full-time and has pertinent niche expertise and additional team members are a plus
- Sufficient seed capital or personal financial resources to carry the venture for at least six months at the current burn rate
- Desire to utilize and participate in the full breadth of services offered by MIC and willingness to participate in open-book accounting and advisory services
- Ability to support and enhance the educational mission of MIC through offering and/or participation in educational programming and events
- Fit within the physical and operational constraints of the facility, e.g. space requirements, fees, equipment, infrastructure etc.
- Ability to pay the \$150 nonrefundable application fee (which will be applied toward deposit for accepted applicants)

Before beginning the application, we encourage candidates to put some thought into the criteria outlined above, as well as, these important points:

- The MIC has no obligation to admit any company to the accelerator program.
- Eligibility and final determination of acceptance or rejection is at MIC's sole discretion.
- Prior to acceptance, we cannot execute a nondisclosure agreement (NDA) due to the nature of our business.

- The MIC has no liability to the applicant related to the application, review and selection process used to determine acceptance into the program.

Structure:

The existing WERX Foundation, Inc. and McKinney WERX are non-profit organizations and has one board of directors for both. Plans are to continue leveraging these 501C3 and C6 organizations and to utilize the DBA **McKinney Innovation Center** under the WERX Foundation, Inc. While plans are to be self-funding after 3 year of operations, direct funding support for years 1 to 3 will be provided by the McKinney Economic Development Corporation (MEDC), who will therefore provide oversight.

Staffing:

Initial staffing serves to run the operations, market and secure program companies, and provide program companies support:

- **Executive Director** – FTE - Reports to the Board and has overall responsibility for strategic plan implementation, day to day operations, financial performance, resident acceptance, support and interactions, and staff management.
- **Senior Consultant** – Contractor – Reports to ED and the board and is responsible for assisting in the initial implementation of the center and attracting and securing new businesses to join the center.
- **Director of Marketing** – FTE – Reports to ED, responsible for ongoing marketing efforts at all levels including direct, social media, attending networking events, representing the MIC at events and overall attracting interest into the center.
- **Operations Support** – FTE – Reports to ED, responsible for the day-to-day operations of the center, on-boarding residents, vendor interactions, building interactions, and working with residents to resolve center –related issues.

Leadership team

WERX Board Members:

- Mark Cottam
- Steve Tucker
- John Minnis
- John Valencia (non-voting)

Executive Director – Harry Smeenk, MBA, CMC, (CMC = Certified Management Consultant), 35 years business experience, 19 years with Nortel Networks, 16 years in business consulting and fractional assignments working with start-ups, turn-arounds and midsized companies. Provided consulting services to over 75 companies directly including Intertek, Goodman Networks, PRIMEDIA Healthcare, Telecom Industry Association (TIA) and American Wireless. Successfully launched 4 companies in the past 8 years, the largest with revenues over\$11M annually. 1 Failed launch – ran out of time and money. For the past 4 years, has served as the Entrepreneur in Residence at NTEC in Frisco involved in the turn-around there and in conjunction with running and selling his latest start-up in the wireless tower deployment services industry.

Senior Consultant – John Miller, Past Executive Director, NTEC with the mission of expanding and diversifying Frisco’s economic base by helping high-potential startups grow into significant contributors to the city’s business community. In the prior twenty years, Miller led three companies from inception/early-stage; each achieving \$100M to well over \$1B in revenues. His industry operating experience is broad-based and includes technology, renewable energy, global manufacturing and related services, and facilities management.

John has structured and led financing transactions in the public markets, venture capital, and private equity for companies at nearly all stages of development. He served as CEO of YLG Holdings, Inc., a national leader in the landscape industry; Managing Director of WTCG, a wind energy technology development company; and was the executive leader for the LeBlanc Group, a billion dollar diversified technology telecommunications/broadcast Equipment Company.

Director of Marketing – To Be Determined

Operations Support – To Be Determined

Stakeholders:

There are a number of stakeholders involved in the implementation of McKinney Innovation Center:

- McKinney Economic Development Corporation (MEDC)
 - o Will Contribute \$1,000,000 over a 3 year period
 - o \$162,000 - 3 year Makerspace matching grant already committed
 - o Stands to gain from payback of grant over time
 - o Potential opportunity for equity stakes
- Saskaway – Mike Klasen Landlord (Total = \$635,000)
 - o \$150,000 year 1 rent reductions below market-rates (3 year value = \$375,000)
 - o Elimination of the NET/NET Charges of over \$75,000 over 3 years)
 - o Estimated \$65,000 in buildouts and lease-hold improvements
 - o Estimated \$40,000 per year savings in providing front desk personnel \$120,000 3yr
 - o Willingness to work with all of us to make this work
- Collin College
 - o Providing \$150,000 in kind support
 - o Providing 3 of the 4 maker spaces
 - o Facility is providing entrepreneur curriculum
- McKinney WERX
 - o Providing existing assets (\$35,000) and initial residents
- USA Government Department of Commerce
 - o \$346,000 in RIS i6 grant funds for the Makerspaces

Pricing Model

The initial McKinney Innovation Pricing model will generally reflect a 25% lower rate than existing similar centers in Dallas, North Dallas, Plano, and Frisco. These rates will be re-assessed annually. We are able to offer lower rates to attract businesses to McKinney due to the lower-than-market rate (40%) we will be paying:

Price Compare

| | | MIC | COCO | We-Work | Spaces | Launch Pad |
|-----------------------------------|--|-------------|---------------|-------------|-------------|-------------|
| Maker Space | | \$ 2,500.00 | \$ - | \$ - | \$ - | \$ - |
| Virtual Office / Basic Membership | | \$ 195.00 | \$ 20.00 | \$ - | \$ 199.00 | \$ - |
| Open Desk (co-working / Hot Desk) | | \$ 175.00 | \$ 365.00 | \$ 350.00 | \$ 250.00 | \$ 250.00 |
| Flex 14 (14 days month) | | \$ - | \$ 195.00 | \$ - | \$ - | \$ - |
| Flex 5 (5 days month) | | \$ - | \$ 85.00 | \$ - | \$ - | \$ - |
| Dedicated Desks | | \$ 325.00 | \$ 500.00 | \$ 450.00 | \$ 375.00 | \$ 350.00 |
| Small Offices 1-2 People | | \$ 575.00 | \$ 1,000.00 | \$ 620.00 | \$ 650.00 | \$ 650.00 |
| Medium Offices 2-3 | | \$ 850.00 | \$ 1,500.00 | \$ 1,280.00 | \$ 1,200.00 | \$ 1,000.00 |
| Large Office 4-6 | | \$ 1,150.00 | \$ 2,400.00 | \$ 1,880.00 | \$ 2,000.00 | \$ 1,800.00 |
| Small Suite 8 to 10 people | | \$ 1,500.00 | \$ 2,800.00 | \$ 3,250.00 | | |
| Large Suite / Lab 12-14 people | | \$ 3,000.00 | \$ 3,500.00 | \$ 4,500.00 | | |
| One Time Registration Fee | | \$ 150.00 | \$50 to \$300 | \$ - | \$ - | \$ 200.00 |
| Conf Room (assume 5 rents per m) | | \$ 2,000.00 | | | \$ 2,340.00 | \$ 2,000.00 |

Pricing Model

| Space Plan version 1.0 | QTY | Rate | Utl 25% | Utl 50% | Utl 75% | Utl 100% | People @ 100% |
|----------------------------------|-----|-------------|---------------------|---------------------|---------------------|---------------------|---------------|
| Maker Space | 1 | \$ 2,500.00 | \$ - | \$ - | \$ - | \$ - | 5 |
| Virtual Office | 15 | \$ 195.00 | \$ 731.25 | \$ 1,462.50 | \$ 2,193.75 | \$ 2,925.00 | 15 |
| Open Desk Total Seats | 80 | \$ 175.00 | \$ 3,500.00 | \$ 7,000.00 | \$ 10,500.00 | \$ 14,000.00 | 80 |
| Dedicated Desks | 60 | \$ 325.00 | \$ 4,875.00 | \$ 9,750.00 | \$ 14,625.00 | \$ 19,500.00 | 60 |
| Small Offices | 7 | \$ 575.00 | \$ 1,006.25 | \$ 2,012.50 | \$ 3,018.75 | \$ 4,025.00 | 7 |
| Medium Offices | 9 | \$ 850.00 | \$ 1,912.50 | \$ 3,825.00 | \$ 5,737.50 | \$ 7,650.00 | 18 |
| Large Office | 3 | \$ 1,150.00 | \$ 862.50 | \$ 1,725.00 | \$ 2,587.50 | \$ 3,450.00 | 9 |
| Small Suite 8 to 10 people | 2 | \$ 1,500.00 | \$ 750.00 | \$ 1,500.00 | \$ 2,250.00 | \$ 3,000.00 | 20 |
| Large Suite / Lab 12-14 people | 3 | \$ 3,000.00 | \$ 2,250.00 | \$ 4,500.00 | \$ 6,750.00 | \$ 9,000.00 | 40 |
| One Time Registration Fee | 100 | \$ 150.00 | \$ 3,750.00 | \$ 7,500.00 | \$ 11,250.00 | \$ 15,000.00 | 0 |
| Conference Room | 2 | \$ 2,000.00 | \$ 1,000.00 | \$ 2,000.00 | \$ 3,000.00 | \$ 4,000.00 | 0 |
| Totals Monthly | | | \$ 20,637.50 | \$ 41,275.00 | \$ 61,912.50 | \$ 82,550.00 | 254 |
| Totals Annualized | | | \$ 247,650.00 | \$ 495,300.00 | \$ 742,950.00 | \$ 990,600.00 | |
| Total square feet total = 24,821 | | 24,821 | 6,205 | 12,411 | 18,616 | 24,821 | 98 |
| | | | | | | | p/person |

Other Revenue Generating Activities

While initially a majority of revenue generation is through MEDC funding and rents. Over time rental incomes becomes the majority and other opportunities exist to generate review. To remain conservative within the pro forma, we have not placed much emphasis on these in the calculations, but we do remain focused on pursuing these aggressively.

- **Google Tech Hubs Program** is part of the company's two-year-old Google for Entrepreneurs effort to empower startups and their founders worldwide. They are currently looking for a North Texas Incubator / Accelerator and we are currently scheduling discussions with them. As part of

the network, the tech hubs will receive a number of Google benefits, including funding, discounts on products and software, and access to Google mentors.

- **OIE Governmental Grants** – Further to the RSI6 grant won last year, there are other grants available to be pursued. A meeting was held with OIE on April 5, 2017 to discuss a Seed grant opportunity along with other opportunities.
- **Commercial Commissions revenue** – The MIC will receive finder's fee/ credit from the landlord for placing new stage 2 and MIC transition companies into other space within Texas Crossing.
- **Equity stakes in participant companies**- Warrant and other equity opportunities may be pursued with program companies within the MIC.
- **Training, development, and other event Programs** - Plans are to develop and conduct business/ entrepreneur revenue generating programs either held at the MIC or in a "Road-show" capacity. Examples include Business Roundtables, Summits, Trade events, etc.

Monthly Dashboards / Metrics

The McKinney Innovation will not only assist start-ups in building their businesses with support and experience, but the MIC itself will be run as a successful business with ongoing operations, reviews, metrics and dashboards. While not finalized at this time, typically monthly reporting revolves around:

Monthly Revenue / Trends

Projected Revenues

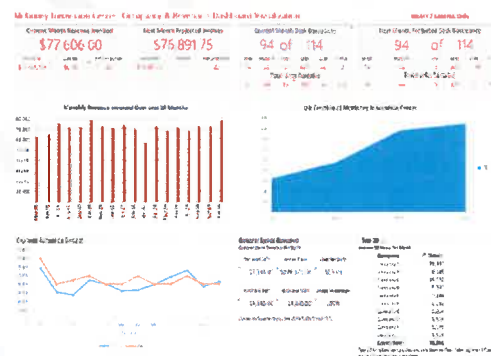
Occupancy Rates

Projected Occupancy

Job Creation

Expenses Actual to Budget

Resident Status



McKinney Area Financial Impact Details

Assumptions Used and Source(s): Information extracted and computed based on:

- Source: The University of Texas at Dallas Report "The WERX Foundation Small Business Impact Report" December 16th, 2016 prepared by Kamir Kordi.
- Source: North Texas Enterprise Center (NTEC) Regional Economic Development Impact Report Dated September 19, 2015, Prepared by Clay Randall.
- IMPLAN Model used and is the generally agreed upon industry (EDC) methodology for impact measurement. 6 industry sectors were assumed / associated NAICS Industry Codes:
 - o 541: Professional, Scientific & Technical Services
 - o 611: Educational Services
 - o 5419: Other Professional, Scientific & Technical Services
 - o 541511: Custom Computer Programming Services
 - o 5416: Management, Scientific & Technical Consulting Services
 - o 334: Computer & Electronic Product & Manufacturing
- McKinney Median household income of \$82,988, median age 32, population 161,905
- Average Engineers salary in McKinney per Glassdoor = \$76,585
- IMPLAN Model represents in this area that each worker provides \$259,132 of total production value to the firm. Since most of the MIC firms will be in Phase 1 & 2 of the Entrepreneurship and Economic Development process, they will likely be below that number initially, so for the purposes of these calculations we used 75% \$194,349.

- Jobs Created:

| | 2017 | 2018 | 2019 | 2020 | Total period |
|---------------|------|------|------|------|--------------|
| Direct Jobs | 24 | 148 | 221 | 295 | 305 |
| Indirect Jobs | 14 | 91 | 136 | 181 | 208 |

Where Direct jobs equals the full-time equivalent of new jobs at the MIC, and Indirect Jobs are: a MIC Company purchases goods and services from other vendors/businesses in their supply chain (i.e. Office Depot). These consist of business to business transactions and inter-industry transactions.

- Economic Impact:

At Plan

| | Direct | Indirect | Induced | Total |
|-----------------|---------------|---------------|---------------|---------------|
| Employment | 295 | 181 | 179 | 655 |
| Output / Impact | \$ 57,332,955 | \$ 19,347,443 | \$ 17,742,120 | \$ 94,422,518 |
| Labor Income | \$ 31,862,950 | \$ 10,752,396 | \$ 10,633,585 | \$ 53,248,930 |
| Value Added | \$ 38,235,540 | \$ 15,053,354 | \$ 14,355,339 | \$ 67,644,233 |

Where **Output Impact** represents the value that each worker provides of total production value to the firm. **Labor Income** is the estimate of all forms of employment income, including employee compensation (wages and benefits) and proprietor income" and **Value Added** is the estimate of the contribution to Gross Domestic Product (GDP) by the firms (or industry or sector) and represents "the

difference between an industry's or an establishment's total output and the cost of its intermediate inputs” .

| At 50% Plan | | | | |
|--------------|---------------|---------------|--------------|---------------|
| | Direct | Indirect | Induced | Total |
| Employment | 166 | 102 | 101 | 368 |
| Output | \$ 32,249,787 | \$ 10,882,937 | \$ 9,979,943 | \$ 53,112,666 |
| Labor Income | \$ 17,922,909 | \$ 6,048,222 | \$ 5,981,391 | \$ 29,952,523 |
| Value Added | \$ 21,507,491 | \$ 8,467,511 | \$ 8,074,878 | \$ 38,049,881 |

| At 75% Plan | | | | |
|--------------|---------------|---------------|---------------|---------------|
| | Direct | Indirect | Induced | Total |
| Employment | 221 | 136 | 134 | 491 |
| Output | \$ 42,999,716 | \$ 14,510,582 | \$ 13,306,590 | \$ 70,816,889 |
| Labor Income | \$ 23,897,213 | \$ 8,064,297 | \$ 7,975,188 | \$ 39,936,698 |
| Value Added | \$ 28,676,655 | \$ 11,290,015 | \$ 10,766,504 | \$ 50,733,175 |

| At 150% Plan | | | | |
|--------------|---------------|---------------|---------------|----------------|
| | Direct | Indirect | Induced | Total |
| Employment | 443 | 272 | 269 | 983 |
| Output | \$ 85,999,433 | \$ 29,021,164 | \$ 26,613,180 | \$ 141,633,777 |
| Labor Income | \$ 47,794,425 | \$ 16,128,593 | \$ 15,950,377 | \$ 79,873,395 |
| Value Added | \$ 57,353,310 | \$ 22,580,031 | \$ 21,533,009 | \$ 101,466,349 |

Financial summary:

2017- 2021 Yearly Pro Forma's Attached

McKinney Innovation Center- FY - 2017 Proforma

| | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Total FY 2017 |
|---|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| | Actual | Actual | Actual | Actual | Actual | Actual | | | | | | | |
| Revenues and Investments: | | | | | | | | | | | | | |
| Space Rentals MIC | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,500 | \$ 8,500 | \$ 11,000 | \$ 27,000 |
| CO- Working Rental Wex | \$ 5,230 | \$ 8,200 | \$ (550) | \$ 5,450 | \$ 5,225 | \$ 4,525 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ - | \$ - | \$ - | \$ 40,080 |
| Event Revenues | \$ 2,914 | \$ 1,485 | \$ (3,867) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 532 |
| Non- Mic Rental Commissions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,400 | \$ - | \$ 6,400 |
| <u>Other Revenues</u> | <u>\$ 2,367</u> | <u>\$ 1,181</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 304</u> | <u>\$ 34</u> | <u>\$ 34</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,920</u> |
| Sub Total Ops Revenues | \$ 10,511 | \$ 10,866 | \$ (4,417) | \$ 5,450 | \$ 5,225 | \$ 4,829 | \$ 4,034 | \$ 4,034 | \$ 4,000 | \$ 7,500 | \$ 14,900 | \$ 11,000 | \$ 77,932 |
| Community Investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 500 |
| RIS Grant Match | \$ - | \$ - | \$ - | \$ 54,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 54,000 |
| Sponsorships | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Donations | \$ - | \$ - | \$ 60,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 60,000 |
| McKinney EDC Investment | \$ 9,000 | \$ 9,000 | \$ 5,049 | \$ 11,750 | \$ 11,750 | \$ 11,750 | \$ 11,750 | \$ - | \$ 150,000 | \$ 150,000 | \$ 50,000 | \$ 50,000 | \$ 470,049 |
| <u>Other Contributions / Grants</u> | <u>\$ 2,122</u> | <u>\$ 912</u> | <u>\$ 700</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,742</u> |
| Sub Total Investment Revenues | \$ 11,122 | \$ 9,912 | \$ 65,749 | \$ 65,750 | \$ 11,758 | \$ 12,250 | \$ 11,750 | \$ - | \$ 150,000 | \$ 150,000 | \$ 50,000 | \$ 50,000 | \$ 588,291 |
| Total Revenues & Investments | \$ 21,633 | \$ 20,778 | \$ 61,332 | \$ 71,200 | \$ 16,983 | \$ 17,079 | \$ 15,784 | \$ 4,034 | \$ 154,000 | \$ 157,500 | \$ 64,900 | \$ 61,000 | \$ 666,223 |
| Expenses: | | | | | | | | | | | | | |
| Banking Charges | \$ 12 | \$ 8 | \$ 2 | \$ 55 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 30 | \$ 30 | \$ 3 | \$ 30 | \$ 177 |
| Beverages / Snacks | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 1,200 |
| Contractor / Consultant | \$ - | \$ 3,000 | \$ 5,500 | \$ 7,000 | \$ 9,000 | \$ 15,250 | \$ 13,000 | \$ 13,000 | \$ 8,000 | \$ 8,000 | \$ 8,000 | \$ 8,000 | \$ 97,750 |
| Electric | \$ 747 | \$ 656 | \$ 447 | \$ 633 | \$ 761 | \$ 734 | \$ 450 | \$ 450 | \$ 450 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 11,329 |
| Entertainment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 400 | \$ 400 | \$ 400 | \$ 400 | \$ 1,600 |
| Event Costs | \$ 2,143 | \$ 2,181 | \$ - | \$ - | \$ - | \$ 1,074 | \$ 1,000 | \$ 1,000 | \$ - | \$ - | \$ - | \$ - | \$ 7,398 |
| Insurance - Liability | \$ 61 | \$ 61 | \$ 61 | \$ 61 | \$ 61 | \$ 61 | \$ 61 | \$ 61 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,089 |
| Insurance - Medical | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,000 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 9,500 |
| Internet | \$ 33 | \$ 342 | \$ 51 | \$ 261 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 50 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 6,618 |
| Lease / Rent | \$ 8,100 | \$ 8,100 | \$ 8,100 | \$ 8,505 | \$ 8,100 | \$ 8,100 | \$ 3,700 | \$ 3,700 | \$ 3,700 | \$ - | \$ 20,000 | \$ 20,000 | \$ 100,105 |
| Legal & Professional Fees | \$ - | \$ 100 | \$ 250 | \$ 100 | \$ 138 | \$ 100 | \$ 100 | \$ 100 | \$ 2,500 | \$ - | \$ - | \$ 2,500 | \$ 5,888 |
| Marketing / Advertisement | \$ - | \$ - | \$ - | \$ 90 | \$ 284 | \$ - | \$ - | \$ - | \$ 5,000 | \$ 2,500 | \$ 500 | \$ 5,000 | \$ 13,374 |
| Meals | \$ - | \$ - | \$ - | \$ 62 | \$ 308 | \$ - | \$ - | \$ - | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 1,370 |
| Office Supplies | \$ 419 | \$ 277 | \$ 159 | \$ 358 | \$ 369 | \$ 318 | \$ 318 | \$ 318 | \$ 500 | \$ 1,500 | \$ 400 | \$ 350 | \$ 5,285 |
| Print / Mail / Shipping | \$ - | \$ 38 | \$ 9 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 1,447 |
| Repair & Maintenance | \$ - | \$ 94 | \$ - | \$ - | \$ - | \$ 4 | \$ - | \$ - | \$ - | \$ 150 | \$ 150 | \$ 150 | \$ 548 |
| Salaries | \$ 4,669 | \$ 3,981 | \$ 3,515 | \$ 3,700 | \$ - | \$ - | \$ - | \$ - | \$ 12,500 | \$ 20,833 | \$ 29,167 | \$ 29,167 | \$ 107,532 |
| Salaries Bonuses / Commissions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Salaries Taxes | \$ 1,028 | \$ 822 | \$ 791 | \$ 123 | \$ - | \$ - | \$ - | \$ - | \$ 1,750 | \$ 2,938 | \$ 4,104 | \$ 4,104 | \$ 15,660 |
| Telecom Services | \$ 486 | \$ 486 | \$ 486 | \$ 489 | \$ 419 | \$ 419 | \$ 419 | \$ 419 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 4,623 |
| Trash / Cleaning | \$ 375 | \$ 600 | \$ - | \$ 150 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 5,325 |
| Travel Costs | \$ - | \$ 230 | \$ 88 | \$ - | \$ 30 | \$ - | \$ - | \$ - | \$ 300 | \$ 300 | \$ 300 | \$ 1,500 | \$ 2,747 |
| Water | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 400 |
| <u>Other Costs</u> | <u>\$ 316</u> | <u>\$ 244</u> | <u>\$ 151</u> | <u>\$ 177</u> | <u>\$ 182</u> | <u>\$ 175</u> | <u>\$ 1,175</u> | <u>\$ 1,175</u> | <u>\$ 1,000</u> | <u>\$ 1,000</u> | <u>\$ 1,000</u> | <u>\$ 1,000</u> | <u>\$ 7,595</u> |
| Total Expenses | \$ 18,389 | \$ 21,219 | \$ 19,610 | \$ 21,765 | \$ 19,999 | \$ 26,581 | \$ 20,570 | \$ 20,570 | \$ 40,330 | \$ 46,201 | \$ 72,574 | \$ 80,751 | \$ 408,560 |
| Net Operating Income | \$ 3,244 | \$ (441) | \$ 41,722 | \$ 49,435 | \$ (3,016) | \$ (9,502) | \$ (4,786) | \$ (16,536) | \$ 113,670 | \$ 111,299 | \$ (7,674) | \$ (19,751) | \$ 257,663 |
| MIC Capex | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 90,000 | \$ 85,000 | \$ - | \$ - | \$ 175,000 |
| Total Capital Spend | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 90,000 | \$ 85,000 | \$ - | \$ - | \$ 175,000 |
| Return to Operations | \$ 3,244 | \$ (441) | \$ 41,722 | \$ 49,435 | \$ (3,016) | \$ (9,502) | \$ (4,786) | \$ (16,536) | \$ 23,670 | \$ 26,299 | \$ (7,674) | \$ (19,751) | \$ 82,663 |
| Cumulative Cash Flow | \$ 17,185 | \$ 16,744 | \$ 58,466 | \$ 107,902 | \$ 104,886 | \$ 95,384 | \$ 90,597 | \$ 74,061 | \$ 97,731 | \$ 124,031 | \$ 116,356 | \$ 96,605 | |

McKinney Innovation Center- FY - 2018 Proforma

| | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Total FY 2018 |
|---|--------------------|-------------------|--------------------|-------------------|------------------|------------------|------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues and Investments: | | | | | | | | | | | | | |
| Space Rentals MIC | \$ 12,383 | \$ 18,161 | \$ 20,638 | \$ 24,765 | \$ 28,893 | \$ 33,020 | \$ 37,148 | \$ 41,275 | \$ 45,403 | \$ 49,530 | \$ 53,658 | \$ 57,785 | \$ 422,656 |
| CO- Working Rental Werx | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Event Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ 10,000 |
| Non- Mic Rental Commissions | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ 10,000 |
| <u>Other Revenues</u> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Ops Revenues | \$ 12,383 | \$ 18,161 | \$ 20,638 | \$ 24,765 | \$ 33,893 | \$ 38,020 | \$ 37,148 | \$ 41,275 | \$ 45,403 | \$ 54,530 | \$ 53,658 | \$ 62,785 | \$ 442,656 |
| Community Investments | | | | | | | | | | | | | |
| RIS Grant Match | \$ - | \$ - | \$ - | \$ 54,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 54,000 |
| Sponsorships | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| McKinney EDC Investment | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ - | \$ - | \$ - | \$ - | \$ 400,000 |
| <u>Other Contributions / Grants</u> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Investment Revenues | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 104,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ - | \$ - | \$ - | \$ - | \$ 454,000 |
| Total Revenues & Investments | \$ 62,383 | \$ 68,161 | \$ 70,638 | \$ 128,765 | \$ 83,893 | \$ 88,020 | \$ 87,148 | \$ 91,275 | \$ 45,403 | \$ 54,530 | \$ 53,658 | \$ 62,785 | \$ 896,656 |
| Expenses: | | | | | | | | | | | | | |
| Banking Charges | \$ 30 | \$ 30 | \$ 30 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 540 |
| Beverages / Snacks | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Contractor / Consultant | \$ 8,000 | \$ 8,000 | \$ 8,000 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 54,000 |
| Electric | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Entertainment | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Event Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance - Liability | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Insurance - Medical | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 30,000 |
| Internet | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 22,800 |
| Lease / Rent | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 26,667 | \$ 26,667 | \$ 26,667 | \$ 26,667 | \$ 26,667 | \$ 273,333 |
| Legal & Professional Fees | \$ - | \$ 2,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 |
| Marketing / Advertisement | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Meals | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Office Supplies | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Print / Mail / Shipping | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Repair & Maintenance | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Salaries | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 350,004 |
| Salaries Bonuses / Commissions | \$ - | \$ - | \$ 35,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 35,000 |
| Salaries Taxes | \$ 4,104 | \$ 4,104 | \$ 8,983 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 54,132 |
| Telecom Services | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 3,000 |
| Trash / Cleaning | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 9,000 |
| Travel Costs | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ 4,500 |
| Water | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 1,200 |
| <u>Other Costs</u> | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Total Expenses | \$ 72,901 | \$ 75,401 | \$ 114,280 | \$ 68,921 | \$ 68,921 | \$ 68,921 | \$ 70,421 | \$ 75,588 | \$ 75,588 | \$ 73,588 | \$ 75,088 | \$ 76,088 | \$ 915,709 |
| Net Operating Income | \$ (10,519) | \$ (7,240) | \$ (43,643) | \$ 59,844 | \$ 14,971 | \$ 19,099 | \$ 16,726 | \$ 15,687 | \$ (30,186) | \$ (19,058) | \$ (21,431) | \$ (13,303) | \$ (19,053) |
| <u>MIC Capex</u> | \$ - | \$ - | \$ - | \$ 23,333 | \$ - | \$ - | \$ - | \$ 23,333 | \$ - | \$ - | \$ - | \$ 23,334 | \$ 70,000 |
| Total Capital Spend | \$ - | \$ - | \$ - | \$ 23,333 | \$ - | \$ - | \$ - | \$ 23,333 | \$ - | \$ - | \$ - | \$ 23,334 | \$ 70,000 |
| Return to Operations | \$ (10,519) | \$ (7,240) | \$ (43,643) | \$ 36,511 | \$ 14,971 | \$ 19,099 | \$ 16,726 | \$ (7,646) | \$ (30,186) | \$ (19,058) | \$ (21,431) | \$ (36,637) | \$ (89,053) |
| Cumulative Cash Flow | \$ 86,086 | \$ 78,846 | \$ 35,203 | \$ 71,713 | \$ 86,685 | \$ 105,783 | \$ 122,509 | \$ 114,863 | \$ 84,678 | \$ 65,620 | \$ 44,189 | \$ 7,552 | |

McKinney Innovation Center- FY - 2019 Proforma

| | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Total FY 2019 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|---------------------|
| Revenues and Investments: | | | | | | | | | | | | | |
| Space Rentals MIC | \$ 61,913 | \$ 66,040 | \$ 70,168 | \$ 74,295 | \$ 78,423 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 86,678 | \$ 932,815 |
| CO- Working Rental Werx | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Non- Mic Rental Commissions | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ 10,000 |
| Event Revenues | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ 10,000 |
| Other Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Ops Revenues | \$ 61,913 | \$ 66,040 | \$ 75,168 | \$ 74,295 | \$ 83,423 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 87,550 | \$ 87,550 | \$ 82,550 | \$ 86,678 | \$ 952,815 |
| Community Investments | | | | | | | | | | | | | |
| RIS Grant Match | \$ - | \$ - | \$ - | \$ 54,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 54,000 |
| Sponsorships | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| McKinney EDC Investment | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 200,000 |
| Other Contributions / Grants | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Investment Revenues | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 104,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 254,000 |
| Total Revenues & Investments | \$ 111,913 | \$ 116,040 | \$ 125,168 | \$ 178,295 | \$ 83,423 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 87,550 | \$ 87,550 | \$ 82,550 | \$ 86,678 | \$ 1,206,815 |
| Expenses: | | | | | | | | | | | | | |
| Banking Charges | \$ 30 | \$ 30 | \$ 30 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 540 |
| Beverages / Snacks | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Contractor / Consultant | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Electric | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Entertainment | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Event Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance - Liability | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Insurance - Medical | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 30,000 |
| Internet | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 22,800 |
| Lease / Rent | \$ 26,667 | \$ 26,667 | \$ 26,667 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 380,000 |
| Legal & Professional Fees | \$ - | \$ 2,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,500 | \$ 5,000 |
| Marketing / Advertisement | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Meals | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Office Supplies | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Print / Mail / Shipping | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Repair & Maintenance | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Salaries | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 350,004 |
| Salaries Bonuses / Commissions | \$ - | \$ - | \$ 35,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 35,000 |
| Salaries Taxes | \$ 4,104 | \$ 4,104 | \$ 8,983 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 54,132 |
| Telecom Services | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 3,000 |
| Trash / Cleaning | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 9,000 |
| Travel Costs | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ 4,500 |
| Water | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 1,200 |
| Other Costs | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Total Expenses | \$ 73,568 | \$ 76,068 | \$ 114,947 | \$ 80,255 | \$ 80,255 | \$ 80,255 | \$ 81,755 | \$ 80,255 | \$ 80,255 | \$ 80,255 | \$ 81,755 | \$ 82,755 | \$ 992,376 |
| Net Operating Income | \$ 38,344 | \$ 39,972 | \$ 10,220 | \$ 98,040 | \$ 3,168 | \$ 2,295 | \$ 795 | \$ 2,295 | \$ 7,295 | \$ 7,295 | \$ 795 | \$ 3,923 | \$ 214,439 |
| MIC Capex | \$ - | \$ - | \$ - | \$ - | \$ 11,000 | \$ - | \$ - | \$ 11,000 | \$ - | \$ - | \$ 11,000 | \$ - | \$ 33,000 |
| Total Capital Spend | \$ - | \$ - | \$ - | \$ - | \$ 11,000 | \$ - | \$ - | \$ 11,000 | \$ - | \$ - | \$ 11,000 | \$ - | \$ 33,000 |
| Return to Operations | \$ 38,344 | \$ 39,972 | \$ 10,220 | \$ 98,040 | \$ (7,832) | \$ 2,295 | \$ 795 | \$ (8,705) | \$ 7,295 | \$ 7,295 | \$ (10,205) | \$ 3,923 | \$ 181,439 |
| Cumulative Cash Flow | \$ 45,896 | \$ 85,868 | \$ 96,089 | \$ 194,129 | \$ 186,297 | \$ 188,592 | \$ 189,388 | \$ 180,683 | \$ 187,978 | \$ 195,273 | \$ 185,069 | \$ 188,991 | |

McKinney Innovation Center- FY - 2020 Proforma

| | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Total FY 2020 |
|---|------------------|------------------|--------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| Revenues and Investments: | | | | | | | | | | | | | |
| Space Rentals MIC | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 90,805 | \$ 90,805 | \$ 90,805 | \$ 1,052,513 |
| CO- Working Rental Werx | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Non- Mic Rental Commissions | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ 10,000 |
| Event Revenues | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ 10,000 |
| Other Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Ops Revenues | \$ 86,678 | \$ 86,678 | \$ 91,678 | \$ 86,678 | \$ 91,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 91,678 | \$ 95,805 | \$ 90,805 | \$ 90,805 | \$ 1,072,513 |
| Community Investments | | | | | | | | | | | | | |
| RIS Grant Match | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sponsorships | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| McKinney EDC Investment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Contributions / Grants | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Investment Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Revenues & Investments | \$ 86,678 | \$ 86,678 | \$ 91,678 | \$ 86,678 | \$ 91,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 91,678 | \$ 95,805 | \$ 90,805 | \$ 90,805 | \$ 1,072,513 |
| Expenses: | | | | | | | | | | | | | |
| Banking Charges | \$ 30 | \$ 30 | \$ 30 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 540 |
| Beverages / Snacks | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Contractor / Consultant | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Electric | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Entertainment | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Event Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance - Liability | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Insurance - Medical | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 30,000 |
| Internet | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 22,800 |
| Lease / Rent | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 400,000 |
| Legal & Professional Fees | \$ - | \$ 2,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 |
| Marketing / Advertisement | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Meals | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Office Supplies | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Print / Mail / Shipping | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Repair & Maintenance | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Salaries | \$ 30,625 | \$ 30,625 | \$ 30,625 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 380,629 |
| Salaries Bonuses / Commissions | \$ - | \$ - | \$ 38,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 38,500 |
| Salaries Taxes | \$ 4,309 | \$ 4,309 | \$ 4,309 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 53,540 |
| Telecom Services | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 3,000 |
| Trash / Cleaning | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 9,000 |
| Travel Costs | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ 4,500 |
| Water | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 1,200 |
| Other Costs | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Total Expenses | \$ 81,897 | \$ 84,397 | \$ 121,897 | \$ 83,580 | \$ 83,580 | \$ 83,580 | \$ 85,080 | \$ 83,580 | \$ 83,580 | \$ 83,580 | \$ 85,080 | \$ 86,080 | \$ 1,045,909 |
| Net Operating Income | \$ 4,780 | \$ 2,280 | \$ (30,220) | \$ 3,098 | \$ 8,098 | \$ 3,098 | \$ 1,598 | \$ 3,098 | \$ 8,098 | \$ 12,225 | \$ 5,725 | \$ 4,725 | \$ 26,603 |
| MIC Capex | | | | | | | | | | | | | |
| Total Capital Spend | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 |
| Return to Operations | \$ 4,780 | \$ 2,280 | \$ (30,220) | \$ 3,098 | \$ 8,098 | \$ (1,902) | \$ 1,598 | \$ 3,098 | \$ 8,098 | \$ 12,225 | \$ 5,725 | \$ 4,725 | \$ 21,603 |
| Cumulative Cash Flow | \$ 193,772 | \$ 196,052 | \$ 165,832 | \$ 168,930 | \$ 177,028 | \$ 175,126 | \$ 176,723 | \$ 179,821 | \$ 187,919 | \$ 200,144 | \$ 205,869 | \$ 210,595 | |

McKinney Innovation Center- FY - 2021 Proforma

| | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Total FY 2021 |
|---|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| Revenues and Investments: | | | | | | | | | | | | | |
| Space Rentals MIC | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 1,139,190 |
| CO- Working Rental Wex | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Non- Mic Rental Commissions | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ 10,000 |
| Event Revenues | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ 10,000 |
| <u>Other Revenues</u> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Ops Revenues | \$ 94,933 | \$ 94,933 | \$ 99,933 | \$ 94,933 | \$ 99,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 99,933 | \$ 99,933 | \$ 94,933 | \$ 94,933 | \$ 1,159,190 |
| Community Investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| RIS Grant Match | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sponsorships | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| McKinney EDC Investment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <u>Other Contributions / Grants</u> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Investment Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Revenues & Investments | \$ 94,933 | \$ 94,933 | \$ 99,933 | \$ 94,933 | \$ 99,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 99,933 | \$ 99,933 | \$ 94,933 | \$ 94,933 | \$ 1,159,190 |
| Expenses: | | | | | | | | | | | | | |
| Banking Charges | \$ 30 | \$ 30 | \$ 30 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 540 |
| Beverages / Snacks | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Contractor / Consultant | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Electric | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Entertainment | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Event Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance - Liability | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Insurance - Medical | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 30,000 |
| Internet | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 22,800 |
| Lease / Rent | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 450,000 |
| Legal & Professional Fees | \$ - | \$ 2,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,500 | \$ 5,000 |
| Marketing / Advertisement | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Meals | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Office Supplies | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Print / Mail / Shipping | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Repair & Maintenance | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Salaries | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 392,004 |
| Salaries Bonuses / Commissions | \$ - | \$ - | \$ 39,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 39,000 |
| Salaries Taxes | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 55,133 |
| Telecom Services | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 3,000 |
| Trash / Cleaning | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 9,000 |
| Travel Costs | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ 4,500 |
| Water | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 1,200 |
| <u>Other Costs</u> | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Total Expenses | \$ 88,391 | \$ 90,891 | \$ 128,891 | \$ 88,411 | \$ 88,411 | \$ 88,411 | \$ 89,911 | \$ 88,411 | \$ 88,411 | \$ 88,411 | \$ 89,911 | \$ 90,911 | \$ 1,109,377 |
| Net Operating Income | \$ 6,541 | \$ 4,041 | \$ (28,959) | \$ 6,521 | \$ 11,521 | \$ 6,521 | \$ 5,021 | \$ 6,521 | \$ 11,521 | \$ 11,521 | \$ 5,021 | \$ 4,021 | \$ 49,813 |
| <u>MIC Capex</u> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Capital Spend | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 |
| Return to Operations | \$ 6,541 | \$ 4,041 | \$ (28,959) | \$ 6,521 | \$ 11,521 | \$ 1,521 | \$ 5,021 | \$ 6,521 | \$ 11,521 | \$ 11,521 | \$ 5,021 | \$ 4,021 | \$ 44,813 |
| Cumulative Cash Flow | \$ 217,136 | \$ 221,177 | \$ 192,218 | \$ 198,739 | \$ 210,260 | \$ 211,781 | \$ 216,802 | \$ 223,323 | \$ 234,844 | \$ 246,365 | \$ 251,386 | \$ 255,407 | |

McKinney Innovation Center- FY - 2017 Proforma

| | Oct-16 | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Total FY 2017 |
|---|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| Actual | Actual | Actual | Actual | Actual | Actual | Actual | | | | | | | |
| Revenues and Investments: | | | | | | | | | | | | | |
| Space Rentals MIC | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 27,000 |
| CO- Working Rental Wier | \$ 5,230 | \$ 8,200 | \$ (550) | \$ 5,450 | \$ 5,225 | \$ 4,525 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ 7,500 | \$ 8,500 | \$ 11,000 | \$ 40,080 |
| Event Revenues | \$ 2,914 | \$ 1,485 | \$ (3,867) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 532 |
| Non- Mic Rental Commissions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,400 | \$ - | \$ 6,400 |
| Other Revenues | \$ 2,367 | \$ 1,181 | \$ - | \$ - | \$ - | \$ 304 | \$ 34 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,920 |
| Sub Total Ops Revenues | \$ 10,511 | \$ 10,866 | \$ (4,417) | \$ 5,450 | \$ 5,225 | \$ 4,829 | \$ 4,034 | \$ 4,034 | \$ 4,000 | \$ 7,500 | \$ 14,900 | \$ 11,000 | \$ 77,932 |
| Community Investments | | | | | | | | | | | | | |
| RIS Grant Match | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 500 |
| Sponsorships | \$ - | \$ - | \$ - | \$ 54,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 54,000 |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| McKinney EDC Investment | \$ 9,000 | \$ 9,000 | \$ 5,049 | \$ 11,750 | \$ 11,750 | \$ 11,750 | \$ - | \$ - | \$ 150,000 | \$ 150,000 | \$ 50,000 | \$ 50,000 | \$ 60,000 |
| Other Contributions / Grants | \$ 2,122 | \$ 912 | \$ 700 | \$ - | \$ 8 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,742 |
| Sub Total Investment Revenues | \$ 11,122 | \$ 9,912 | \$ 65,749 | \$ 65,750 | \$ 11,758 | \$ 12,250 | \$ 11,750 | \$ - | \$ 150,000 | \$ 150,000 | \$ 50,000 | \$ 50,000 | \$ 588,291 |
| Total Revenues & Investments | \$ 21,633 | \$ 20,778 | \$ 61,332 | \$ 71,200 | \$ 16,983 | \$ 17,079 | \$ 15,784 | \$ 4,034 | \$ 154,000 | \$ 157,500 | \$ 64,900 | \$ 61,000 | \$ 666,223 |
| Expenses: | | | | | | | | | | | | | |
| Banking Charges | \$ 12 | \$ 8 | \$ 2 | \$ 55 | \$ 2 | \$ 2 | \$ 2 | \$ 2 | \$ 30 | \$ 30 | \$ 3 | \$ 30 | \$ 177 |
| Beverages / Snacks | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 1,200 |
| Contractor / Consultant | \$ - | \$ 3,000 | \$ 5,500 | \$ 7,000 | \$ 9,000 | \$ 15,250 | \$ 13,000 | \$ 13,000 | \$ 8,000 | \$ 8,000 | \$ 8,000 | \$ 8,000 | \$ 97,750 |
| Electric | \$ 747 | \$ 656 | \$ 447 | \$ 633 | \$ 761 | \$ 734 | \$ 450 | \$ 450 | \$ 450 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 11,329 |
| Entertainment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 400 | \$ 400 | \$ 400 | \$ 400 | \$ 1,600 |
| Event Costs | \$ 2,143 | \$ 2,181 | \$ - | \$ - | \$ - | \$ 1,074 | \$ 1,000 | \$ 1,000 | \$ - | \$ - | \$ - | \$ - | \$ 7,398 |
| Insurance - Liability | \$ 61 | \$ 61 | \$ 61 | \$ 61 | \$ 61 | \$ 61 | \$ 61 | \$ 61 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,089 |
| Insurance - Medical | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,000 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 9,500 |
| Internet | \$ 33 | \$ 342 | \$ 51 | \$ 261 | \$ 45 | \$ 45 | \$ 45 | \$ 45 | \$ 50 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 6,618 |
| Lease / Rent | \$ 8,100 | \$ 8,100 | \$ 8,100 | \$ 8,505 | \$ 8,100 | \$ 8,100 | \$ 3,700 | \$ 3,700 | \$ 3,700 | \$ - | \$ 20,000 | \$ 20,000 | \$ 100,105 |
| Legal & Professional Fees | \$ - | \$ 100 | \$ 250 | \$ 100 | \$ 138 | \$ 100 | \$ 100 | \$ 100 | \$ 2,500 | \$ - | \$ - | \$ 2,500 | \$ 5,888 |
| Marketing / Advertisement | \$ - | \$ - | \$ - | \$ 90 | \$ 284 | \$ - | \$ - | \$ - | \$ 5,000 | \$ 2,500 | \$ 500 | \$ 5,000 | \$ 13,374 |
| Meals | \$ - | \$ - | \$ - | \$ 62 | \$ 308 | \$ - | \$ - | \$ - | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 1,370 |
| Office Supplies | \$ 419 | \$ 277 | \$ 159 | \$ 358 | \$ 369 | \$ 318 | \$ 318 | \$ 318 | \$ 500 | \$ 1,500 | \$ 400 | \$ 350 | \$ 5,285 |
| Print / Mail / Shipping | \$ - | \$ 38 | \$ 9 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 1,447 |
| Repair & Maintenance | \$ - | \$ 94 | \$ - | \$ - | \$ - | \$ 4 | \$ - | \$ - | \$ - | \$ 150 | \$ 150 | \$ 150 | \$ 548 |
| Salaries | \$ 4,669 | \$ 3,981 | \$ 3,515 | \$ 3,700 | \$ - | \$ - | \$ - | \$ - | \$ 12,500 | \$ 20,833 | \$ 29,167 | \$ 29,167 | \$ 107,532 |
| Salaries Bonuses / Commissions | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Salaries Taxes | \$ 1,028 | \$ 822 | \$ 791 | \$ 123 | \$ - | \$ - | \$ - | \$ - | \$ 1,750 | \$ 2,938 | \$ 4,104 | \$ 4,104 | \$ 15,660 |
| Telecom Services | \$ 486 | \$ 486 | \$ 486 | \$ 489 | \$ 419 | \$ 419 | \$ 419 | \$ 419 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 4,623 |
| Trash / Cleaning | \$ 375 | \$ 600 | \$ - | \$ 150 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 5,325 |
| Travel Costs | \$ - | \$ 230 | \$ 88 | \$ - | \$ 30 | \$ - | \$ - | \$ - | \$ 300 | \$ 300 | \$ 300 | \$ 1,500 | \$ 2,747 |
| Water | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 400 |
| Other Costs | \$ 316 | \$ 244 | \$ 151 | \$ 177 | \$ 182 | \$ 175 | \$ 1,175 | \$ 1,175 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 7,595 |
| Total Expenses | \$ 18,389 | \$ 21,219 | \$ 19,610 | \$ 21,765 | \$ 19,999 | \$ 26,581 | \$ 20,570 | \$ 20,570 | \$ 40,330 | \$ 46,201 | \$ 72,574 | \$ 80,751 | \$ 408,560 |
| Net Operating Income | \$ 3,244 | \$ (441) | \$ 41,722 | \$ 49,435 | \$ (3,016) | \$ (9,502) | \$ (4,786) | \$ (16,536) | \$ 113,670 | \$ 111,299 | \$ (7,674) | \$ (19,751) | \$ 257,663 |
| MIC Capex | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 90,000 | \$ 85,000 | \$ - | \$ - | \$ 175,000 |
| Total Capital Spend | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 90,000 | \$ 85,000 | \$ - | \$ - | \$ 175,000 |
| Return to Operations | \$ 3,244 | \$ (441) | \$ 41,722 | \$ 49,435 | \$ (3,016) | \$ (9,502) | \$ (4,786) | \$ (16,536) | \$ 23,670 | \$ 26,299 | \$ (7,674) | \$ (19,751) | \$ 82,663 |
| Cumulative Cash Flow | \$ 17,185 | \$ 16,744 | \$ 58,466 | \$ 107,902 | \$ 104,886 | \$ 95,384 | \$ 90,597 | \$ 74,061 | \$ 97,731 | \$ 124,031 | \$ 116,356 | \$ 96,605 | |

McKinney Innovation Center- FY - 2018 Proforma

Revenues and Investments:

| | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Total FY 2018 |
|---|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Space Rentals MIC | \$ 12,383 | \$ 18,161 | \$ 20,638 | \$ 24,765 | \$ 28,893 | \$ 33,020 | \$ 37,148 | \$ 41,275 | \$ 45,403 | \$ 49,530 | \$ 53,658 | \$ 57,785 | \$ 422,656 |
| CO- Working Rental Werx | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Event Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ 10,000 |
| Non- Mic Rental Commissions | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ 10,000 |
| Other Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Ops Revenues | \$ 12,383 | \$ 18,161 | \$ 20,638 | \$ 24,765 | \$ 33,893 | \$ 38,020 | \$ 37,148 | \$ 41,275 | \$ 45,403 | \$ 49,530 | \$ 53,658 | \$ 62,785 | \$ 442,656 |
| Community Investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| RIS Grant Match | \$ - | \$ - | \$ - | \$ 54,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 54,000 |
| Sponsorships | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| McKinney EDC Investment | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ - | \$ - | \$ - | \$ - | \$ 400,000 |
| Other Contributions / Grants | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Investment Revenues | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 104,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ - | \$ - | \$ - | \$ - | \$ 454,000 |
| Total Revenues & Investments | \$ 62,383 | \$ 68,161 | \$ 70,638 | \$ 128,765 | \$ 83,893 | \$ 88,020 | \$ 87,148 | \$ 91,275 | \$ 45,403 | \$ 54,530 | \$ 53,658 | \$ 62,785 | \$ 896,656 |

Expenses:

| | | | | | | | | | | | | | |
|--------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Banking Charges | \$ 30 | \$ 30 | \$ 30 | \$ 30 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 |
| Beverages / Snacks | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Contractor / Consultant | \$ 8,000 | \$ 8,000 | \$ 8,000 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 54,000 |
| Electric | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Entertainment | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Event Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance - Liability | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Insurance - Medical | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 30,000 |
| Internet | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 22,800 |
| Lease / Rent | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 26,667 | \$ 26,667 | \$ 26,667 | \$ 26,667 | \$ 26,667 | \$ 273,333 |
| Legal & Professional Fees | \$ - | \$ 2,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,500 | \$ 5,000 |
| Marketing / Advertisement | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Meals | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Office Supplies | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Print / Mail / Shipping | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Repair & Maintenance | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Salaries | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 350,004 |
| Salaries Bonuses / Commissions | \$ - | \$ - | \$ 35,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 35,000 |
| Salaries Taxes | \$ 4,104 | \$ 4,104 | \$ 8,983 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 54,132 |
| Telecom Services | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 3,000 |
| Trash / Cleaning | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 9,000 |
| Travel Costs | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ 4,500 |
| Water | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 1,200 |
| Other Costs | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Total Expenses | \$ 72,901 | \$ 75,401 | \$ 114,280 | \$ 68,921 | \$ 68,921 | \$ 68,921 | \$ 70,431 | \$ 75,588 | \$ 75,588 | \$ 73,588 | \$ 75,088 | \$ 76,088 | \$ 915,709 |

Net Operating Income

| | | | | | | | | | | | | | |
|-----------------------------|--------------------|-------------------|--------------------|------------------|------------------|------------------|------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | \$ (10,519) | \$ (7,240) | \$ (43,643) | \$ 59,844 | \$ 14,971 | \$ 19,099 | \$ 16,726 | \$ 15,687 | \$ (30,186) | \$ (19,058) | \$ (21,431) | \$ (13,303) | \$ (19,053) |
| MIC Capex | \$ - | \$ - | \$ - | \$ 23,333 | \$ - | \$ - | \$ - | \$ 23,333 | \$ - | \$ - | \$ - | \$ 23,334 | \$ 70,000 |
| Total Capital Spend | \$ - | \$ - | \$ - | \$ 23,333 | \$ - | \$ - | \$ - | \$ 23,333 | \$ - | \$ - | \$ - | \$ 23,334 | \$ 70,000 |
| Return to Operations | \$ (10,519) | \$ (7,240) | \$ (43,643) | \$ 36,511 | \$ 14,971 | \$ 19,099 | \$ 16,726 | \$ (7,646) | \$ (30,186) | \$ (19,058) | \$ (21,431) | \$ (36,637) | \$ (89,053) |
| Cumulative Cash Flow | \$ 86,086 | \$ 78,846 | \$ 35,203 | \$ 71,713 | \$ 86,685 | \$ 105,783 | \$ 122,509 | \$ 114,863 | \$ 84,678 | \$ 65,620 | \$ 44,189 | \$ 7,552 | |

McKinney Innovation Center- FY - 2019 Proforma

| | Oct-18 | Nov-18 | Dec-18 | Jan -19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Total FY 2019 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|------------|---------------|
| Revenues and Investments: | | | | | | | | | | | | | |
| Space Rentals MIC | \$ 61,913 | \$ 66,040 | \$ 70,168 | \$ 74,295 | \$ 78,423 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 86,678 | \$ 932,815 |
| CO- Working Rental Werx | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Non- Mic Rental Commissions | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ 10,000 |
| Event Revenues | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ 10,000 |
| <u>Other Revenues</u> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Ops Revenues | \$ 61,913 | \$ 66,040 | \$ 75,168 | \$ 74,295 | \$ 83,423 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 87,550 | \$ 87,550 | \$ 82,550 | \$ 86,678 | \$ 952,815 |
| Community Investments | | | | | | | | | | | | | |
| RIS Grant Match | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sponsorships | \$ - | \$ - | \$ - | \$ 54,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 54,000 |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| McKinney EDC Investment | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 200,000 |
| <u>Other Contributions / Grants</u> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Investment Revenues | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ 104,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 254,000 |
| Total Revenues & Investments | \$ 111,913 | \$ 116,040 | \$ 125,168 | \$ 178,295 | \$ 83,423 | \$ 82,550 | \$ 82,550 | \$ 82,550 | \$ 87,550 | \$ 87,550 | \$ 82,550 | \$ 86,678 | \$ 1,206,815 |
| Expenses: | | | | | | | | | | | | | |
| Banking Charges | \$ 30 | \$ 30 | \$ 30 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 540 |
| Beverages / Snacks | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Contractor / Consultant | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Electric | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Entertainment | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Event Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance - Liability | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Insurance - Medical | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 30,000 |
| Internet | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 22,800 |
| Lease / Rent | \$ 26,667 | \$ 26,667 | \$ 26,667 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 380,000 |
| Legal & Professional Fees | \$ - | \$ 2,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,500 | \$ 5,000 |
| Marketing / Advertisement | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Meals | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Office Supplies | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Print / Mail / Shipping | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Repair & Maintenance | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Salaries | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 29,167 | \$ 350,004 |
| Salaries Bonuses / Commissions | \$ - | \$ - | \$ 35,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 35,000 |
| Salaries Taxes | \$ 4,104 | \$ 4,104 | \$ 8,983 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 4,104 | \$ 54,132 |
| Telecom Services | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 3,000 |
| Trash / Cleaning | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 9,000 |
| Travel Costs | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ 4,500 |
| Water | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 1,200 |
| <u>Other Costs</u> | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Total Expenses | \$ 73,568 | \$ 76,068 | \$ 114,947 | \$ 80,255 | \$ 80,255 | \$ 80,255 | \$ 81,755 | \$ 80,255 | \$ 80,255 | \$ 80,255 | \$ 81,755 | \$ 82,755 | \$ 992,376 |
| Net Operating Income | \$ 38,344 | \$ 39,972 | \$ 10,220 | \$ 98,040 | \$ 3,168 | \$ 2,295 | \$ 795 | \$ 2,295 | \$ 7,295 | \$ 7,295 | \$ 795 | \$ 3,923 | \$ 214,439 |
| MIC Capex | \$ - | \$ - | \$ - | \$ - | \$ 11,000 | \$ - | \$ - | \$ 11,000 | \$ - | \$ - | \$ 11,000 | \$ - | \$ 33,000 |
| Total Capital Spend | \$ - | \$ - | \$ - | \$ - | \$ 11,000 | \$ - | \$ - | \$ 11,000 | \$ - | \$ - | \$ 11,000 | \$ - | \$ 33,000 |
| Return to Operations | \$ 38,344 | \$ 39,972 | \$ 10,220 | \$ 98,040 | \$ (7,832) | \$ 2,295 | \$ 795 | \$ (8,705) | \$ 7,295 | \$ 7,295 | \$ (10,205) | \$ 3,923 | \$ 181,439 |
| Cumulative Cash Flow | \$ 45,896 | \$ 85,868 | \$ 96,089 | \$ 194,129 | \$ 186,297 | \$ 188,592 | \$ 189,388 | \$ 180,683 | \$ 187,978 | \$ 195,273 | \$ 185,069 | \$ 188,951 | |

McKinney Innovation Center- FY - 2020 Proforma

| | Oct-19 | Nov-19 | Dec-19 | Jan -20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Total FY 2020 |
|---|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Revenues and Investments: | | | | | | | | | | | | | |
| Space Rentals MIC | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 90,805 | \$ 90,805 | \$ 90,805 | \$ 1,052,513 |
| CO- Working Rental Werx | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Non- Mic Rental Commissions | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ 10,000 |
| Event Revenues | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ 10,000 |
| Other Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Ops Revenues | \$ 86,678 | \$ 86,678 | \$ 91,678 | \$ 86,678 | \$ 91,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 91,678 | \$ 95,805 | \$ 90,805 | \$ 90,805 | \$ 1,072,513 |
| Community Investments | | | | | | | | | | | | | |
| RIS Grant Match | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sponsorships | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| McKinney EDC Investment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Contributions / Grants | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Investment Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Revenues & Investments | \$ 86,678 | \$ 86,678 | \$ 91,678 | \$ 86,678 | \$ 91,678 | \$ 86,678 | \$ 86,678 | \$ 86,678 | \$ 91,678 | \$ 95,805 | \$ 90,805 | \$ 90,805 | \$ 1,072,513 |
| Expenses: | | | | | | | | | | | | | |
| Banking Charges | \$ 30 | \$ 30 | \$ 30 | \$ 30 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 540 |
| Beverages / Snacks | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Contractor / Consultant | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Electric | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Entertainment | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Event Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance - Liability | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Insurance - Medical | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 30,000 |
| Internet | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 22,800 |
| Lease / Rent | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 33,333 | \$ 400,000 |
| Legal & Professional Fees | \$ - | \$ 2,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 |
| Marketing / Advertisement | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Meals | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Office Supplies | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Print / Mail / Shipping | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Repair & Maintenance | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Salaries | \$ 30,625 | \$ 30,625 | \$ 30,625 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 32,084 | \$ 380,629 |
| Salaries Bonuses / Commissions | \$ - | \$ - | \$ 38,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 38,500 |
| Salaries Taxes | \$ 4,309 | \$ 4,309 | \$ 4,309 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 4,513 | \$ 53,540 |
| Telecom Services | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 3,000 |
| Trash / Cleaning | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 9,000 |
| Travel Costs | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ 4,500 |
| Water | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 1,200 |
| Other Costs | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Total Expenses | \$ 81,897 | \$ 84,397 | \$ 121,897 | \$ 83,580 | \$ 83,580 | \$ 83,580 | \$ 85,080 | \$ 83,580 | \$ 83,580 | \$ 83,580 | \$ 85,080 | \$ 86,080 | \$ 1,045,909 |
| Net Operating Income | \$ 4,780 | \$ 2,280 | \$ (30,220) | \$ 3,098 | \$ 8,098 | \$ 3,098 | \$ 1,598 | \$ 3,098 | \$ 8,098 | \$ 12,225 | \$ 5,725 | \$ 4,725 | \$ 26,603 |
| MIC Capex | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Capital Spend | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 |
| Return to Operations | \$ 4,780 | \$ 2,280 | \$ (30,220) | \$ 3,098 | \$ 8,098 | \$ (1,902) | \$ 1,598 | \$ 3,098 | \$ 8,098 | \$ 12,225 | \$ 5,725 | \$ 4,725 | \$ 21,603 |
| Cumulative Cash Flow | \$ 193,772 | \$ 196,052 | \$ 165,832 | \$ 168,930 | \$ 177,028 | \$ 175,126 | \$ 176,723 | \$ 179,821 | \$ 187,919 | \$ 200,144 | \$ 205,869 | \$ 210,595 | |

McKinney Innovation Center- FY - 2021 Proforma

| | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Total FY 2021 |
|---|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Revenues and Investments: | | | | | | | | | | | | | |
| Space Rentals MIC | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 1,139,190 |
| CO- Working Rental Werx | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Non- Mic Rental Commissions | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ 10,000 |
| Event Revenues | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ 10,000 |
| <u>Other Revenues</u> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Ops Revenues | \$ 94,933 | \$ 94,933 | \$ 99,933 | \$ 94,933 | \$ 99,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 99,933 | \$ 99,933 | \$ 94,933 | \$ 94,933 | \$ 1,159,190 |
| Community Investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| RIS Grant Match | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sponsorships | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Donations | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| McKinney EDC Investment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <u>Other Contributions / Grants</u> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sub Total Investment Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Revenues & Investments | \$ 94,933 | \$ 94,933 | \$ 99,933 | \$ 94,933 | \$ 99,933 | \$ 94,933 | \$ 94,933 | \$ 94,933 | \$ 99,933 | \$ 99,933 | \$ 94,933 | \$ 94,933 | \$ 1,159,190 |
| Expenses: | | | | | | | | | | | | | |
| Banking Charges | \$ 30 | \$ 30 | \$ 30 | \$ 30 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 540 |
| Beverages / Snacks | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Contractor / Consultant | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Electric | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 24,000 |
| Entertainment | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Event Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance - Liability | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Insurance - Medical | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ 30,000 |
| Internet | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 1,900 | \$ 22,800 |
| Lease / Rent | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ 450,000 |
| Legal & Professional Fees | \$ - | \$ 2,500 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 |
| Marketing / Advertisement | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Meals | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 3,600 |
| Office Supplies | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Print / Mail / Shipping | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 4,200 |
| Repair & Maintenance | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 150 | \$ 1,800 |
| Salaries | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 32,667 | \$ 392,004 |
| Salaries Bonuses / Commissions | \$ - | \$ - | \$ 39,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 39,000 |
| Salaries Taxes | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 4,594 | \$ 55,133 |
| Telecom Services | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 250 | \$ 3,000 |
| Trash / Cleaning | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 750 | \$ 9,000 |
| Travel Costs | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 | \$ - | \$ 4,500 |
| Water | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 1,200 |
| Other Costs | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 12,000 |
| Total Expenses | \$ 88,391 | \$ 90,891 | \$ 128,891 | \$ 88,411 | \$ 88,411 | \$ 88,411 | \$ 89,911 | \$ 88,411 | \$ 88,411 | \$ 88,411 | \$ 89,911 | \$ 90,911 | \$ 1,109,377 |
| Net Operating Income | \$ 6,541 | \$ 4,041 | \$ (28,959) | \$ 6,521 | \$ 11,521 | \$ 6,521 | \$ 5,021 | \$ 6,521 | \$ 11,521 | \$ 11,521 | \$ 5,021 | \$ 4,021 | \$ 49,813 |
| <u>MIC Capex</u> | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Capital Spend | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,000 |
| Return to Operations | \$ 6,541 | \$ 4,041 | \$ (28,959) | \$ 6,521 | \$ 11,521 | \$ 1,521 | \$ 5,021 | \$ 6,521 | \$ 11,521 | \$ 11,521 | \$ 5,021 | \$ 4,021 | \$ 44,813 |
| Cumulative Cash Flow | \$ 217,136 | \$ 221,177 | \$ 192,218 | \$ 198,739 | \$ 210,260 | \$ 211,781 | \$ 216,802 | \$ 223,323 | \$ 234,844 | \$ 246,365 | \$ 251,386 | \$ 255,407 | |

Letters of Support

From: Nancy Cowlshaw [mailto:ncowlshaw@mckinneyisd.net]
Sent: Sunday, March 19, 2017 4:31 PM
To: John Valencia <Valencia@mckinneyedc.com>
Cc: Nancy Cowlshaw <ncowlshaw@mckinneyisd.net>
Subject: McKinney Innovation Center (MIC)

Please forward on my behalf.

03/20/2017

McKinney Economic Development Corporation
5900 S. Lake Forest Drive, Suite 110
McKinney, TX 75070

To Whom It May Concern,

I had the privilege of representing McKinney Independent School District at the event at which the vision was shared for what the McKinney Innovation Center (MIC) could be. I wanted to take a moment to whole heartedly endorse The WERX Foundation, Inc., The McKinney Innovation Center and its continued growth in conjunction with Collin College and The Maker Space. It is refreshing to see that the market demand for MIC has been validated. Interest in WERX will continue to increase as word of the MIC spreads.

Thanks so much!

Nancy A. Cowlshaw
Director, Partners in Education
McKinney Independent School District
#1 Duvall Street
McKinney, TX 75071



2016 BEST PLACES TO WORK*
DALLAS BUSINESS JOURNAL



March 20, 2017

Darrell Auterson
McKinney EDC
5900 S. Lake Forest
Suite 110
McKinney, TX 75070

Dear Darrell:

I want to express my support and recommendation for the McKinney EDC to continue investing in the entrepreneurial community by relocating the WERX program to the former Blockbuster location.

I had the opportunity to visit the space at their open house last week, and I believe the location offers ample parking, space that can be expanded when growth demands, and a desirable location in McKinney with easy access to major thoroughfares. In addition, the space can be finished out to the desired specifications and parameters, which will ensure that the entrepreneurs will have an inviting, creative space.

I feel that if we want McKinney to be competitive in attracting creative, innovative, intellectual entrepreneurs, especially in the emerging technology arena, we need to have a program like WERX in place.

Thank you for considering my input.

Kindest regards,

John H. Rattan

Corporate Office: 700 N. McDonald Street, McKinney, TX 75069 P: 972.547.0811 F: 972.542.8577

Garland Location: 2054 Forest Lane, Ste. 450 Garland, TX 75042 P: 972.272.8821 F: 972.272.1277
Prosper Location: 430 Business Park Drive, Prosper, TX 75078 P: 972.346.5150 F: 972.346.5145

www.thebodyshoptx.com



Center for the 21st Century

March 21, 2017

Jason K. Burress, JD
Chairman of the Board of Directors
McKinney Economic Development Corporation
5900 S. Lake Forest Drive
McKinney, Texas 75070

Dear Jason:


I have visited Texas Crossing two times in view of the McKinney Innovation Center (MIC) moving there. I really like the place for such an endeavor. It has an environment conducive to creativity and innovation. The lighting is good, and there are ample windows. There is sufficient space for various groups and individuals to perform their work. I can see a well-lighted facility with lots of green plants and indoor gardens furnishing the energy for making things happen for the MIC. This space allows for the design and décor for promoting a creative atmosphere. In contrast to the current location of WERX, Texas Crossing is much better and will promote better outcomes (in my opinion).

I feel that it is very important for McKinney to have a state-of-the-art facility to offer maker space and to facilitate the success of the incubator/accelerator concept. Also, I know other initiatives are planned for the McKinney Innovation Center. I don't know the financial component of the business plan nor do I know exactly how recruitment is to take place. But I do know that it is important to make the numbers work and to target high-level participants in order to maximize economic impact of the MIC. Texas Crossing will offer a more inviting environment than the current place being used.

Innovation and creativity are no longer a luxury for communities. They are necessities if the community is to create value and compete with other outstanding cities/suburbs in the state. The U.S. Council on Competitiveness (hereafter referred to as Council), one of the most prestigious non-partisan research and policy recommendation organizations in the nation, has issued a report emphasizing the need to assess rapid global changes and determine new paths if America is to continue to create new jobs and prosper. The same is applicable to communities like McKinney. In its report addressed to whomever would become U.S. President, and written before the November presidential election of 2016, titled *2016 Clarion Call: A Competitiveness Agenda for the 45th President of the United States*, the Council covers what the administration should do to make America more competitive and prosperous in the future. Here is a quote from that report:

"Today, nations, provinces and localities world-wide recognize that their long-term productivity and competitiveness are linked tightly to innovation. Innovation is more than invention—it brings talent, technology, entrepreneurship and investment together to create value. It is the key to high-margin growth and good jobs through new firms, new products and services and entirely new industries." (p.6) One of the Council's calls to action is to "launch an initiative on technology commercialization that examines local, state, federal, and global efforts. [and] Propose new actions to incentivize entrepreneurship, facilitate startups to scale up, improve access to capital and encourage partnerships between industry, academia, and national laboratories." (p.23) See www.compete.org for more information.

I believe that the MIC offers critical elements of the clarion call listed above. And the transition to Texas Crossing will help move MIC forward in its quest to become a premier asset in McKinney's economic development toolbox.

Best,

Carolyn Corbin
President

21 Country Ridge Road • Melissa, TX 75454-8900
Voice: 214-802-5212 • FAX: 972-838-4355
Email: carolyncorbin@c21c.com

March 22, 2017

Dear Mr. Valencia:

Please find this letter as my support of the investment in and further development of the McKinney Innovation Center. As an executive level administrator in higher education with a Collin County institution, I am tasked with supervising and leading our Workforce & Economic Development team. From my experience and professional perspective, the importance of creating collaborative spaces dedicated to industrial, technical, and entrepreneurial innovation is critical to sustaining and supporting the speed and acceleration of Collin County's rapid and dramatic growth.

Based on the concept and staging introduced at last week's open house, the newly proposed location appears poised to provide, inspire, and cement McKinney as a center of innovation and entrepreneurial excellence.

Collaborative workspace provides burgeoning innovators the safety and opportunity to focus on product and service innovation while building capital and revenue, significantly decreasing financial risk and minimizing barriers for achievement. Further, by inviting companies, business and industry leaders, and innovators to all convene and collaborate at the space, the collective energy and opportunity resulting will cultivate a culture of opportunity throughout McKinney and Collin County.

I am pleased to support and encourage the further development of the McKinney Innovation Center. I believe the potential for impact is great and the future implications for return on this investment are immeasurable, given the current blueprint introduced for its success.

Please feel free to contact me if I can provide further support or information. My cell is 321.243.6260 and my email is jlblalock@yahoo.com.

Respectfully,

Dr. Jennifer Blalock

Collin County Resident & Higher Education Workforce & Development
Administrator

From: Matthew Mattoon [<mailto:matthew.mattoon@entasistech.com>]

Sent: Wednesday, March 22, 2017 5:59 PM

To: John Valencia <Valencia@mckinneyedc.com>

Subject: Re: McKinney Innovation Center

John,

MEDC,

I want to thank you for considering the MIC initiative, this is incredibly important to my company. My company is a new resident at the Werx, and we are here for a number of reasons. We are technology consulting firm that specializes in complex problems for medium and large customers. One of the things that I plan on showcasing in our partnership with the MIC is that we have strategically placed ourselves there to be able to draw on an incredible talent pool to diversify my team, which is currently 3 FTE and 6 Contractors - I am planning on being at 10 FTE by the end of the year (with an appropriate increase in Contractors as well). With this in mind the current Werx space will not work (our current office doesn't hold my latest hire), however there are more reasons that the Cotton Mill in particular doesn't work for Entasis.

- The Cotton Mill is hard to find, actually it is really easy to find, but businesses inside are not easy to find.
- Parking can be really bad.
- No ceilings on the office, so I cannot secure my space properly.
- It doesn't have a professional feel: broken windows, and the worn wood steps have character but it doesn't feel like an office, so people question if they are in the right place.

All of that said I am betting on being able to move into the MIC and stay there long term. This space has ample parking, has a professional feel, and the combination of the open space, maker space, and office space make it very attractive and a place where I can host customers without hesitation. This ability to host customers is critical to my business as one of my key customers is a \$400M company with no office, and as such we are constantly renting conference space here or there in order to have collaboration and planning meetings with regards to ongoing customers.

I look forward to moving into the MIC and would love to meet one on one with anyone at the MEDC who has any questions about my vision for my company and/or our plans for the new space.

-matt

Matthew H. Mattoon



Technology Consulting

Enterprise Architecture • Infrastructure Services
Cloud Integration • Virtual Teams

You need results. You need Entasis.

www.entasistech.com

(469) 301-1066 - direct

Dear MEDC members,

March 24, 2017

As one of the founding members of the Collide Center, now known as The WERX, in McKinney I have been privileged to meet many budding and successful entrepreneurs from McKinney and the surrounding area over the past few years. Whether we were just starting out, had successful exits, or even failed attempts, we all had many things in common; one of those being that we've all had to travel to Dallas or other areas to find support and resources.

With the development of the WERX we'd finally been given a chance to develop and grow our ideas within our own community. As a first-time entrepreneur I was looking forward to the open collaboration that the WERX provided along with the prospect of a structured path for guidance in all phases of planning, funding and growing a new business. I can personally vouch for the benefit of an open collaboration space. My team had made many mistakes but had been able to quickly adjust thanks to the many hours of discussions and even hands on help that others at the WERX had provided. Unfortunately, the structured mentoring and other assistance never fully materialized. Just like other new ventures the startup process for the WERX took several unexpected and lengthy turns before it could start to reach its potential. But having been so fortunate to experience the birth and growth of the WERX I invest a lot of passion into seeing it succeed and know that given the chance to fulfill its promise it will produce many advocates for it and the city of McKinney.

Currently we live in a portion of the D/FW Metroplex that is sparse in terms of new business resources and support. When startups reach out for assistance, either in guidance or finance, they typically end up relocating to where those resources are based. That's why it's so important that the McKinney Economic Development Corporation (MEDC) support the Innovation Center initiative. With the surge in population and corporate relocations to the Collin County area, McKinney needs to take the lead on being that source for innovation, support and resources. Those ideas will not only foster new small businesses but also serve as a beacon to businesses looking to locate to where talent exists. The Innovation Center will finally fulfill the promise of the WERX and so much more.

We have the opportunity to move McKinney from being a benefactor of business growth in Collin County to a leader in the growth of new businesses and ideas. I urge the MEDC to support the Innovation Center and jump start McKinney's future.

Thank you,

Brian Hartman
Customer Experience Manager
Imagine the Space



Imagine the Space
Brian Hartman
Co-Founder & CTO
(214) 228-3520 (mobile)
bhartman@imaginethespace.com

Mongan Law, P.C.

6170 Research Road, Suite 103, Frisco, Texas 75033-3580

TOD V. MONGAN
ATTORNEY

tod@monganlaw.com

March 24, 2017

Darrell W. Auterson, CEcD, EDFP
President
McKinney Economic Development Corporation
5900 S. Lake Forest Drive, Suite 110
McKinney, TX 75070

Re: The WERX in McKinney

Dear Mr. Auterson:

I am writing to encourage McKinney Economic Development Corporation ("MEDC") to continue its support of The WERX in McKinney ("WERX"). I have been a legal advisor to the WERX as well as an advisor/mentor to its resident companies since its formation in December of 2014. With the support of the MEDC the WERX was able to establish a community for startup and early stage companies. I congratulate the MEDC on recognizing the need to support entrepreneurs in and around the city of McKinney. I have enjoyed watching the WERX grow from a fledgling operation with no recognition to a place where people can come and meet other like-minded individuals. However I believe it is time, as with any operation, to move to the next phase.

The opportunity to move to a new facility with new experienced leadership is a great start. I have known John Miller and Harry Smeenck since their arrival at NTEC where I served, since 2005, in the same capacity as I do for the WERX. They were able to grow NTEC's occupancy while not lessening the quality of its support for their tenant entrepreneurs. Their companies grew and moved to other spaces in the city. With the proposed facility McKinney will now have the space not only nurture young companies but also a space from which these companies can "graduate" and continue to reside in the city. This appears to me to be a win/win for all parties.

I plan to continue to support the WERX and encourage the MEDC to continue to support them also. I believe that in doing so it will prove to be great for the city of McKinney.

Very truly yours,



Tod V. Mongan

cc: WERX Board of Directors

John Valencia

From: Willie Wu <williewu@le-vise.com>
Sent: Monday, March 27, 2017 11:34 AM
To: John Valencia
Cc: williewu@le-vise.com
Subject: McKinney Innovation Center

Hi Mr. Valencia,

I recently learned about the proposal for the McKinney Innovation Center (MIC), and I am writing you and McKinney Economic Development Corporation in support of this project. My company Le Vise Products dba My Buddy Tag is a start-up focusing on developing child safety wearables and IoT technologies. We currently have an office at McKinney WERX, which has been an invaluable resource for us. McKinney WERX did not just provide an working space for us, but it allowed us to network with other technologists and entrepreneurs and get advises from legal and corporate advisors.

McKinney needs MIC to attract more high-tech companies and nurture new technology start-ups in McKinney. Besides just a co-working space, I strongly believe the Makerspace, incubator and accelerator, and corporate innovation labs will provide the differentiation factors for tech companies to consider McKinney as their future homes.

Sincerely,

Willie Wu
Founder/CEO
Le Vise Products LLC
Phone: 1-888-258-2488, x888
Email: williewu@le-vise.com
<http://www.MyBuddyTag.com>
<http://www.TheJoeyTag.com>



214 E. Louisiana Street
Suite 300
McKinney, Texas 75069

March 30, 2017

Darrell W. Auterson
5900 S. Lake Forest Drive
Suite 110
McKinney, TX 75070

Dear Mr. Auterson,

I am writing to express our support for the McKinney EDC and their collaboration and investment with the WERX.

As a startup company ourselves, I had the privilege of attending the *Innovate McKinney Now* open house and enjoyed speaking with other local business owners. It was refreshing to meet with local businesses as well as share in their success and vision for McKinney's future. McKinney has been noted on several occasions as one of the fastest growing cities. We believe this has to do with forward-thinking, enthusiastic planners such as WERX's who value growth and economic development.

As a tech company based in the historic McKinney square, I see the potential for a Silicon Valley growth where companies network and exchange information for an overall healthier development of business.

We thank you for the input and opportunity to play a role in the McKinney's growth.

Kindest regards,

A handwritten signature in black ink that reads "Lorenzo L. Amaya". The signature is written in a cursive, flowing style.

Lorenzo Amaya

A History of the North Texas Enterprise Center, NTEC (2003 to 2017)

NTEC also known as the North Texas Enterprise Center, was a 501-(c) 3 corporation that promoted entrepreneurship in North Texas under sponsorship of the City of Frisco through the Frisco Economic Development Corporation (FEDC) which in turn created the NTEC entity. The original objective was to promote economic development and job creation with new self-sufficient companies in medical and life sciences. While operating from 12,000 square feet during the first five years, the NTEC and FEDC boards became progressively convinced a larger facility would yield substantial returns from share capital appreciation.

The thinking at the time was that NTEC would take equity stakes thus developing a portfolio that would generate rental income and capital appreciation. In those heady times the reasoning was “it was only a matter of time until one company or another would deliver an appreciation bonanza”. A new and uniquely designed 50,000 sq. ft. facility, at a cost exceeding \$11MM, was built and came on stream in October of 2008. The timing could not have been much worse as the USA was entering a severe financial recession. The emergent companies lacked financial staying power and the then NTEC management lacked experience in dealing with the prevailing challenges.

After five years of substantial financial hemorrhaging and building occupancy at 30% the NTEC and FEDC boards sought new management. A national search surfaced John W. Miller, a senior executive with extensive experience in troubled companies and also a successful entrepreneur. Under new leadership in less than 18 months building occupancy exceeded 75% and soon thereafter reached capacity. Building revenues exceeded expenses and program companies emerged from infancy. NTEC and its companies were recognized across the DFW Metroplex and beyond.

Alternative Use Scenario

In 2015 the City of Frisco received election support for a \$200MM bond issue. Among the designated projects from the proceeds was a permanent home for the city’s municipal courts. Given the subsequent explosion in construction costs in North Texas, a new building for the courts ballooned to an estimated \$30MM. Certain members of the Frisco governance structure had for some time advocated the NTEC building be used for another purpose. Modifying the NTEC building for the courts would result in an “all in” cost of \$12MM. NTEC’s existence became clouded with the advent of a potential alternative use of its building. Identifying a subsequent suitable building for NTEC became problematic due to escalating rents and high office space occupancy.

John Miller, Executive Director of NTEC, had advocated since NTEC’s 2015 Strategic Plan an evolution to separately defined entities: one for a “publicly supported social benefit incubator” (in conjunction with the EDC) and the other a private equity supported seed capital accelerator. The former would provide substantial economic impact, jobs and a vehicle to accommodate and attract established companies. The latter would partner with an academic institution and support entrepreneurial initiatives. One is capital generative while the other is capital consumptive.

The respective business models were never pursued and the NTEC entity was ensnared in alternative uses for its assets. Career prospects for NTEC’s younger staff became uncertain and Miller had already stayed a year longer than he intended. The decision was made to fold NTEC and allow private sector interests (e.g. Jerry Jones) to fill the vacancy.

Miller was approached by board members from WERX whether he was interested in becoming Executive Director in McKinney. While he was interested in supporting the evolution of the WERX he was not a candidate for the top staff role. For that position Miller recommended his close friend and senior executive, Harry Smeenk. The two men have worked with the MEDC staff and the WERX Board since September of 2016 on the concept and execution of the McKinney Innovation Center.

Listed below is summary of NTEC key indicators / results from 2013 to 2017:

| | 2013 | 2014 | 2015 | 2016 |
|--|--------------|-------------|------|--------------|
| Revenue * | \$ 1,080,701 | \$1,048,000 | N/A | \$ 1,061,340 |
| Expenses | \$ 1,149,060 | \$ 989,000 | N/A | \$ 565,146 |
| Net Income | \$ (68,359) | \$ 59,000 | N/A | \$ 496,194 |
| * 2013 & 2014 includes \$600K subsidies in revenues each year. | | | | |

Major Highlights Include:

- Facility utilization went from 33% to 100%
- Increased resident companies to 30 with diversity across nine industries from 1
- Overall space utilization increased by over 12,000 sq ft through renovations and modifications
- Reduced facility operating costs by over 30%
- Moved focus to "Acceleration" of emerging businesses
- Return of \$500K to EDC Dec 2016

John Miller

From: John Miller
Sent: Wednesday, November 16, 2016 10:40 AM
To: 'Jaime Ronderos'
Cc: Jason Wilkie
Subject: FEDC payment and contract extension

Jaime,

Under the Consulting Agreement covering fiscal year 2016 NTEC is required within two months following EOFY to distribute excess monies in the FEDC Building Account to the FEDC. In order for the City Finance Office to close their books they would appreciate the check be drawn as soon as practical.

We have performed an analysis of the present cash balance in the FEDC account and concluded that NTEC tenants' security deposits and a buffer of \$50,000.00 must remain in the bank. Observing those two requirements we can draw a check to the FEDC and deliver it tonight at the FEDC meeting. The check would be for \$500,000.00.

Also, we expect December, January, February rents to provide positive cash in each month which will begin to replenish (at about \$30K/month) the FEDC Building Account.

Delivering the check in person to the FEDC Board is a bit of grandstanding but I think it is a fine approach. Is it OK with you?

Also, I intend to sign two copies of the Consulting Agreement 2nd Extension and provide it to Gary Carley in anticipation that the FEDC Board approves it tonight in Executive Session. With Gandy there maybe we can get his signature and we're good to go for three more months.

Thoughts and affirmations ?

John W. Miller

NTEC
6170 Research Road
Frisco, TX 75033

(972) 987-1403



September 21, 2015

Executive Director John Miller
North Texas Enterprise Center (NTEC, Inc.)
6170 Research Road
Frisco, Texas 75033

Dear Mr. Miller:

It is my pleasure to submit the report for the estimated economic impact of NTEC on the area economy. In addition to the IMPLAN based generated estimate of NTEC's economic impact, the report also includes a description of the model of the Entrepreneurial and Economic Development process and describes how a business incubator/accelerator, such as NTEC, meshes into the model to create a more vibrant and successful community.

Two impact scenarios were conducted - one region was defined as Collin County and another region included a five county impact including Collin, Dallas, Denton, Rockwall, and Tarrant counties. Regarding the Collin County scenario - NTEC's direct employment of 213 jobs in six industry sectors translates, through the multiplier effect, into an estimated total of 495 jobs in Collin County. The total effect includes the direct, indirect, and induced effects which equates to \$55 million in output (or Gross Regional Product) and an additional \$38 million in output when considering the indirect and induced effects of those initial 213 jobs.

Just as important as the quantitative data in this report I had the opportunity to visit with some of the firms on two site visits at NTEC in the last year and a half and I have included some observations of those interactions with the residents of NTEC which as you will see positively correlates with the Heartland Center for Leadership Development's "Clues to a Successful Community."

Indeed when combining the IMPLAN based quantitative analysis with the qualitative part, such as the site visits, NTEC's mission and outcomes positively supports the Frisco Economic Development Corporation's goal of providing the conduit for an "innovation culture through entrepreneurship."

Please let me know if you have any questions regarding the report.

Sincerely,
Clay Randall

Collin College Economics Professor (2007-present)
Sam Roach Endowed Chair in Business and Engineering (AY2013-AY2015)
2800 East Spring Creek Parkway
Plano, Texas 75074
crandall@collin.edu
972.881.5835 office
972.955.4417 cell

North Texas Enterprise Center (NTEC)
Regional Economic Development Impact Report

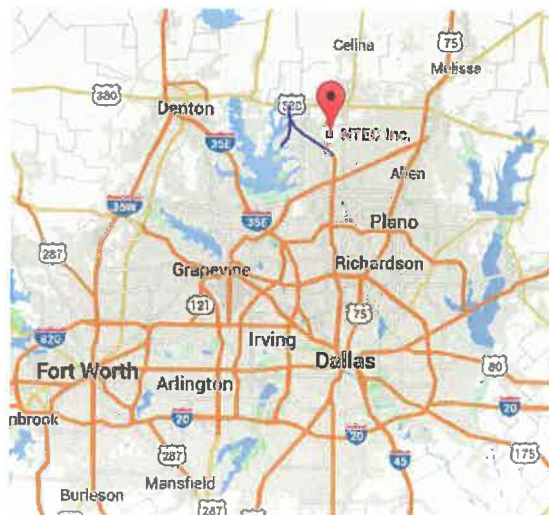
September 19, 2015

Prepared by Clay Randall

Collin College Economics Professor (2007-present) & Sam Roach Endowed Chair in Business & Engineering (AY2013-AY2015)



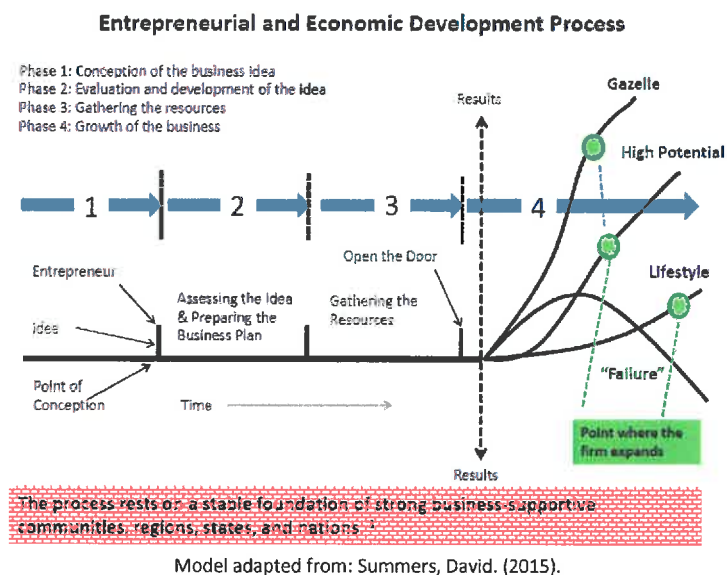
NTEC's Estimated Economic Impact in Collin, Dallas, Denton, Rockwall, and Tarrant Counties



I. INTRODUCTION – The Entrepreneurial and Economic Development Process

A primary goal of a community is to improve its citizen's economic well-being which leads to a higher quality of life. Wealth creation in a community is a primary goal of economic development which can be accomplished in three ways – starting businesses, growing and keeping existing businesses, and business attraction. Starting businesses or entrepreneurship may be defined as the opportunity discovery process of turning an idea into a business idea; and, in turn, capturing the value of the business idea through customer acquisition leading to revenues flowing to the firm.

According to Robert Kiyosaki in *Rich Dad Poor Dad*, true wealth is real asset accumulation to create an income. Entrepreneurship is a primary form of wealth creation. The entrepreneurial process rests on a stable foundation of business supportive communities, as the following model illustrates.



One business friendly community located in Collin County and Denton County is Frisco, Texas. According to the Frisco Economic Development Corporation's website, "Supported by strong infrastructure, exceptional leadership and quality commercial developments, Frisco has been recognized by Money Magazine as one of the top 100 places to live in the United States. This infrastructure supports an exceptional community and an extraordinary quality of life" (Frisco, 2015).

In fact, the Frisco Economic Development Corporation Board of Directors explicitly set a goal to "enhance Frisco's innovation culture through entrepreneurship." One strategy to accomplish this goal was to establish a business incubator or business accelerator – the North Texas Enterprise Center (NTEC).



II. BUSINESS INCUBATOR/ACCELERATOR BACKGROUND

Just as the name implies, a business incubator nurtures “fledgling firms that share services and equipment and occupy space at a reduced rate. In addition to low-cost shelter and services, one of the biggest benefits provided by incubators is the support and counsel provided by a network of business assistant professionals” (Bygrave and Zacharakis, 2010). According to the National Business Incubation Association, most business incubators foster community job creation, facilitate entrepreneurial climate in a community, assist with a community’s business retention, build growth in a local industry, and diversify a local economy (Business, 2015).

The following table summarizes the types of business incubators as of 2012: (Business, 2015)

Table 2.1

| | |
|---|-------|
| Business incubators in the world | 7,000 |
| Business incubators in the U.S. | 1,250 |
| Incubators in North America that are nonprofit | 93% |
| Incubators in North America that are for profit | 7% |
| Incubators that are “mixed-use” | 54% |
| Incubators that focus on technology businesses | 37% |
| Incubators that serve manufacturing firms | 3% |
| Incubators that operate in urban areas | 47% |
| Incubators that operate in rural areas | 28% |
| Incubators that operate in suburban areas | 25% |

Interestingly, “32% of North American business incubators are sponsored by academic institutions; 25% are sponsored by economic development organizations; 16% are sponsored by government entities; 4% are ‘hybrids’ with more than one sponsor; and, 15% of incubators have no sponsor or host organization” (Business, 2015). In 2011, community colleges also played a role in supporting business incubators as “close to 35 business incubators are operated by two-year colleges [U.S.] nationwide” (Kent, 2011). The NBIA also estimates that in 2011, North American business incubators helped 49,000 start-up businesses which employed about 200,000 workers while generating about \$15 billion in annual

revenue (Business, 2015). The NBIA also claims that business incubators reduce small business failure risk citing that “NBIA member incubators have reported that 87% of all firms that have graduated from their incubators are still in business” (Business, 2015).

III. SPILLOVER BENEFITS of NTEC – NTEC as a conduit for a vibrant and successful community

How does a business incubator/accelerator improve a community’s quality of life? High quality of life communities are where people want to live. Interestingly, the Heartland Center for Leadership Development mentions the following vital characteristics of such communities (Heartland, 2015). Although developed to allow rural communities to benchmark themselves, any community could utilize “the clues of successful communities” listed below.

| Clue | Characteristics or Clues of a Successful Community | How would you rate Frisco? 0 None 1 Low 2 Med 3 |
|------|---|--|
| 1 | Evidence of community pride (<i>successful communities are often showplaces of care, attention, history, and heritage</i>) | |
| 2 | Emphasis on quality in business and community life (<i>people believe that something worth doing is worth doing right</i>) | |
| 3 | Willingness to invest in the future (<i>in addition to the brick-and-mortar investments, all decisions are made with an outlook on the future</i>) | |
| 4 | Participatory approach to community decision making (<i>even the most powerful of opinion leaders seem to work toward building consensus</i>) | |
| 5 | Cooperative community spirit (<i>the stress is on working together toward a common goal and the focus is on positive results</i>) | |
| 6 | Realistic appraisal of future opportunities (<i>successful communities have learned how to build on strengths and minimize weaknesses</i>) | |
| 7 | Awareness of competitive positioning (<i>local loyalty is emphasized, but thriving communities who know how their competitors are and position themselves accordingly</i>) | |
| 8 | Knowledge of the physical environment (<i>relative location and available natural resources underscore decision-making</i>) | |
| 9 | Active economic development program (<i>there is an organized, public/private approach to economic development</i>) | |
| 10 | Deliberate transition of power to a younger generation of leaders (<i>people under 40 regularly hold key positions in civic and business affairs</i>) | |
| 11 | Celebration of diversity in leadership (<i>women, minorities, youth, and newcomers are welcomed into leadership circles where their ideas are treated as opportunities</i>) | |
| 12 | Strong belief in and support of education (<i>good schools are the norm and centers of community activity</i>) | |

| | | |
|----|--|--|
| 13 | Problem-solving approach to providing health care (<i>health care is considered essential, and smart strategies are in place for diverse methods of delivery</i>) | |
| 14 | Strong multi-generational family orientation (<i>the definition of family is broad, and activities include younger as well as older generations</i>) | |
| 15 | Strong presence of traditional institutions that are integral to community life (<i>churches, schools and service clubs are strong influences on community development and social activities</i>) | |
| 16 | Sound and well-maintained infrastructure (<i>leaders work hard to maintain and improve streets, sidewalks, water systems, and sewage facilities</i>) | |
| 17 | Careful use of fiscal resources (<i>frugality is a way of life and expenditures are considered investments in the future</i>) | |
| 18 | Sophisticated use of technology resources (<i>leaders access information that is beyond the knowledge base available in the community</i>) | |
| 19 | Willingness to seek help from the outside (<i>people seek outside help for community needs, and many compete for government grants and contracts for economic and social programs</i>) | |
| 20 | Conviction that, in the long run, you have to do it yourself (<i>thriving rural communities believe their destiny is in their own hands – making their communities good places is a pro-active assignment, and they willingly accept it</i>) | |

It is this writer's opinion that the partnership that makes NTEC function, especially the existing staff's interaction with NTEC residents and potential residents, adds a very important dimension to this checklist and NTEC elevates the overall score for the city of Frisco compared to if the City did not have the accelerator. For example, see #1, #5, #9, #14, and #20. In my visits to NTEC and with discussions with NTEC residents, there is indeed a sense of family between staff and staff, staff and residents, and resident and resident – the nurturing of ideas into business ideas in an effort to capture value (wealth) is impressive and is a source of community pride (#1) for Frisco. As further evidence, in a discussion with the owner of PhotoSculpt ("making memories tangible") the owner mentioned how his business model was a bonding opportunity for him and his son – the business is a way for him and his son to spend time together (see #14 above) in an innovative and creative way while providing value to the customer.



Photo source: Retrieved on 9/18/2015 from <http://photosculpt.com/>

Although this report will focus on jobs associated with NTEC and the potential economic impact of those jobs on the north Texas economy, we should not forget other quality of life measures that NTEC

epitomizes – many of NTEC’s qualities and outcomes provide evidence of the 20 clues to vibrant and successful communities as published by the Heartland Center for Leadership Development.

IV. OVERALL ECONOMY AND ECONOMIC CONDITION

What is the overall economic climate that NTEC operates in? For the economic impact study a Collin County and a 5 county regional impact is estimated.

Table 4.1: Raw Numbers

| | Population (2014) | Land Area Sq Miles | Persons / sq mile | One Way Commute Time |
|----------|----------------------|-----------------------|----------------------|-------------------------|
| Collin | 885,241 | 841.23 | 1,052 | 27.5 minutes |
| Dallas | 2,518,638 | 871.28 | 2,891 | 26.0 |
| Denton | 753,363 | 878.43 | 858 | 27.4 |
| Rockwall | 87,809 | 127.04 | 691 | 30.8 |
| Tarrant | 1,945,360 | 863.61 | 2,253 | 26.0 |
| 5 County | 6,190,411 | 3,582 | 1,728 | 27.5 |
| Texas | 26,956,958 | 261,231.71 | 103 | 25.0 |
| USA | 318,857,056 | 3,531,905.43 | 90 | 25.5 |

Source: State and County QuickFacts, The United States Census Bureau. Retrieved on 9/16/2015.

Table 4.2: Percentages and Variance

| | Population | Land Area | Persons/sqmi | Commute Time |
|----------------|------------|-----------|--------------|-----------------|
| Collin | 14% | 23% | 61% | 0.0 |
| Dallas | 41% | 24% | 167% | -1.5 |
| Denton | 12% | 25% | 50% | -0.1 |
| Rockwall | 1% | 4% | 40% | 3.3 |
| Tarrant | 31% | 24% | 130% | -1.5 |
| 5 County to TX | 23% | 1% | 1675% | 2.5 |

Collin County has 14% and 23% of the population and land area, respectively; while the commute time for Collin County residents is the same as the mean commute time for the 5 counties. While only occupying 1% of the Texas land area, the 5 counties possess 23% of the Texas population.

Table 4.3

| | High School | BA | Veterans | Median Income | Poverty |
|----------|-------------|-------|------------|---------------|---------|
| Collin | 93.4% | 49.3% | 42,843 | \$82,762 | 7.8% |
| Dallas | 77.4% | 28.6% | 106,414 | \$49,481 | 19.1% |
| Denton | 91.8% | 40.5% | 39,891 | \$74,155 | 8.7% |
| Rockwall | 91.2% | 36.5% | 5,062 | \$86,119 | 5.9% |
| Tarrant | 84.5% | 29.5% | 118,263 | \$56,853 | 15.2% |
| 5 county | 87.7% | 36.9% | 312,473 | \$69,874 | 11.3% |
| Texas | 81.2% | 26.7% | 1,583,272 | \$51,900 | 17.6% |
| USA | 86.0% | 28.8% | 21,263,779 | \$53,046 | 15.4% |

Source: State and County QuickFacts, The United States Census Bureau. Retrieved on 9/16/2015.

In Collin County, 93.4% of persons age 25 and higher have a high school diploma compared to the 5 county average of 87.7%; 49.3% of persons age 25 and higher have a bachelor's degree. In Collin County, 7.8% of the population is below the poverty level (2009-2013).

Table 4.4

| | Private Nonfarm Establishments | Private Nonfarm Employment | Nonemployer Establishments | Building Permits |
|----------|--------------------------------|----------------------------|----------------------------|------------------|
| Collin | 19,906 | 336,461 | 75,827 | 10,635 |
| Dallas | 62,501 | 1,322,022 | 210,881 | 14,360 |
| Denton | 12,517 | 182,916 | 59,107 | 3,565 |
| Rockwall | 1,885 | 20,809 | 8,134 | 965 |
| Tarrant | 38,782 | 729,252 | 151,025 | 8,985 |
| 5 county | 135,591 | 2,591,460 | 504,974 | 38,510 |
| Texas | 547,190 | 9,663,567 | 2,039,732 | 166,982 |
| USA | 7,488,353 | 118,266,253 | 23,055,620 | 1,046,363 |

Source: State and County QuickFacts, The United States Census Bureau. Retrieved on 9/16/2015.

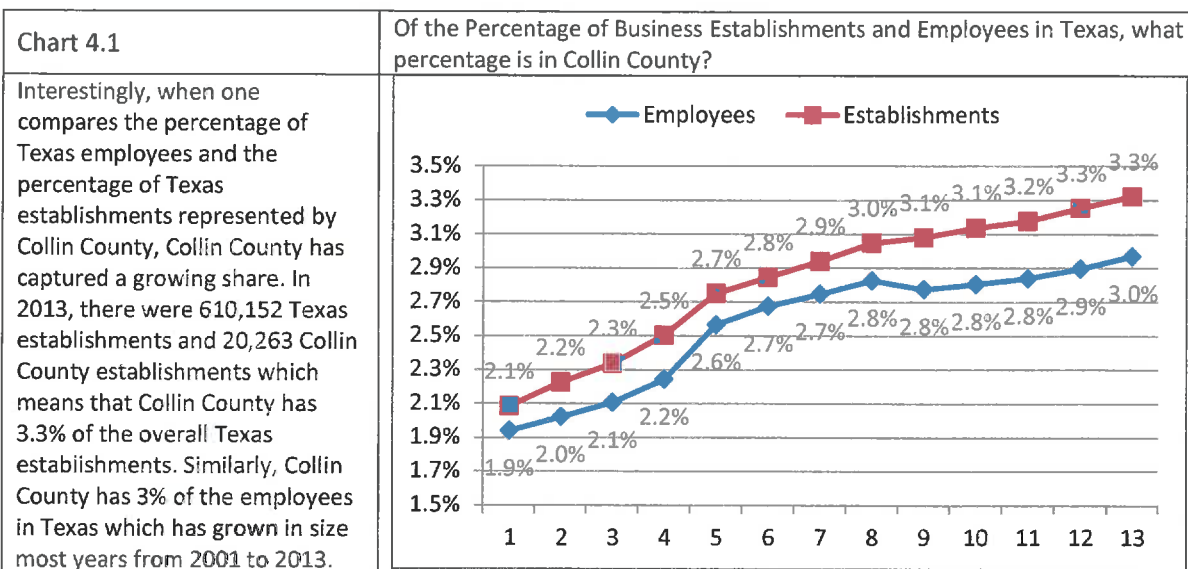
Table 4.5

| | Private Nonfarm Establishments | Private Nonfarm Employment | Nonemployer Establishments | Building Permits |
|-------------|--------------------------------|----------------------------|----------------------------|------------------|
| Collin | 15% | 13% | 15% | 28% |
| Dallas | 46% | 51% | 42% | 37% |
| Denton | 9% | 7% | 12% | 9% |
| Rockwall | 1% | 1% | 2% | 3% |
| Tarrant | 29% | 28% | 30% | 23% |
| 5 CTY to TX | 25% | 27% | 25% | 23% |

Source: State and County QuickFacts, The United States Census Bureau. Retrieved on 9/16/2015.

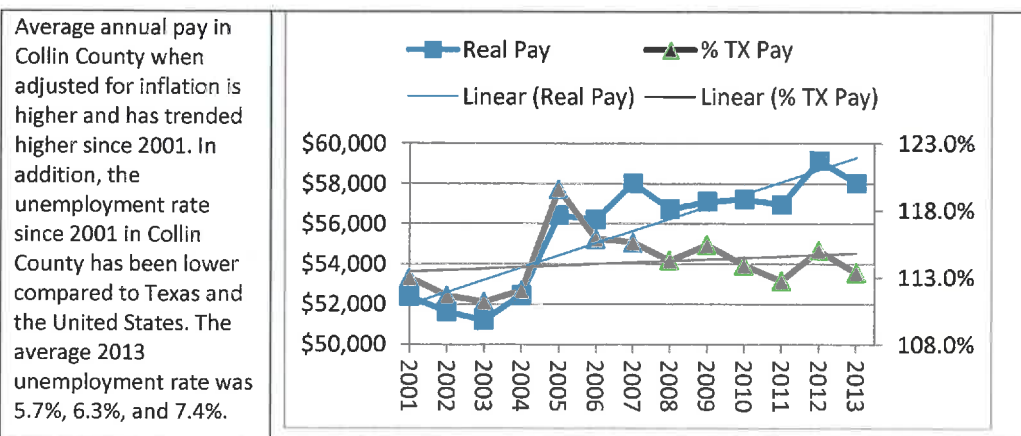
Collin County has 15% of the 5 County nonfarm establishments, 13% of the employees, 15% of nonemployer firms, and 28% of the recorded building permits. Similar to population, the 5 counties had about one quarter of the businesses and employees in the State.

The historical and current state of the economy in Collin County is strong in terms of both quantity and quality. From a quantity standpoint, the number of business establishments in 2001 was 10,284 and in 2013 was 20,263 while the number of employees in 2001 was 181,007 and in 2013 was 327,418 (Please note these numbers represent a point in time as a result of my analysis of the Collin County economy as a result of retrieving the data in December 2014 to produce the following calculations).



Regarding economic quality, Collin County seems to be growing over time as well. One way to measure quality is through real income in the County compared to the state of Texas. Collin County's annual pay for employees trends at about 114% of the state of Texas.

Chart 4.2



V. ECONOMIC MODEL ANALYSIS

In order to conduct the economic impact of NTEC on the Collin County and regional economy, IMPLAN (Impact analysis for PLANning) data and the IMPLAN online modeling package was utilized. NTEC provided NAICS codes of their resident firms and provided full time and part time employment numbers per firm as of September 2015.

Table 5.1

| NAICS Code | Implan Sector | Base Industry | Employment |
|------------|---------------|-------------------------------------|--------------|
| 333314 | 272 | Manufacturing | 9.5 |
| 339113 | 380 | Manufacturing | 17.5 |
| 512110 | 423 | Information | 3.5 |
| 518210 | 430 | Information | 5.5 |
| 519130 | 432 | Information | 28 |
| 522320 | 434 | Finance and Insurance | 2 |
| 524210 | 438 | Finance and Insurance | 2 |
| 541110 | 447 | Professional and Technical Services | 5 |
| 541511 | 451 | Professional and Technical Services | 21 |
| 541512 | 452 | Professional and Technical Services | 6 |
| 5416XX | 454 | Professional and Technical Services | 14 |
| 541820 | 457 | Professional and Technical Services | 1 |
| 561621 | 467 | Administrative and Waste Services | 17.5 |
| 621511 | 479 | Healthcare and Social Assistance | 80 |
| | | | 212.5 |

Two regions were built in IMPLAN – Collin County and a combined region representing Collin County, Dallas County, Denton County, Rockwall County, and Tarrant County. The following are the summary statistics of the economy.

Table 5.2

| 2013, IMPLAN 9/14/2015 | USA | Texas | 5 Counties | Collin |
|--------------------------|----------------------|---------------------|-------------------|------------------|
| Gross Regional Product | \$16,688,149,561,355 | \$1,415,032,633,366 | \$376,587,058,187 | \$46,827,522,773 |
| Personal Income | \$14,081,240,000,000 | \$1,151,869,000,000 | \$290,766,500,000 | \$48,389,660,000 |
| Employment | 182,645,331 | 15,396,816 | 3,966,490 | 508,853 |
| # Industries | 532 | 519 | 487 | 334 |
| Population | 316,128,800 | 26,448,190 | 6,060,694 | 854,778 |
| Households | 119,745,800 | 9,304,923 | 2,150,716 | 302,063 |
| Average Household Income | \$117,593 | \$123,791 | \$135,195 | \$160,197 |

Table 5.3

| 2013, % of USA by: | USA | Texas | 5 Counties | Collin |
|--------------------------|------|--------|------------|--------|
| Gross Regional Product | 100% | 8.5% | 2.3% | 0.3% |
| Personal Income | 100% | 8.2% | 2.1% | 0.3% |
| Employment | 100% | 8.4% | 2.2% | 0.3% |
| # Industries | 100% | 97.6% | 91.5% | 62.8% |
| Population | 100% | 8.4% | 1.9% | 0.3% |
| Households | 100% | 7.8% | 1.8% | 0.3% |
| Average Household Income | 100% | 105.3% | 115.0% | 136.2% |

Table 5.4

| 2013, % of TX & 5 counties by: | 5 Counties / TX | Collin / TX | Collin / 5 Counties |
|--------------------------------|-----------------|-------------|---------------------|
| Gross Regional Product | 26.6% | 3.3% | 12.4% |
| Personal Income | 25.2% | 4.2% | 16.6% |
| Employment | 25.8% | 3.3% | 12.8% |
| # Industries | 93.8% | 64.4% | 68.6% |
| Population | 22.9% | 3.2% | 14.1% |
| Households | 23.1% | 3.2% | 14.0% |
| Average Household Income | 109.2% | 129.4% | 118.5% |

VI. ECONOMIC MODEL RESULTS

Prior to viewing the results of the model, some definitions of terms used in the model report include:

- **Employment** – Employment represents jobs. NTEC provided the number of full time jobs and part time jobs for each firm and the respective NAICS code. The full time equivalent was calculated to use in the IMPLAN model which totaled 212.5.
- **Output** – Output “represents the value of industry production” (IMPLAN, 2015).
- **Labor Income** - “Labor Income is the estimate of all forms of employment income, including employee compensation (wages and benefits) and proprietor income” (IMPLAN, 2015)
- **Value Added** - Value Added is the estimate of the contribution to Gross Domestic Product (GDP) by the firms (or industry or sector) and represents “the difference between an industry's or an establishment's total output and the cost of its intermediate inputs” (IMPLAN, 2015).

The 212.5 full time equivalent jobs at NTEC through the multiplier effects utilized by IMPLAN results in the following yearly 2015 estimates for Collin County (impact is measured in 2015 jobs and 2015 dollars):

Table 6.1 – Collin County Scenario





| Collin County | Direct | Indirect | Induced | Total |
|---------------|--------------|--------------|--------------|--------------|
| Employment | 213 | 139 | 143 | 495 |
| Output | \$55,195,146 | \$19,714,255 | \$18,873,424 | \$93,782,825 |
| Labor Income | \$23,006,296 | \$8,160,962 | \$6,515,535 | \$37,682,793 |
| Value Added | \$27,082,706 | \$12,380,835 | \$11,417,419 | \$50,880,960 |

Table 6.2 – Collin, Dallas, Denton, Rockwall, and Tarrant Counties Scenario

| 5 Counties 2015 | Direct | Indirect | Induced | Total |
|-----------------|--------------|--------------|--------------|---------------|
| Employment | 213 | 210 | 208 | 631 |
| Output | \$55,216,263 | \$31,934,604 | \$29,936,525 | \$117,087,392 |
| Labor Income | \$23,019,690 | \$13,052,799 | \$10,901,786 | \$46,974,275 |
| Value Added | \$27,098,473 | \$19,340,541 | \$17,741,525 | \$64,180,539 |

Regarding employment, the 213 NTEC jobs are associated with 139 indirect jobs. The indirect effect can be considered business to business transactions. A firm that locates at NTEC will spend money at other firms which affects the jobs in other industries. Indirect jobs are jobs that are needed to support business (the new NTEC firm) to business transactions (the new NTEC firm buys supplies from another firm). The induced effect of the initial 213 direct jobs is estimated to be 143 jobs. For example, as a result of the new NTEC firm buying supplies from another store, employees at the store earn income which is then used to spend at say, a Frisco RoughRiders baseball game.

In a summary table:

| | Direct Effect | Indirect Effect | Induced Effect |
|---|--|---|--|
| Example using the firm, True Health | True Health has “x” number of employees at NTEC and is considered the initial change in the economy (212.5 initial jobs counting all the firms at NTEC in 2015). | True Health purchases goods and services from other vendors/businesses in their supply chain. These consist of business to business transactions and inter-industry transactions. | Expenditures generate income for the firm which flow into consumption. Employees are paid in the directly and indirectly affected industry sectors which get infused in the economy. The True Health and Office Depot employees may purchase gasoline and RoughRiders tickets. |
|  |  |  |  |

In reflecting on earlier comments regarding benchmarking Frisco's business and economic climate with the 20 clues published by the Heartland Center for Leadership Development, one could use the IMPLAN model results in a similar fashion.

For the Collin County scenario, the following table takes the direct effect results from the IMPLAN model and divides by the number of employees which is 212.5.

Table 6.3

| NTEC | Direct |
|-------------------------|-----------|
| Output / Employee | \$259,132 |
| Labor Income / Employee | \$108,011 |
| Value Added / Employee | \$127,149 |

The IMPLAN results imply that each worker provides \$259,132 of total production value to the firm. Is each firm at NTEC hitting this benchmark or are they above or below this number? Of course, if a firm is in Phase 1 and 2 of the Entrepreneurship and Economic Development Process then the firm is likely below the \$259,132 of output / employee contribution to the respective industry sector. By the way, IMPLAN allows one to see the results of each firm's results or each NAICS code industry results. For example, True Health executives could see what the average employee in Collin County in True Health's industry (NAICS code) contributes to output. If the firm's average contribution is below the Collin County average then this could indicate the competitor's have an advantage or perhaps the firm is still transitioning from a start-up to a growth firm and expects revenue to hit the books in a later quarter.

In addition to the entrepreneur using IMPLAN results, another interpretation of the numbers is from an economic development perspective. If, on average, NTEC brings in a firm and that firm produces an output per employee number, for example, of \$300,000 then this will cause the average to go up and improve the quality of the local economy. Similar to the RoughRiders signing a player and the new players batting average is higher than the team average, this marginal change will pull the team average up and vice versa. In general, local economies grow or decline based on the number of primary employers in the area. True Health seems to be a primary employer for Frisco. A primary employer is one who imports wealth into the community by securing customers from outside of the local economy. True Health likely contracts with customers outside of the Frisco area and dollars flow from outside Frisco into the Frisco economy. Without primary employers many of the retail businesses we see in communities would not exist. Suppose that in the next two years, NTEC has 30 new firms move in and just one of the firms becomes a growth or a gazelle company as illustrated in the Entrepreneurship and Economic Development Process chart, this could be viewed as a success especially if the firm graduates

and relocates within the local economy. According to IMPLAN, the average household income in Collin County is \$160,197. If the firm is able to pay its employees a wage such that the employee's household income is above the average in the County, then this will bring the average up which is a signal that the local economy is strengthening.

Another perspective at an individual household level and referencing one of Robert Kiyosaki's points in *Rich Dad Poor Dad*, a business could be viewed as a success if the business helps the household accrue real assets and as a result incrementally increasing wealth within the household. However, from an economic development macro perspective, we may see that a certain business could actually "hurt" the local economy because the income to the proprietor and employees is below the existing overall average. But, within the economics of the household the business income may be viewed as a "success" as the income may help the household reach a household income goal as well as an accumulation of assets such as capital equipment that can be used to generate future income.

In addition, one limitation of the IMPLAN results assume no opportunity cost such as what would the firms have earned if resources had been allocated to the next best alternative (opportunity cost) such as not starting the business and working for someone else?

VII. Conclusion

In conclusion, a snapshot of the regional economy was provided which indicates a regional economy that is growing in size and in quality. Secondly, an analysis of results on the potential impact of NTEC on the regional economy was reported with interpretations of the numbers provided as well as a mention of limitations of the IMPLAN calculations and interpretations. Overall, NTEC enhances Frisco's stature in the regional economy and supports the Frisco EDC goal of providing the conduit for an "innovation culture through entrepreneurship." NTEC's outcomes and results help to produce both direct benefits in terms of jobs and spillover benefits onto the regional economy.

VIII. REFERENCES

- Business Incubation FAQ (2015). National Business Incubation Association. Retrieved September 16, 2015, from http://www.nbia.org/resource_library/faq/index.php#3
- Bygrave, W.D. & Zacharakis, A. (2010). *External Assistance for Start-ups and Small Businesses*, p. 260. The Portable MBA in Entrepreneurship, 4th edition. Hoboken, New Jersey: John Wiley & Sons, Inc.
- Frisco Economic Development Corporation. (2010). Why Frisco. Retrieved September 18, 2015 from <http://www.friscoedc.com/why-frisco>
- Heartland Center for Leadership Development. (2015). Clues to Rural Community Survival. Retrieved September 16, 2015 from <http://heartlandcenter.info/what-we-do/clues-to-rural-community-survival/>
- IMPLAN Group, LLC, IMPLAN System (data and software), 16740 Birkdale Commons Parkway, Suite 206, Huntersville, NC 28078 www.IMPLAN.com
- Kent, N. (2011, February 1). Community Colleges to Fuel New Business Creation Via Virtual Incubator Network. American Association of Community Colleges Press Release. Retrieved September 16, 2015 from <http://www.aacc.nche.edu/newsevents/pressreleases/Pages/pr02012011.aspx>
- Summers, D.F., Holm, J.N. Summers, C. (2009). Development and Initiation of an Online Master of Science Degree in Economic Development and Entrepreneurship. *Journal of Entrepreneurship Education*.