

McKINNEY ECONOMIC DEVELOPMENT CORPORATION

REGULAR BOARD MEETING

May 18, 2010

The McKinney Economic Development Corporation met on Tuesday, April 27, 2010 in the Dowdy Boardroom of the Corporation office. The meeting was called to order at 8:00 a.m. by Chairman Stan McWilliams. Board members present were Chairman Stan McWilliams, Vice-Chairman Keith Clifton, Secretary-Treasurer Marta Gore, Director Carrie Alfieri, Director Scott Lewis, Director Joe Maxey, and Director Doug Parker. Ex-officio members present were David Brooks and Wade Johnson.

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

In accordance with TXE GOV'T CODE ANN. S 551.071 et. seq. the meeting was adjourned into executive session at 8:01 a.m. The Board adjourned out of executive session into open session at 8:10 a.m. Director Joe Maxey excused himself from the meeting after announcing his resignation from the MEDC Board of Directors.

The Board reviewed the minutes from the Regular Board meeting held on April 27, 2010. Director Gore and Chairman McWilliams each had minor changes in wording. With the changes addressed, the minutes were approved on a motion by Marta Gore, seconded by Keith Clifton. Motion carried.

The Board next reviewed the Consent Items. Ms. Fisher reviewed the April 2010 check requests. Incentive payments were made to Methodist McKinney Hospital for the completion of their new facility; and to, Perfectly Green for rent subsidies for the first quarter of 2010. A payment was made to the Texas Economic Development Council for participation in the Shanghai World Expo. Payments were made for mowing fees for the clean-up of brush, tree pruning and dead tree removal on the Gateway property. Jason Weeks, Assistant Finance Director, reported that the City received \$513,268 in sales tax receipts for the month of April. The amount is down 4.2% from funds received in April 2009. The May 2010 sales tax receipts were up 4.8% from the amount reported in May 2009. The Sister Cities sales tax comparison chart showed funds were up for all entities. A question was asked about the line item for undesignated funds on the balance sheet. There was \$15M budgeted for projects. Several large payments were paid out for those projects which have left a negative cash flow and negative interest balance. Scott asked about the allocation of the \$9.2M to JDN was for the nine acres that were in the condemnation. Mr. Weeks also reminded them of the Old Mill Road purchase. The Consent Items were approved on a motion by Keith Clifton, seconded by Marta Gore. Motion carried.

Sherie Ellington gave the Marketing Report. Mayor Loughmiller, President Pitstick and State Rep. Ken Paxton will leave for China for the World Expo in Shanghai on June 12th and will return on June 19th. The group will also be visiting a prospect in Shenzhen, China. The group will be traveling with the TexasOne staff and the Dallas Regional Chamber. President Pitstick added that staff from the Frisco EDC and Richardson Chamber will also be attending. Mr. Young added that the Expo lasts six months and that China spent more money on the Expo than they did on the 2009 Olympics held in Beijing. New Toy will be featured on the cover of "D" magazine's June issue. The magazine will be holding a contest with forty selected celebrities to participate in a "Word with Friends" game challenge on June 9th. Staff will be attending a Consultants Forum in San Francisco in June.

Greg Sims next gave his BREP report. Mr. Sims reported that he met with Robert Jamieson, President of Quadrant Chemical, concerning the redesign of Industrial Boulevard which would restrict truck access to their property. Mr. Sims also met with Simpson Strong-Tie. The company continues to run their machines five days a week. Mr. Sims also met with Blockbuster real estate representatives and a company interested in moving to the Flour Mill building. Mr. Sims along with Ms. Gore, David Bettner with New Toy, Darla Lovett with the Cotton Mill, Chamber President Jodie LaFreniere and Ms. Ellington all toured Guild Hall at SMU's Plano campus regarding research for the emerging technology program. Mr. Sims also thanked Ms Gore for her participation in the Chamber's Business Solution event. Chairman McWilliams added that Blue Mountain will be moving into their new building in August and are very pleased with their new location. Local contractor Mycon was their builder.

David Pitstick gave his President's Report. Mr. Pitstick attended Ag Power's grand opening and the new facility is very nice. The project reporting system has been refined. On the report there are twenty-seven serious inquiries about moving to McKinney which include high tech companies. These types of clients like having their

offices in historic areas and are also interested in locating in older homes. In today's meeting the Board and staff will be reviewing the budget and bonding capabilities which will allow the MEDC's future funding source.

The Board next heard the Liaison Reports.

City Councilman David Brooks reported that Councilman Pete Huff is recovering well from his recent fall. City Manager Ragan also had a health emergency and is on the mend. The City Bond issue passed in the recent election. The McKinney Economic Development Alliance hired TIP Strategies as consultants. The consultants plan to visit the City of Round Rock which has had much success with attracting high tech, medical technology and higher education to their area, but the city is behind on their infrastructure. The consultants are looking at comparison cities. City Council approved some zoning changes through a joint meeting with the Planning and Zoning Department. Some of the changes include more restrictions on multi-family construction which will include landscaping and set backs of the buildings.

CCRA Chairman John Wroten reported that there were ten bidders for the FM 546 project. The successful bidder's price was \$2.6M which was lower than expected. Mr. Wroten thanked the MEDC Board for their assistance with the Cutter Aviation project. Cutter has sold their building at the Dallas Executive Airport and will be moving their maintenance facility to McKinney. A project update regarding the road realignment and study will be given during today's executive session.

The Board was next introduced by MCDC Director George Fuller to MCDC's new Executive Director, Cindy Schneible. The MCDC Board approved funding the McKinney Economic Development Alliance project for \$75,000. Chairman McWilliams welcomed Ms. Schneible and stated that the MEDC and MCDC Boards have always had a harmonious relationship.

School Board member Wade Johnson reported that the district is very busy getting ready for three high school graduations. There will be 1,600 students graduating this year. Kathi Livezey and Curtis Rippee were newly elected to be on the MISD School Board. McClure Elementary will be opening in August. Boyd High School is over-populated with students and McKinney North is under-populated with students which means the District may need to redraw the attendance lines to alleviate the problem. The District is also relooking at changing the high schools from 9th to 12th grade levels to having a senior only high school.

Chamber President Jodie LaFreniere reported that the Citizenship class graduates today with 21 members along with the Northern Collin County Leadership graduates. The Chamber also approved funding for the McKinney Economic Development Alliance project. Ms. LaFreniere thanked the MEDC for their financial support for the Business Solutions event. City Council will name the month of June "Buy in McKinney" month. The "McKinney Living" will now be distributed beyond the city limits into Plano and Allen.

Main Street Board Member John Rattan reminded everyone that the Art Walk event will be held this weekend. "Bike the Brick" will be held in June with 3,000 to 10,000 people expected to attend. There has been some turn-over of retailers on the Square but most of the spaces have been replaced with new vendors.

McKinney Convention & Visitor's Bureau Director Diann Bayes reported that the Dallas Historical Society called to schedule a day tour of Chestnut Square. The Governor's office has set aside funds for filming in Texas and the Dallas Film Commission has been working in McKinney recently. McKinney will be featured in the July issue of "Texas Monthly" with a focus on the downtown area. Staff worked with the City of Princeton for their upcoming water skiing event for hotel bookings. The two full service hotels are doing well. The LaQuinta should be receiving their Certificate of Occupancy this week. Staff is coordinating the 4th of July parade.

President Pitstick next introduced Doug Whitt with Southwest Securities. Jim Young started the discussions by reviewing the cash flow spreadsheets. The cash flow payments showed \$8.782M with a total payment of pay outs for projects of \$16.112M. President Pitstick asked Mr. Young to show the Board what MEDC would need to borrow with bonds. The MEDC would need to borrow \$8M to break even and that amount only covers what projects staff is already working on and does not include projects that may come in the near future. Staff reviewed projects that were completed in the last few years which include Raytheon, Torchmark, and Encore Wire, etc., which have been all successful projects. MEDC's spending includes \$16.6M in airport spending or commitments and \$31.5M on the Gateway project. Director Lewis suggested that the Board discuss other uses for the Gateway land. President Pitstick said the lack of a full service business hotel is a major concern with McKinney businesses and residents. It was agreed that the Gateway property is a valuable piece of property. Doug Whitt next reviewed his bond information and cash flow/debt service analysis. Mr. Whitt explained the difference between municipal bonds and federal government funds. In summary, President Pitstick reminded the Board that when

bonding money the application must be for a specific project. The Gateway project and an airport project would both meet the criteria. Councilman Brooks added that the analysis presented was on the more conservative side. Attorney Houser added that the MEDC will pay back to O&S Holdings the \$5.4M to repay on the loan for the Gateway property. President Pitstick thanked Mr. Whitt for the presentation and that the information will help the Board make future decisions.

The Board next reviewed the incentive policy. Mr. Young read the policy's guidelines. Mr. Pitstick added that the State requires that an incentive policy be adopted and in place. Mr. Sims next reviewed the incentive policy for emerging technology projects. The Board approved \$500,000 for the budget for these types of projects. The maximum annual incentive for a project is \$50,000. After one year is complete, the company can come before the Board again for an extension if all criteria have been completed. For a rent subsidy incentive, the rent is funded on a month to month basis. Director Parker and Director Gore are both on the Emerging Technology Committee. President Pitstick said that the key to this fund is a much targeted area. Mr. Sims added that he has several companies interested in assistance from this fund. Director Parker added that the Cotton Mill staff is informing their new tenants about the emerging technology funds available through the MEDC. Councilman Brooks suggested that the MEDC may possibly want to finish out a 5,000 sf spec office that would be ready for when a company needs space immediately.

Director Alfieri asked how much of the marketing budget is set aside for specific targets. President Pitstick said that staff could break that number out for the Board. Mr. Young added that most companies hire site selectors to narrow down the choices available to meet their criteria.

In accordance with TXE GOV'T CODE ANN. S 551.071 et. seq. the meeting was adjourned into executive session at 10:20 a.m. The Board adjourned out of executive session into open session at 11:20 p.m.

Due to staff's obligations with business travel, the June Board meeting was moved to Tuesday, June 29, 2010.

Mr. Sims reminded the Board of Perfectly Green's open house on Thursday, May 20th.

There being no further business, Chairman Stan McWilliams declared the meeting adjourned at 11:25 p.m.

MARTA GORE, MEDC Secretary/Treasurer