

McKINNEY ECONOMIC DEVELOPMENT CORPORATION

REGULAR BOARD MEETING

June 29, 2010

The McKinney Economic Development Corporation met on Tuesday, June 29, 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 and Director Doug Parker. Ex-officio member present was David Brooks. Ex-officio member Wade Johnson was absent.

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

The Board reviewed the minutes from the Regular Board meeting held on May 18, 2010. A correction was made on a date for sales taxes by Director Scott Lewis. With the change addressed, the minutes were approved on a motion by Marta Gore, seconded by Scott Lewis. Motion carried.

The Board next reviewed the Consent Items. Ms. Fisher reviewed the May 2010 check requests. Incentive payments were made to Ag-Power for receipt of their certification of occupancy and paid contractor invoices for construction of their new headquarter facility. Several payments were made for airport marketing including CCRA ads on 101.FM radio station. Air travel expenses to China were paid.

Jason Weeks, Assistant Finance Director, next reported on the MEDC May balance sheet and operating statement. Sales tax received for the month of May was \$830,760. The projected sales tax for June is down 2.1% from June 2009. The Leon's Texas Cuisine payment schedule will be removed from the report at the start of the new fiscal year. The City is suggesting lowering the projected sales tax received for next year's budget from \$100M to \$8M. The Sister Cities sales tax comparison chart showed that McKinney was down 2.1% and Allen down 9.3% from the previous year's numbers. Jim Young reported payments to Ag Power and EDS rent subsidies for the month of May. The Consent Items were approved on a motion by Marta Gore, seconded by Scott Lewis. Motion carried.

Mayor Brian Loughmiller gave an overview of the trip to China with the Governor's TexasOne members for the World Expo in Shanghai, China. The Mayor and President Pitstick participated in several panel discussions during the "Invest in Texas" seminar presented by the TexasOne program. The seminar was an invitation only event, and more than 130 different Chinese companies attended. Representatives from Frisco EDC, Carrollton, the DFW Airport, and Wichita Falls also had representatives present. With arrangements made by James Chen, Mayor Loughmiller and Mr. Pitstick also traveled to Shenzhen to meet with three companies. The companies manufacture notebook computers, guitar hero games, games for Xbox and Wii, and game controllers. The companies have a high interest in coming to the United States. The Chinese were very impressed with the Texas presence at the Expo. McKinney has a great opportunity to reach out to these companies. Abby Liu is interested in working with McKinney on a contractual basis to help bring the companies to McKinney. Follow-up letters will be sent to each company contact that the group visited. Letters will also be sent to invite them to McKinney for tours and discussions about moving here. The group also visited with investment banking companies who are looking into ways to invest their money. The Mayor thanked Mr. Pitstick for his expertise in his responses to the many questions posed by the companies.

Mr. Pitstick added that he feels that they had the perfect combination of representatives from the Texas area to answer questions that were asked. Mr. Pitstick thanked James Chen for his efforts in making the connections with approximately thirty people that came and talked to the Mayor and Mr. Pitstick. The Mayor also met representatives in Shanghai that currently have a company based in Richardson but are looking to expand. They are very interested in McKinney. Mr. Pitstick believes that the proposed planned visits back and forth to China will increase the momentum and will build the interests of the businesses in wanting to move to McKinney. Mr. Wiegand asked if the Chinese use corporate airports. The Mayor said that the airport was very much featured in the presentations that were given but that the Chinese were not explicit regarding use of the airport for freight moving or for corporate travel. Chairman McWilliams said that he has heard favorable comments about the trip and that we need to reap the tangible benefits. Mr. Chen added that it will be a long process, but the trip was a good starting point and he will do whatever he can to move the process along and to make it successful.

Jim Young gave the Marketing Report in the absence of Sherie Ellington, Marketing Director. Mr. Young thanked the efforts of the Chamber, Convention & Visitor's Bureau, the City and Ms. Ellington's collaboration of marketing the city. President Pitstick pointed out the news articles in *USA Today* regarding the national recession, and the *Money Magazine* article ranking McKinney #5 as best places to live in the United States. Chairman McWilliams said

that we should all be proud of McKinney being mentioned in the numerous news articles. Mr. Young added that the MEDC was a sponsor of the recent TexasOne board meeting. The MEDC staff and directors met with different site selector groups during the meeting. Chairman McWilliams said that increasing our membership with TexasOne has been a very positive move. A portion of the MEDC web site is now in Chinese. Ms. Ellington did a wonderful job in helping to coordinate the trip to China for the Mayor and President Pitstick.

Greg Sims next gave his BREP report. Mr. Sims reported that New Toy has outgrown their space at the Cotton Mill. Mr. Sims met with the new owners of StatLab and toured their offices. Their business has grown twenty percent. A new Government Grants Committee has been formed and the group is meeting on a monthly basis. A Blockbuster Retention Marketing Committee has been formed which includes Cindy Schneibel (MCDC), Diann Bayes (Convention & Visitors' Bureau), CoCo Good (City Marketing) and Jodie LaFreniere (Chamber) as participants. The group has scheduled a meeting with the Blockbuster Corporate Marketing team to discuss assisting the company's retention in McKinney. The Emerging Technology Committee has met several times and Mr. Sims thanked Ms. Gore and Mr. Parker for their continued participation. The committee recently attended the World Wind Energy Conference and was impressed with the international presence at the conference.

Mayor Loughmiller added that he has had several meetings with Collin County Judge Keith Self regarding working together on economic development infrastructure by prioritizing a list for funding of projects.

David Pitstick gave his President's Report. Very little retail and Class A office space leasing is happening in the country, but there is still opportunity in manufacturing and distribution. McKinney has land to develop for these types of operations and we need to focus our efforts in these areas. Mr. Pitstick agreed that the China trip was very successful. There is the potential for much prospect activity from China and we need to be prepared to provide their requests. Vice Chairman Clifton added that he asked the site selectors at the TexasOne meeting what prospects were seeking and the answer was (1) land; (2) workforce; and, (3) show-me-the-money. One site selector said to be more creative with the incentives. Chairman McWilliams added that some of the surrounding cities incentive offers are just outrageous and that the MEDC Board and staff are fiduciaries of the cities' money and are very selective of their incentive offerings.

The Board next viewed a short video that was presented to the Mayor and President Pitstick during their China visit featuring a local company.

The Board next heard the Liaison Reports.

City Councilman David Brooks reported that Rick Chaffin had been appointed as Interim City Manager. The Council will be meeting next week to discuss hiring a search firm for filling the city manager's position. Mr. Chaffin added that he wants to continue with the McKinney Economic Development Alliance Committee meetings. Mr. Brooks stated that the City Council wants Mr. Chaffin and Mr. Pitstick to keep the consultants informed regarding the MEDA meetings. Mayor Loughmiller added that the format of the Council meetings will be changing. The City is forming three committees which will include City Council members and City staff members. The committee meetings will enhance the communication between the two. The meetings will be posted and open to the public and will be similar to mini work sessions.

CCRA Chairman John Wroten reported that there is a lot of dirt flying around at the airport with all the new construction taking place. He, along with the Mayor, signed several letters that were sent to prospective airport tenants. Staff has received two inquiries from the letters.

MCDC Executive Director, Cindy Schneible, reported that the Board and staff held a mini retreat to discuss their strategic plan. The Board approved \$15,000 to the City's Park and Recreation Departments for the 4th of July celebration expenses. The Board rescinded the offer for the Paul Kite project. Applicants seeking assistance from the MCDC Board have another opportunity to present their project at the July Board meeting. The Board will have a work session on July 22nd and their August Board meeting will be on August 19th.

The Main Street reported that the "Bike the Brick" event on the Square was very well received with approximately 3,500 to 4,000 visitors. The organizers for the event are looking at McKinney for the event to held there next year. Plans for the 4th of July celebration continue.

McKinney Convention & Visitor's Bureau Director Diann Bayes reported that staff has received thirty entries for the 4th of July parade with possibly 200 motorcycles participating. The Oklahoma Triple A magazine highlighted two bed and breakfasts in McKinney along with the Grand Hotel. CNN featured the downtown business, Loco Cowpoke and the new fall TV series "Chase" has had location people in McKinney searching for location spots to film. A web site is being developed that would feature our sisters cities in Collin County for co-op ads

The Board was next introduced to Martin Sanchez representing Prospect Proposal #10-06. The company would be moving their operation from California. They were looking at Las Vegas, Phoenix and the Dallas Metroplex for their new location, but have now narrowed their search to Carrollton, Plano, and McKinney. The Executive VP of the company currently lives in McKinney. The company is interested in land on the east side of Hwy. 5 near the municipal

golf course. While their new facility is being built, the company would need temporary space for their operation. The company is seeking assistance from the MEDC for the training of new hires. The company is planning a late August or early September move. Chairman McWilliams asked if the land currently has utilities in place. Mr. Sanchez answered yes, but the property does have a storm water issue. Vice-Chairman Clifton asked if the company had inquired about training from Collin College, and Mr. Sanchez said that there may be opportunities with the Job Corps.

The Board took a short break at 9:50 a.m.

In accordance with TX GOV'T CODE ANN. S 551.071 et. seq. the meeting was adjourned into executive session at 10:10 a.m. Mr. Brooks excused himself from the meeting at 10:10 a.m. Mr. Lewis excused himself from the meeting at 10:40 a.m. The Board adjourned out of executive session into open session at 11:24 a.m.

The Board next reviewed the Action Items.

The Board discussed the international economic development efforts. Vice Chairman Clifton suggested that the partnership include all nationalities. On a motion by Keith Clifton, seconded by Marta Gore, the Board approved to add up to \$180,000 to the FY 2010-2011 budget for international economic development. Mr. Clifton emphasized that this was a kick-start effort and a place holder in the budget until the Board can review the motion again at the August Board meeting when the whole budget will be reviewed. All expenditures are to be approved prior to the expense.

The Board reviewed Prospect Proposal #10-06. On a motion by Keith Clifton, seconded by Doug Parker, with Carrie Alfieri vetoing the motion, the Board approved:

- A. The company to receive \$100,000. for moving expenses,
- B. Receipt of their Certificate of Occupancy, and their building worth \$5.5M,
- C. 100 new full time employees before December 31, 2010

Motion approved by a 4 to 1 vote.

The Board took no action regarding improvements for landscaping needs at the Gateway property. The Board took no action regarding sponsorship for a CoreNet golf tournament. The Board took no action regarding the hotel consulting service agreement.

The Board next discussed the renewal of the MEDC lease. Mr. Parker suggested that we contact Ray Eckenrode to start looking into options for moving. Mr. Eckenrode will be invited to the next Board meeting.

Ms. Alfieri asked for an update on the Paul Kite proposal offer. The offer has expired and needs to be removed from the MEDC financials.

Staff is recommending that the July Board meeting be skipped. Chairman McWilliams suggested that July 20th be a tentative date, if a meeting is needed. The August Board meeting will be held on Tuesday, August 17, 2010.

The Board discussed the MEDC Personnel Committee. Vice-Chairman Clifton stated that a new member needed to be appointed to replace Joe Maxey's position. Ms. Alfieri was appointed as the new member to the Personnel Committee.

There being no further business, Chairman Stan McWilliams declared the meeting adjourned at 11:40 p.m.

MARTA GORE, MEDC Secretary/Treasurer