

MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

APRIL 26, 2018

The McKinney Community Development Corporation met in regular session in the Council Chambers, 222 N. Tennessee Street, McKinney, Texas, on April 26, 2018, at 8:00 a.m.

Board members Present: Chairman Kurt Kuehn, Vice Chairman David Clarke, Treasurer David Myers, Jackie Brewer, Michelle Gamble, Rick Glew. Absent: Secretary Hamilton Doak.

City Council members Present: Councilman Chuck Branch

Staff Present: President Cindy Schneible; City Manager Paul Grimes; Director of Parks and Recreation Michael Kowski; Chief Financial Officer Mark Holloway; MPAC/Main Street Director Amy Rosenthal; MCVB Sales Manager Vanesa Rhodes; City Secretary Sandy Hart; MEDC Interim President Abby Liu and MEDC Operations and Compliance Administrator Melissa Dixon

There were twelve guests present.

Chairman Kuehn called the meeting to order at 8:01 a.m. after determining that a quorum was present.

- 18-361** Minutes of the McKinney Community Development Corporation Meeting of March 22, 2018. Board members unanimously approved the motion by Vice Chairman Clarke, seconded by Board Member Brewer, to approve the March 22, 2018 minutes.
- 18-363** Minutes of the McKinney Community Development Corporation and Promotional and Community Events Grant Committee of January 8, 2018. Board members unanimously approved the motion by Vice Chairman Clarke, seconded by Board Member Brewer, to approve the January 8, 2018 minutes.
- 18-362** Minutes of the McKinney Community Development Corporation Finance Committee Meeting of April 10, 2018. Board members unanimously approved the motion by Vice Chairman Clarke, seconded by Board Member Brewer, to approve the April 10, 2018 minutes.

18-367 Chairman Kuehn called for the March Financial Report. Chief Financial Officer Mark Holloway reported the MCDC revenue is above budget, year-to-date, by about 4.8%. There was nothing out of the ordinary in the monthly expenses.

18-364 City of McKinney – City Manager Paul Grimes reported that work has begun on the city's annual budget. The city went live with an opportunity for virtual input on the budget from McKinney residents during last year's budget process. Last year there were 361 participants. There will soon be another live public input session that was similar to last year's exercise. Tonight will mark the first of three public input sessions, hosted by TxDOT, for the US 380 Highway corridor alignment. TxDOT is conducting a feasibility study on different alignment options for US Highway 380. The objective is to increase the volume of traffic East to West and ease congestion. No recommendations will be made at this time. There will be another session on May 1st and another on May 3rd. This Saturday, a National Drug Take Back event will be held at the Public Safety building. Staff will be on hand to accept any unused prescription drugs and see that they are disposed of properly. The annual paper shredding event will also be taking place Saturday morning, April 28th at the McKinney Sheraton hotel.

McKinney Convention and Visitors Bureau – MCVB Sales Manager Vanesa Rhodes reported that staff attended the Texas Travel Industry Association (TTIA) Unity Dinner. Topics of discussion included legislation for tourism funding and school start dates. State tourism funding was cut in half and needs to be restored to continue to effectively promote tourism in the state. The first week of May is the National Tourism Week. This is a statewide initiative to encourage citizens to be a tourist in their own city to learn what their city has to offer the community. The state is pushing legislation to require all school districts begin school the last week of August, instead of allowing each district to

choose start dates on their own, as they are currently doing. The first week of May is also National Preservation Week, National Main Street Week and National Economic Development Week. The first Tuesday in May, MCVB will be hosting a barbeque lunch for first responders to thank them for keeping our citizens safe.

MPAC/Main Street – MPAC/Main Street Director Amy Rosenthal started by thanking the MCDC for supporting Arts in Bloom. She offered special thanks to Board Member Michele Gamble, Board Member Rick Grew and Councilman Chuck Branch for volunteering. Despite the rain, the event was a success. There is a car show, Morning Maniacs, on Saturday. The Young Actors Guild is presenting The Tempest at MPAC. Next week is Empty Bowls, an event that the MCDC is supporting with a promotional grant. Bike the Bricks is coming up on May 25th; 500 cyclists from all over the country come to race the streets in downtown McKinney. There is a meeting to discuss creating a McKinney Cultural District on Thursday, May 10th. The Summer Music Concert Series is beginning in June.

McKinney Economic Development Corporation – MEDC Interim President Abby Liu reported that staff has had a lot going on, specifically with prospects. Currently, staff is working on multiple projects. On April 4th, Moss had their ribbon cutting. There are several business trips coming up. On May 5th-9th, staff will be attending IAMC (Industrial Asset Management Council) in Savannah, GA and at the end of May, staff will be going on a prospecting trip to California to further new business recruitment.

Parks and Recreation – Director of Parks and Recreation Michael Kowski started by thanking the MCDC for participating in the joint meeting with the Parks Board. The Rotary Club of McKinney will be attending the Council Meeting on May 1st to present their check for the All-Abilities Playground; the press will be present. On May 16th there is a

public input meeting for the Gray Branch property tentatively scheduled; this will be a chance for the public to add their input.

18-365 Chairman Kuehn called for the President's Report. MCDC President Cindy Schneible encouraged board members to review the information attached to the agenda, and made special note of the final report on the 2018 Garden Show, submitted by the Collin County Master Gardeners, that highlights the impact of the Promotional Grant provided by MCDC. They did a great job in terms of providing comprehensive information about that event. This weekend, there are a couple events that the CDC is providing promotional funding for: the ManeGait Country Fair and Tour de Coop. Both will take place on Saturday. The Empty Bowls event is next week.

18-366 Chairman Kuehn called for a Public Hearing to Consider/Discuss/Act on a Project Grant Application Submitted by Boys and Girls Club of Collin County (#18-02) in the Amount of \$40,000.00 for Reimbursement of a Portion of Costs Incurred for Roof Repair at the McKinney Club. Chairman Kuehn called Mike Simpson, CEO of the Boys and Girls Club of Collin County, to speak on behalf of the project. Mr. Simpson provided a brief history of the organization; the organization serves boys and girls, ages 5-18, in Frisco, McKinney and Plano. BGCCC is open year round and picks up youth from seventy-one different schools and six community locations county-wide. The McKinney Branch picks up youth from nineteen schools and two community locations. The organization has to raise 95% of its budget annually through events, grants and individual donations. This translates to approximately \$275,000 each month. Recent improvements to the McKinney branch include Education Rooms, a Teen Center and a Sports Court. The organization is asking for a grant for reimbursement of \$40,000 of the \$105,000 in expenses incurred for repairing the roof at the McKinney location. Chairman Kuehn called for public comments and there were none. Board members

unanimously approved the motion by Board member Gamble, seconded by Board member Glew, to close the public hearing.

18-368 Chairman Kuehn called for a Public Hearing to Consider/Discuss/Act on a Project Grant Application Submitted by Boys and Girls Club of Collin County (#18-03) in the Amount of \$30,000.00 for Refurbishment and Repair of Programming Rooms, Replacement of Damaged Recreational Equipment and Removal of Non-Functional A/C Unit. Chairman Kuehn called Mike Simpson, CEO of the Boys and Girls Club of Collin County, to speak on behalf of the project. Mr. Simpson shared that damage to the McKinney club occurred due to the roof leaks. As a result, repairs are needed to areas such as ceilings, drywall, carpeting, equipment repair and replacement, etc. The funds requested will assist in covering a portion of the repair and replacement costs. Chairman Kuehn called for public comments and there were none. Board members unanimously approved the motion by Vice Chairman Clarke, seconded by Board member Brewer, to close the public hearing.

18-369 Chairman Kuehn called for a Public Hearing to Consider/Discuss/Act on a Project Grant Application Submitted by Collin County History Museum (#18-04) in the Amount of \$3,900.00 for the Purchase of UV and Solar Glass Coatings for Museum Windows to Protect Museum Assets and Collections. Chairman Kuehn called Collin County History Museum Director, Mary Carole Strother, to speak. Ms. Strother provided pictures of past projects that the MCDC has funded, as well as several events that the Museum has hosted at their venue. The Museum continues to strengthen their partnerships with businesses and community organizations. Ms. Strother informed the Board that the grant funding being requested would be used to install UV and solar glass coatings on the windows in the Museum, in effort to provide a uniform and professional appearance throughout the museum, as well as providing protection of assets against damage and deterioration from light and

heat rays. The county will fund the cost of any damages that may take place during the installation and lighting. Museum staff have no concern about issues after installation is complete. Chairman Kuehn called for public comments and there were none. Board members unanimously approved the motion by Board member Brewer, seconded by Vice Chairman Clarke, to close the public hearing.

18370 Chairman Kuehn called a Public Hearing to Consider/Discuss/Act on a Project Grant Application Submitted by McKinney HUB 121, LLC (#18-05) in the Amount of \$400,000.00 (\$200,000 Grant; \$200,000 Type B Sales/Use Tax-based Grant from Revenue Generated by the Project) for the Construction of a Privately Owned, Public Access Pavilion that will Provide Landscaping, Shade Structures, Amphitheater, Electrical System, Sound System and Seating Areas for the HUB 121 Entertainment, Retail, Restaurant Mixed-Use Development in Craig Ranch. Chairman Kuehn called Bob Roeder to speak on behalf of the project. Mr. Roeder shared a visual example of what the HUB 121 development will look like once completed. The funding would cover costs for a public-accessed pavilion; the pavilion sits in-between several restaurants and a green space. The funding requested from the CDC would be in addition to a Chapter 380 agreement with the City of McKinney. The developer intends to break ground in 2018 and expects the construction for Phase I of the development to be completed in approximately fourteen to sixteen months. Chairman Kuehn called for public comments and there were none. Board members unanimously approved the motion by Chairman Kuehn, seconded by Board member Gamble, to close the public hearing.

18-371 Chairman Kuehn called for a Public Hearing to Consider/Discuss/Act on a Project Grant Application Submitted by North Collin County Habitat for Humanity (#18-06) in the Amount of \$877,521.00 for Infrastructure Costs, Demolition of Vacant Structure and Lot Preparation, Professional

Design, and Structural, Mechanical, Electrical and Plumbing Services for the Cotton Groves Community. Chairman Kuehn called Celeste Cox, CEO of Habitat, to speak on behalf of the project. Ms. Cox announced that the North Collin County Habitat for Humanity and the South Collin County Habitat for Humanity organizations merged and the new organization is known as Habitat for Humanity of Collin County. This merge increases the organization's ability to serve more families in Collin County. The Cotton Groves project provides housing to low-income families; each unit is constructed from four shipping containers. The number of townhomes that will be constructed total 35 within the subdivision. HHCC hired a company to do a feasibility study on fund development for the project; they recommended that the organization move forward with a capital campaign. Brian Umberger, the engineer of the project explained to the Board that a street will need to be built out, and storm and sanitary sewer installed; these costs are included in the infrastructure costs of the project. Chairman Kuehn brought to the Board's attention that the MCDC had also purchased the land for this project. The funding requested would be in addition to the land and will cover approximately 18% of the total cost of the project.

Board members unanimously approved the motion by Chairman Kuehn, seconded by Board member Glew, to close the public hearing.

- 18-372** Conduct a Public Hearing to Consider/Discuss/Act on a Project Grant Application Submitted by Essentialz dba Elemental Essentialz (#18-07) in the Amount of \$40,000.00 for Water, Electric and Gas Utility Improvements for a Retail Market to be Located at 110 N. Tennessee Street, McKinney, Texas. Chairman Kuehn called Theresa Harris, founder of Essentialz, to speak on behalf of the project. Ms. Harris shared that Essentialz is a specialty and gourmet grocery store that will be located in the historic First National Bank building downtown on the Square. This market will provide zero-waste to low-waste products and

packaging. Ms. Harris' goal for this store is to provide healthy food choices to residents of McKinney, as well as restore a historic building that has sat empty for quite some time. Chairman Kuehn asked for clarification on the breakdown of the overall costs of the project; Ms. Harris stated that to-date, the project is self-funded and no loans will be taken out to fund the project. Chairman Kuehn inquired about the amount of tenant improvement funding the project would receive from the landlord. Ms. Harris stated that the landlord offered \$10,000, but that was in tandem with a financial agreement that they were not willing to agree to. Ms. Harris clarified that the infrastructure costs are for electrical, gas, drainage issues, etc. As is, the building cannot support any tenants other than a retail store. Due to the size of the construction project, Vice Chairman Clarke asked Ms. Harris if the grant amount requested would be enough to cover all of the infrastructure, to which Ms. Harris assured the Board that it would be enough. Treasurer Myers asked how this grocery store differs from past unsuccessful grocers in downtown McKinney and how they plan on remaining sustainable in such an expensive environment. Ms. Harris explained that this market is a full grocery store that the community can utilize for their weekly shopping needs. In addition to those products, they will also sell beer and wine, as well as having prepared food for customers. Essentialz will also deliver to customers. Rick Glew asked if Ms. Harris had looked at other small grocers in small spaces and high-rent areas. Ms. Harris replied that they plan on having options for customers that range from high-end to more generic cost products. Their overhead in comparison to other higher-end grocery stores is relatively low due to being no-waste to low-waste. They will also have additional revenue by hosting workshops, an in-house soda shop, providing prepared food and will have a delivery service. Coupled with the added income and fewer costs, she feel that this store will be very successful in comparison to a typical grocery store.

Mr. Glew also inquired about her recent remarks about wasted foods.

Ms. Harris shared that she has been speaking with Jaymie Pedigo at Chestnut Square and Jamie St. Clair with Empty Bowls, along with other local non-profits and they are arranging to provide those foods to these organizations either by donation or low-cost. James West, Architect of the project, spoke on behalf of Essentialz. He provided further explanation regarding the infrastructure costs. Chairman Kuehn asked the Board to consider if the Board is tasked with paying for infrastructure costs for owners to allow them to choose whichever building they prefer. Jackie Brewer commented that as far as the electrical is concerned, the improvements appear to be meeting not only the needs of the new owner, it is also meeting the needs of multiple other tenants. Mr. West noted that historical buildings will always have needs that warrant improvement and this provides a unique opportunity to preserve the historical community and specifically, the buildings around this particular building. Chairman Kuehn shared his perspective that when you choose a building in the downtown district, you are aware that costs will be needed to make improvements and that it is the responsibility of the owner to cover those costs. Ms. Harris asked the Board how this project differs from the HUB 121 developer asking for assistance in building an amphitheater; Chairman Kuehn responded that the funding being requested for HUB 121 would allow for development of a public open space for the community to access. The funds requested by Essentialz would benefit the interior of a privately owned business, not the creation of a public space. Mr. West asked the Board to consider that Ms. Harris has covered the cost of the majority of the infrastructure and is asking the Board to fund the remaining portion that is needed around the building. Vice Chairman Clarke commented that any time you are working with historic buildings you run into unexpected issues that need to be upgraded with significant cost. President Schneible addressed the

Board and shared that the application asked for \$12,000 in electrical work, labor/infrastructure, \$18,000 in plumbing work, labor/infrastructure, and \$10,000 for fixtures. She suggested that Ms. Harris provide a detailed description of what work needs to be done so that the Board has a clear understanding as to what expenses the grant money would be reimbursing. Treasurer Myers asked for clarification on whether the work has already been completed or remains to be completed. Ms. Harris responded that a portion has been completed and a portion has yet to be completed. Rick Glew, Michelle Gamble and Vice Chairman Clarke agreed with Ms. Harris that the quality of life would be increased with the existence of this market. Board members unanimously approved the motion by Board member Board member Brewer, seconded by Board member Gamble, to close the public hearing.

18-373 Chairman called for the Consideration/Discussion/Action on Proposed FY 19 MCDC Budget for Submission to the City Manager for Review. President Schneible shared the steps of the budget process within the City departments. The board's Finance committee reviewed the draft and is recommending approval of the proposal before the Board. Ms. Schneible added that the revenue included is an estimated number based on the performance during the current fiscal year to date, and it is likely to be adjusted between now and this summer when it is presented for final approval. There is money included for technology which would cover replacing the Board's iPads; IT will provide updated numbers later on in the process. Office Rental is a little bit less than it was this year since the MEDC has increased their share of office space, thus reducing the MCDC share of the space and the rental costs. The budget for Promotional Grants was kept the same as this year; however, the Discretionary Grants budget was increased slightly at the recommendation of the Finance committee. The allocation to the Parks and Recreation department continues at \$5.5 million in alignment with

the ten-year commitment to Parks projects made in 2015. Debt service, just under \$2 million, for Parks and Recreation's Apex Center is included. An operations subsidy that the Board committed to the Apex Center is budgeted as the actual amount that was paid in FY 17 and is likely to be lower at the end of the current fiscal year when a true-up between the budgeted amount and actual need is calculated. Board members unanimously approved the motion by Board member Brewer, seconded by Board member Gamble, to approve the Proposed FY 19 MCDC Budget for Submission to the City Manager for Review.

Chairman Kuehn recessed the meeting into Executive Session at 10:03 a.m. per Texas Government Code: Section 551.087. Deliberation Regarding Economic Development Matters as listed on the posted agenda. Chairman Kuehn reconvened the meeting to open session at 10:24 a.m.

Chairman Kuehn called for citizen comments; there were none. Chairman Kuehn called for Board member comments; there were none.

Board members unanimously approved the motion by Board member Gamble, seconded by Vice Chairman Clarke, to adjourn. Chairman Kuehn adjourned the meeting at 10:25 a.m.

KURT KUEHN
Chairman