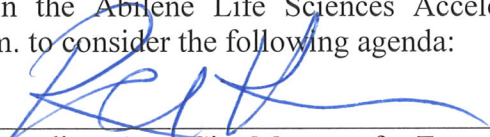


PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, December 11, 2012, in the Abilene Life Sciences Accelerator, 1325 Pine St., Abilene, Texas, commencing at 1:30 p.m. to consider the following agenda:

SIGNED:


Richard Burdine, Asst. City Manager for Economic Development

AGENDA

December 11, 2012
1:30 p.m.

Abilene Life Sciences Accelerator
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the November 27, 2012, board meeting.
3. Preliminary Status of Funds report for October 2012.
4. Presentation by Terry E. Johnson, President and CEO of Ads 4 Next, which encourages entrepreneurship in high school students.
5. Executive Session: Pursuant to Tex. Gov't Code Sec. 551.087, an executive session may be held (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1). After discussion in executive session, any action or vote will be taken in public.

Pursuant to Tex. Gov't Code Sec. 551.072, an executive session may be held to discuss the possible exchange, lease, or value of real property associated with a project to be funded by the DCOA since deliberation in open session would have a detrimental effect on the DCOA's negotiations with a third party. After discussion in executive session, any action or vote will be taken in public.

Pursuant to Tex. Gov't Code Sec. 551.071, an executive session may be held to consult with the DCOA attorney regarding pending or contemplated litigation or a settlement offer regarding DCOA funded projects or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Government Code. After discussion of the contemplated legal matters in executive session, any action or vote will be taken in public.

6. Discussion and possible approval of a resolution authorizing cost sharing with Devron Abilene, LLC for extension of a water line in the Five Points Business Park to serve a newly constructed

Fed Ex Ground distribution center facility on Arnold Blvd. and other lots owned by the Development Corporation of Abilene, Inc.

7. Discussion and possible approval of a resolution authorizing an agreement with Texas Tech University Health Sciences Center School of Pharmacy for provision of life sciences services to private and public sector customers from the Abilene Life Sciences Accelerator at 1325 Pine.
8. Discussion and possible approval of a resolution authorizing an amendment to the Agreement for Financial Assistance with Receptor Logic, Inc.
9. Adjournment.

CERTIFICATE

I hereby certify that the above notice of meeting was posted on the bulletin board at the City Hall of Abilene, Texas, on the _____ day of _____, 2012, at _____.

City Secretary

NOTICE

Persons with disabilities who would like special assistance or need special accommodations to participate in this meeting should contact Department of Economic Development, (325) 676-6390, at least forty-eight (48) hours in advance of this meeting. Telecommunication device for the deaf is (325) 676-6360.

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
NOVEMBER 27, 2012

MEMBERS PRESENT: Paul Cannon Mike Schweikhard
Scott Senter Dani Ramsay

MEMBER ABSENT: Marelyn Shedd

STAFF PRESENT: Richard Burdine Kim Tarrant
Dan Santee

GUESTS PRESENT: John Mangalonzo, Abilene Reporter-News
Bill Ehrie, Abilene Industrial Foundation

1. **CALL TO ORDER.** President Paul Cannon called the meeting to order in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
2. **APPROVAL OF MINUTES FROM THE NOVEMBER 13, 2012, BOARD MEETING.** Scott Senter moved to approve the minutes from the November 13, 2012 board meeting. Dani Ramsay seconded and the motion carried
3. **PRESENTATION OF ANNUAL REPORTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 2012 BY THE ABILENE INDUSTRIAL FOUNDATION AND THE CHAMBER OF COMMERCE MILITARY AFFAIRS COMMITTEE.** Bill Ehrie, President of the Abilene Industrial Foundation, reported that in October 2011, Abilene's unemployment rate was at 6.2% and the labor force was comprised of 77,200 people. As of October 2012, the Abilene unemployment rate has dropped to 4.9% and employment is up by 3,500 people. Abilene is ranked fifth in the state in terms of its labor market. The AIF's FY12 marketing budget was \$140,000 with actual expenses totaling \$131,196.

Electronic marketing changes and enhancements have been made to the www.developabilene.com website. A new Dyess DVD was developed as a marketing tool. The AIF was quite active with their marketing and retention activities this year, including 11 AIF responses to 33 leads received, 4 prospect files opened from 8 prospect visits to Abilene, attendance at 2 tradeshows and 4 conferences, 36 visits with consultants/prospects and 53 retention visits.

4. **PRESENTATION BY BILL EHRIE OF THE ANNUAL STATUS UPDATE ON ACTIVITIES OF TWO CONSULTANTS HIRED TO ASSIST WITH MAINTAINING EXISTING AND GAINING NEW MISSIONS AT DYESS AFB.** The AIF contracts separately with Richard J. Leidl, PC and Team Concepts, consultants

in the Washington D.C. area to perform these tasks. Officially, there were no military construction projects allowed in FY12 unless deemed absolutely necessary. However, through the efforts of these consultants Dyess AFB was impressively prepared and received \$42 million at “year-end spend-out”, which will go into Dyess AFB infrastructure upgrades. Again, because of the efforts of our two consultants, Dyess currently has 24 new C-130-J aircraft with more on the way. The simulator building is under construction at a cost of \$12 million and the simulator itself will cost \$10 million. Dyess has 33 B1 Bombers from an entire fleet of 63 (3 were recently retired).

The privatized base housing has been contracted for and doing well. Through meetings with Boeing in Washington DC and on Capitol Hill our consultants were able to obtain upgrades for aircraft and spares. The Reserve Center was finished as was the hangar for the C-130s.

Mr. Ehrie pointed out that through the DCOA’s funding, our two consultants have allowed this community to be responsive to the needs of the military and to create a dialog for us on subjects that will be very critical to Dyess’ future, such as consolidation, a new weapons system, new needs at the base and privatization of utilities.

5. **EXECUTIVE SESSION.** I hereby announce we are going into Executive Session pursuant to Texas Government Code Sections 551.071, .072, and .087 to consult with our legal counsel, discuss real property transactions, and discuss economic development negotiations involving a business prospect, as set forth on the agenda. Any vote or action will be taken in open session.

President Paul Cannon announced the date is November 27, 2012, and the time is 1:52 p.m. Later, President Paul Cannon announced the date is still November 27, 2012, and the time is 2:58 p.m. No vote or action was taken in Executive Session.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT WITH JUSTICE CONSTRUCTION FOR CONSTRUCTION OF THE AIR COMPRESSOR ROOM RELOCATION PROJECT AT 6450 FIVE POINTS PARKWAY, OCCUPIED BY PACTIV CORPORATION.** Richard Burdine presented this item to the board. Previous DCOA assistance to Pactiv will enable them to install a 7th thermo former for another manufacturing line. A new metal structure on the exterior of the building at 6450 Five Points Parkway will allow Pactiv to move the existing air compressors so that warehouse space can be converted to accommodate the new manufacturing line. A local A/E firm estimated the cost for these improvements (ventilation system, replace an existing breaker panel with a larger one, etc.) to be \$179,600 which includes \$22,000 to relocate the existing air compressors to the new structure, for which Pactiv will pay. Two bids were received as follows: The Crow Group - \$325,000 at 210 days and Justice Construction - \$305,000 at 120 days.

Staff recommends the DCOA approve a contract with Justice Construction and total funding of \$335,500 (includes 10% contingency) for construction of the improvements. Also requested is additional design fee money of \$12,540 to cover the cost of services at 10% of actual construction (\$30,500 – \$17,960).

Because of said improvements, the DCOA as landlord, has the option to increase Pactiv's monthly lease payment to help pay for them. Instead however, staff negotiated with Pactiv a participation in this project whereby Pactiv will fund one-half of the cost via the capital incentives available for Phase 2 (which is currently \$250,000, payable at 15% of Pactiv's actual capital costs of up to \$1,660,000). Staff confirmed that Pactiv has incurred total expenditures of \$527,602 for this project and anticipates another \$800,000 expenditure in early 2013, totaling approximately \$1.3 million and yielding capital investment incentives of \$195,000. The total project cost is \$367,796 as follows: Construction plus contingency of \$335,500 and total A/E design fees of \$32,296. Pactiv's 50% participation equals \$183,898.

Mike Schweikhard moved to approve Resolution No. DCOA-2013.06 as presented. Scott Senter seconded and the motion carried.

7. **ADJOURNMENT.** The next DCOA Board meeting will be Dec. 11th and all board members present said they would attend.

Paul Cannon, President

Preliminary

CITY OF ABILENE, TEXAS

DEVELOPMENT CORPORATION OF ABILENE, INC.

Balance Sheet
October 31, 2012

ASSETS:

Cash and Investments	\$17,438,551
Notes receivable	13,831,837
Accounts receivable	35,293
Due from other governments	1,738,931
Prepaid Expense	130
Total Current Assets	<u>\$33,044,742</u>

OTHER ASSETS:

Fixed assets	
Land	\$1,542,577
Construction in Progress	\$2,610,279
Buildings & Improvements	\$27,479,023
Improvements other than Buildings	\$9,965,830
Leasehold improvements	\$1,366,201
Machinery & Equipment	\$310,099
Vehicles	\$18,011
Accumulated depreciation	<u>(6,814,309)</u>
Total Other Assets	<u>36,477,711</u>

TOTAL ASSETS \$69,522,453

LIABILITIES:

Accounts payable	<u>\$49,576</u>
Total Liabilities	<u>\$49,576</u>

FUND BALANCES:

Investment in general fixed assets	\$36,477,711
Reserved for contractual obligations(external)	10,313,858
Reserved for obligated programs(internal)	6,108,919
Undesignated Balance	<u>16,572,389</u>
Total Fund Balance	<u>\$69,472,877</u>

TOTAL LIABILITIES AND FUND BALANCES \$69,522,453

DEVELOPMENT CORPORATION OF ABILENE
STATUS OF FUNDS @ OCTOBER 31, 2012

Object	Beginning I-T-D Revenues	Current Month Revenues	Current FY Revenues	(MARCH, 1990) Ending I-T-D Revenues	<i>Preliminary</i>
REVENUE-TO-DATE					
City Sales Tax	\$ 147,668,795.04	\$ 851,164.65	\$ 851,164.65	\$ 148,519,959.69	
Sales Tax Retained	506,821.56	4,703.45	4,703.45	511,525.01	
Princ. - Loans & Assess	3,268,528.27	-	-	3,268,528.27	
Int. - Loans & Assess	2,314,633.98	12.16	12.16	2,314,646.14	
Interest on Investments	7,020,340.95	3,875.71	3,875.71	7,024,216.66	
Land Lease	47201 17,296.11	-	-	17,296.11	
Building/Space Rent	47203 7,347,601.67	81,436.86	81,436.86	7,429,038.53	
Miscellaneous Federal	41490 1,322,526.00	-	-	1,322,526.00	
Miscellaneous State Grants	41690 26,500.00	-	-	26,500.00	
Other Contributions	47105 140,712.60	-	-	140,712.60	
Interfund Recovery	47217 1,534,976.08	-	-	1,534,976.08	
Miscellaneous Recovery	47219 2,186,438.50	-	-	2,186,438.50	
Miscellaneous Prior Year	47241 61,292.02	-	-	61,292.02	
Miscellaneous Revenue	47244 1,019,770.10	410.50	410.50	1,020,180.60	
Sale of Land	48201 475,593.50	-	-	475,593.50	
Sale of Buildings & Equipment	48203 3,976,326.19	-	-	3,976,326.19	
Gain (loss) Sale of Asset	48204 600,000.00	-	-	600,000.00	
GASB 22 Restatement	355,634.89	-	-	355,634.89	
GASB 34 Adjustment	2,403,949.11	-	-	2,403,949.11	
	\$ 182,247,736.57	\$ 941,603.33	\$ 941,603.33	\$ 183,189,339.90	

DEVELOPMENT CORPORATION OF ABILENE
STATUS OF FUNDS @ OCTOBER 31, 2012

Project	Beginning I-T-D Expenditures	Current Month Expenditures	Current FY Expenditures	Ending I-T-D Expenditures	Outstanding Contracts
CONTRACTS ENCUMBERED/ EXPENDITURES-TO-DATE					
Prior Years Programs	\$ 90,706,582.41	\$ -	\$ -	\$ 90,706,582.41	
Business Services Division Div 2760	9,067,992.94	54,535.08	54,535.08	9,122,528.02	-
Life Sciences Property - Pine Div 2765	1,867,386.28	44,618.73	44,618.73	1,912,005.01	14,688.00
DCOA Annual Contracts Div 2775	2,823,494.98	145,420.89	145,420.89	2,968,915.87	-
Abilene Industrial Foundation 2775-62571	13,888,018.57	-	-	13,888,018.57	-
TTU Small Business Dev Cntr 2775-62572	3,055,608.55	-	-	3,055,608.55	-
Chamber Military Affairs 2775-62573	1,326,511.16	-	-	1,326,511.16	100,000.00
Airport Business Dev Mgr 2775-62574	897,833.70	-	-	897,833.70	-
Murf Systems 4998	199,665.00	-	-	199,665.00	-
EASI 04 5213	2,131,546.52	-	-	2,131,546.52	345,391.14
Fehr Food 5220	3,712,530.00	-	-	3,712,530.00	-
CBER Website 5240	7,067.07	-	-	7,067.07	1,249.93
TTU Pharmacy School 5242	658,436.00	265,823.00	265,823.00	924,259.00	-
PWP (Project LF) 5251	2,507,898.97	-	-	2,507,898.97	426,000.00
SBIR/STTR 5263	86,200.16	-	-	86,200.16	184,991.87
TTU HSC Research 5273	2,187,988.66	103,000.00	103,000.00	2,290,988.66	709,011.34
Energy Maintenance Service 5282	248,270.07	-	-	248,270.07	621,623.53
Genesis Network Phase II 5284	22,924.00	-	-	22,924.00	1,269,000.00
Tower Tech 5285	3,596,278.51	120,000.00	120,000.00	3,716,278.51	1,586,437.09
Coca Cola Abilene 5296	-	-	-	-	2,020,000.00
ETI Contract 5304	1,236,265.25	-	-	1,236,265.25	-
TTU 842 Pine 5308	233,155.10	-	-	233,155.10	-
AIC Eq Lease 5312	164,128.01	-	-	164,128.01	-
Nation Wide Prod 5313	62,366.67	-	-	62,366.67	42,883.33
Enavail, LLC 5316	379,990.57	-	-	379,990.57	31,765.15
Cisco College Biotech Training 5318	45,701.55	-	-	45,701.55	21,948.45
Energy Maintenance Serv-Gearbox 5319	289,660.00	-	-	289,660.00	192,840.00
EASI Hanger Design 5320.1	339,901.07	-	-	339,901.07	-
EASI Hanger Construction 5320.2	4,473,442.44	-	-	4,473,442.44	-
EASI Hanger Fire Safety 5320.3	1,712,275.34	-	-	1,712,275.34	105,179.63
Pepsi Beverage Co. T5321	70,000.00	-	-	70,000.00	280,000.00
Cooperative Response Center 5324	71,748.18	-	-	71,748.18	224,751.82
Land 922 N 13th Street 5325	35,735.00	-	-	35,735.00	-
Teleperformance USA 5326	92,550.00	-	-	92,550.00	282,450.00
Docket Navigator 5327	-	-	-	-	159,000.00
Smith Pipe (SPA Coat.) Ph 1 & 2 5330	75,500.00	-	-	75,500.00	520,990.00
TTUHSC School of Nursing 5331	-	-	-	-	-
TMAC FY12 5333	33,000.00	-	-	33,000.00	-
Vine St. Lighting Upgrades 5335.1	55,457.00	-	-	55,457.00	-
Vine St. Fire Safety 5335.2	228,367.17	38,469.53	38,469.53	266,836.70	15,138.76
Vine St. Parking Lot 5335.3	158,850.00	-	-	158,850.00	1,730.00
Vine St. Construction 5335.4	32,610.00	-	-	32,610.00	1,980.00
Vine St. Interior Demo 5335.5	121,698.03	-	-	121,698.03	4,880.00
Welder Training 5339	146,766.19	-	-	146,766.19	270,671.81
Fehr Foods '12 5340	-	-	-	-	510,000.00
Prospect Development 5341	1,216.00	-	-	1,216.00	-
Pactiv Bldg Project 5344.1	10,500.00	-	-	10,500.00	9,256.00
Owens Machine & Tool 5345	-	-	-	-	351,000.00
Biotech Marketing and PR Plan 5346	-	5,000.00	5,000.00	5,000.00	9,000.00
Miscellaneous Activities 2785	354,189.86	-	-	354,189.86	-
TOTAL ENCUMB. / EXPENDITURES	\$ 149,417,306.98	\$ 776,867.23	\$ 776,867.23	\$ 150,194,174.21	\$ 10,313,857.85
TOTAL FUND BALANCE				\$ 32,995,165.69	
UNENCUMBERED FUND BALANCE					\$ 22,681,307.84

DEVELOPMENT CORPORATION OF ABILENE
STATUS OF FUNDS @ OCTOBER 31, 2012

Project	Amount Obligated	Prior Years Disbursed	Current Month Disbursed	Current Year Disbursed	Amount Encumbered	Balance Reserved for Obligated Programs	
BALANCE OF OBLIGATED PROGRAMS							
Business Services Division	Div 2760	\$ 641,360.00	\$ -	\$ 54,535.08	\$ 54,535.08	\$ -	
Life Sciences Property -Pine	Div 2765	635,963.85	-	44,618.73	44,618.73	14,688.00	
DCOA Annual Contracts	Div 2775	308,810.00	-	145,420.89	145,420.89	-	
Abilene Industrial Foundation	2775-4950	746,850.00	-	-	-	-	
TTU Small Business Dev Cntr	2775-4951	250,000.00	-	-	-	250,000.00	
Chamber Military Affairs	2775-4952	100,000.00	-	-	-	100,000.00	
Airport Business Dev Mgr	2775-4953	181,630.00	-	-	-	-	
Murf Systems	4998	199,665.00	199,665.00	-	-	-	
EASI 04	5213	2,476,938.00	2,131,546.52	-	-	345,391.14	
Fehr Food	5220	3,712,530.00	3,712,530.00	-	-	-	
CBER Website	5240	8,317.00	7,067.07	-	-	1,249.93	
TTU Pharmacy School	5242	1,841,200.00	658,436.00	265,823.00	265,823.00	-	
PWP (Project LF)	5251	2,933,899.00	2,507,898.97	-	-	426,000.00	
SBIR/STTR	5263	271,400.00	86,200.16	-	-	184,991.87	
TTU HSC Research	5273	3,000,000.00	2,187,988.66	103,000.00	103,000.00	709,011.34	
Energy Maintenance Service	5282	869,894.00	248,270.07	-	-	621,623.53	
Genesis Network Phase II	5284	1,291,924.00	22,924.00	-	-	1,269,000.00	
Tower Tech	5285	5,302,716.00	3,596,278.51	120,000.00	120,000.00	1,586,437.09	
Coca Cola Abilene	5296	2,020,000.00	-	-	-	2,020,000.00	
ETI Contract	5304	1,236,266.00	1,236,265.25	-	-	-	
TTU 842 Pine	5308	233,156.00	233,155.10	-	-	-	
AIC Equipment Lease/Purchase	5312	164,128.00	164,128.01	-	-	-	
Nation Wide Products	5313	105,250.00	62,366.67	-	-	42,883.33	
Enavail, LLC	5316	411,756.00	379,990.57	-	-	31,765.15	
Cisco College Biotech Training	5318	67,650.00	45,701.55	-	-	21,948.45	
Energy Maintenance Serv-Gearbox	5319	482,500.00	289,660.00	-	-	192,840.00	
EASI Hanger Design	5320.1	339,902.00	339,901.07	-	-	-	
EASI Hanger Construction	5320.2	4,473,443.00	4,473,442.44	-	-	-	
EASI Hanger Fire Safety	5320.3	2,592,097.00	1,712,275.34	-	-	105,179.63	
Pepsi Beverage Co.	5321	350,000.00	70,000.00	-	-	280,000.00	
Cooperative Response Center	5324	296,500.00	71,748.18	-	-	224,751.82	
Land 922 N 13th Street	5325	50,000.00	35,735.00	-	-	-	
Teleperformance USA	5326	375,000.00	92,550.00	-	-	282,450.00	
Docket Navigator	5327	159,000.00	-	-	-	159,000.00	
Smith Pipe Ph 1, 2, 3	5330	596,490.00	75,500.00	-	-	520,990.00	
TTUHSC School of Nursing	5331	1,884,356.00	-	-	-	-	
TMAC FY12	5333	33,000.00	33,000.00	-	-	-	
Vine St. Warehouse	5335.1	55,457.00	55,457.00	-	-	-	
Vine St. Fire Safety	5335.2	291,216.00	228,367.17	38,469.53	38,469.53	15,138.76	
Vine St. Parking Lot	5335.3	160,580.00	158,850.00	-	-	1,730.00	
Vine St. Construction	5335.4	34,590.00	32,610.00	-	-	1,980.00	
Vine St. Interior Demo	5335.5	130,489.00	121,698.03	-	-	8,790.97	
Welder Training	5339	417,438.00	146,766.19	-	-	270,671.81	
Fehr Foods '12	5340	510,000.00	-	-	-	510,000.00	
Prospect Development	5341	1,216.00	1,216.00	-	-	-	
Pactiv Bldg Project	5344.1	19,756.00	10,500.00	-	-	9,256.00	
Owens Machine & Tool	5345	351,000.00	-	-	-	351,000.00	
Biotech Marketing and PR Plan	5346	14,000.00	-	5,000.00	5,000.00	9,000.00	
Miscellaneous Activities	2785	354,189.86	354,189.86	-	-	-	
BALANCE OF OBLIGATED PROGRAMS		\$ 42,983,522.71	\$ 25,783,878.39	\$ 776,867.23	\$ 776,867.23	\$ 10,313,857.85	\$ 6,108,919.24

UNDESIGNATED FUND BALANCE

(unencumbered balance less obligated programs and contingent liabilities)

\$ 16,572,388.60

DCOA Board approved projects waiting for signed contracts	Expiration Date
West Texas Innovation Network 5328	15,000 3/31/2013
Marketing for 2nd Airline 5334	200,000 3/31/2013
Bridgestone Bandag	315,300 3/31/2013
Smith Pipe Ph 4	400,000 1/24/2013
TMAC FY13	110,000 4/30/2013
Vine Street Renovations 5335.4	301,734 4/30/2013
Ryder Truck Building Repairs 5336	10,030 4/30/2013
	<u>1,352,064</u>

3.4

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: December 11, 2012

PROJECT: Devron Abilene, LLC Water Line Extension Cost Sharing

STAFF: Richard Burdine, CEO

GENERAL INFORMATION:

In November 2011, the DCOA sold 11.985 acres of land in the Five Points Business Park, east side of Arnold Blvd, to Devron Abilene, LLC for construction of a new Fed Ex Ground distribution center facility. Construction was completed in July 2012.

The existing 12" water line running along the east right-of-way of Arnold was extended several hundred feet south to Five Points Parkway, then westward underneath Arnold to connect to the existing line on Five Points Parkway, which created a water supply loop. Not only did the line extension benefit other undeveloped DCOA properties, but it boosts the water pressure available to all properties in the business park.

THE REQUEST:

Devron requested DCOA participation in the cost of extending the water line. Prior to construction the estimated total cost, including engineering fees, was \$83,120. I propose DCOA participate in 50% of the estimated cost, or \$41,560 because of the benefit to the Five Points Business Park overall.

FUNDING/FISCAL IMPACT:

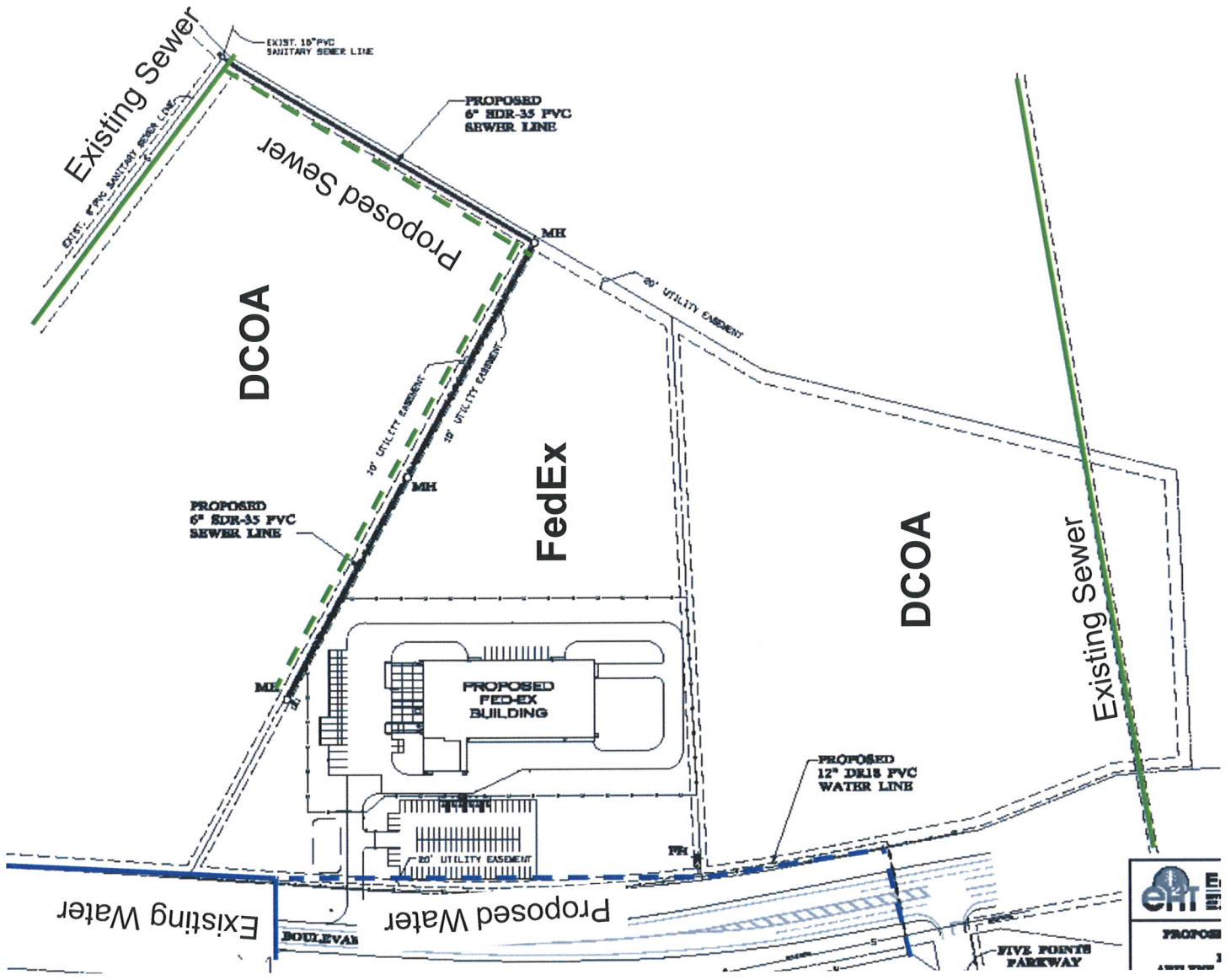
Water line extension \$41,560

STAFF RECOMMENDATION:

Staff recommends approval of Resolution DCOA-2013.07 authorizing reimbursement to Devron Abilene, LLC \$41,560 for extension of a 12" water line along Arnold Blvd in the Five Points Business Park.

ATTACHMENT:

Drawing of existing and new (proposed) water lines
Resolution DCOA-2013.07



6.2

RESOLUTION NO. DCOA-2013.07

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS AUTHORIZING COST-SHARING WITH DEVRON ABILENE, LLC ("DEVRON") FOR EXTENSION OF AN EXISTING WATER LINE IN THE FIVE POINTS BUSINESS PARK TO SERVE THE NEWLY CONSTRUCTED FED EX GROUND DISTRIBUTION CENTER FACILITY ON ARNOLD BLVD AND OTHER LOTS OWNED BY THE DCOA.

WHEREAS, in November 2011, the DCOA sold 11.985 acres of land in the Five Points Business Park, east side of Arnold Blvd, to Devron Abilene, LLC for construction of a new Fed Ex Ground distribution center facility, which was completed in July 2012; and,

WHEREAS, the existing 12" water line running along the east right-of-way of Arnold Blvd was extended several hundred feet south to Five Points Parkway, then westward underneath Arnold Blvd to connect to the existing line on Five Points Parkway, which created a water supply loop; and,

WHEREAS, not only did the line extension benefit other undeveloped DCOA properties, but it boosts the water pressure available to all properties in the business park; and,

WHEREAS, Devron requested DCOA participation in the cost of extending the water line; and,

WHEREAS, staff requests the DCOA authorize cost sharing of the water line extension.

NOW THEREFORE, BE IT RESOLVED BY THE DEVELOPMENT CORPORATION OF ABILENE, INC., ABILENE, TEXAS, THAT:

- PART 1.** DCOA hereby authorizes funding of Forty-One Thousand Five Hundred Sixty and no/100's Dollars (\$41,560.00) payable to Devron Abilene, LLC to cost-share in the expense of extending the existing 12" water line in the Five Points Business Park several hundred feet south along the east right-of-way of Arnold Blvd, then underneath Arnold Blvd to connect with the existing line on Five Points Parkway, thus creating a water supply loop.
- PART 2.** Funding under this resolution is contingent upon execution of all necessary agreements. The funding commitment authorized under this resolution shall expire without notice 180 days from the date of adoption of same unless all required documents and agreements are executed prior to that expiration date or the commitment herein is extended in writing by the DCOA.
- PART 3.** The Chief Executive Officer of the Development Corporation of Abilene, Inc. is hereby authorized to negotiate, enter into and execute a final contract and all other related documents on behalf of the DCOA.

ADOPTED this the 11th day of December, 2012.

ATTEST:

Marelyn Shedd
Secretary/Treasurer

Paul Cannon
President

APPROVED:

T. Daniel Santee, City Attorney

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6.4

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: December 11, 2012

PROJECT: Agreement with TTUHSC SOP for provision of life sciences services from the Abilene Life Sciences Accelerator to private and public sector customers

STAFF: Richard Burdine, CEO

GENERAL INFORMATION:

The DCOA Board and staff have had ongoing discussions about improving utilization of the Abilene Life Sciences Accelerator. Our discussions have included the major impacts the Recession had on the life sciences industry:

- Big Pharma funding of early stage biotech companies all but dried up;
- Mergers and acquisitions among major drug companies resulted in massive layoffs of science staff as they shed unproductive R&D programs;
- Venture capital firms (VCs) were hit hard when their investors saw their net worth drop by one quarter to one third; and,
- VCs tightened up their funding criteria for research conducted by early stage companies.

These impacts worked against our efforts to attract early stage life sciences companies to the Abilene Life Sciences Accelerator. However the following features of the new “landscape” of the life sciences industry create new opportunities for program development at the ALSA:

- Big Pharma has reduced their in-house research capabilities and are outsourcing work;
- VCs are demanding lower costs for early stage life sciences company startup, creating demand for “virtual companies” that outsource most research and business functions; and,
- Virtual companies are creating demand for research & development work by third party providers, many of which are contract research organizations or CROs.

We compared the issues and considerations with incubating early stage life sciences companies in the ALSA to providing services to companies from a CRO located in the ALSA:

Issues and Considerations	Incubating Early-Stage Companies	Serving Virtual Companies
Attraction to Abilene Depends on Angel Investment & DCOA Incentives	Yes	No
Retention in Abilene Depends on Availability of Future Funding (Series A & Series B)	Yes	No
Stability of Abilene Biotech Jobs Depends on	Success of Tenant Companies	Growing Multi-Client Book of Business
Diversity of Client Base	Low – ALSA only	High - Worldwide
Impact of a Single Company's Negative Research Outcomes on ALSA Operations	Major – Loss of Tenant Company	Minor – Loss of 1 of multiple Clients
Potential for Educational Opportunities in a Working Laboratory	Low & Unstable	High & Stable

We concluded that a CRO located in the ALSA can create more stable jobs than incubating early stage life sciences companies, and retaining such jobs is largely independent of the success of a few tenant companies. Also the need for local angel investment and DCOA incentives for early stage and later stage funding is substantially reduced.

That's not to say we won't pursue life sciences companies in the future. To the contrary, a CRO will help us develop relationships with companies it serves. Companies that are an especially good "fit" with the CRO may become relocation prospects as they grow.

The BIG Question is who should manage the CRO? I believe the answer is the TTUHSC School of Pharmacy, through the Center for Immunotherapeutic Research & Product Development (The Center). Dr. Jon Weidanz, PhD, directs The Center and has extensive experience in academic research and life sciences company startups and management. He has successfully negotiated many contracts with large and small life sciences companies as both the purchaser and provider of R&D services.

Establishment of the CRO would be through an agreement between the DCOA and TTUHSC-SOP with the following procedures:

- DCOA continues to pay ALSA building operating costs directly;
- DCOA advances TTHUSC-SOP annual management expenses, including all employee costs, supplies, travel, etc. based on a mutually agreed upon budget;
- TTUHSC-SOP hires and supervises the scientific/technical staff of The Center;
- Center staff recruit contract work to The Center and perform fee-for-service work and technology assessments for clients;
- Center bills clients monthly for services rendered; and,
- DCOA invoices Center monthly for payments received from clients.

Our objective is for annual Center income to reimburse all funds advanced to TTUHSC-SOP each year and reduce the annual operating subsidy of the ALSA for utilities, building maintenance and housekeeping, equipment maintenance, etc.

THE REQUEST:

Staff requests DCOA Board approval to execute an agreement with TTUHSC SOP for provision of life sciences services from the Abilene Life Sciences Accelerator to private and public sector customers.

FUNDING/FISCAL IMPACT:

Dr. Weidanz and I developed a first year contract budget of \$600,440, assuming 12-months of operation, as shown in the following table:

Notes & Assumptions	Description	FY2013
	Management/Personnel Costs	
	Management Contract w/ETI	-
\$80.4k + 28% overhead + 3%/Year	ALSA Operations Manager	103,000
\$62k + 28% overhead + 3%/Year	Lead Technician	79,360
\$42k + 28% overhead + 3%/Year	Technician	53,760
\$42k + 28% overhead + 3%/Year	Technician	53,760
\$42k + 28% overhead + 3%/Year	Technician	53,760
\$30k + 28% overhead + 3%/Year	Cisco Biotech Technician	38,400
\$30k + 28% overhead + 3%/Year	Administrative Assistant	38,400
	Subtotal Personnel Costs	420,440
	Other Costs with Center at ALSA	FY2013
	Research Supplies	160,000
	Academic Consulting Fees	20,000
	Subtotal Other Costs	180,000

The first contract year will be 9 months long so the first year advance to TTUHSC-SOP will be reduced proportionately to no more than 75% of \$600,440, or \$450,330. We estimated a full year's reduction to DCOA's annual subsidy for ALSA at \$150,000, which should also be reduced proportionately to \$112,500.

STAFF RECOMMENDATION:

Staff recommends DCOA Board approval of Resolution DCOA-2013.08.

ATTACHMENT:

Resolution DCOA-2013.08 will be distributed at the meeting.

Item #8 - Discussion and possible approval of a resolution authorizing Addendum A to the Agreement for Financial Assistance with Receptor Logic.

Information for this item will be presented during the board meeting.