

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
January 11, 2005

MEMBERS PRESENT: **Joe Crawford**
 Ray Ferguson
 Syd Niblo
 Dee Moore

STAFF PRESENT: **Richard Burdine**
 Dan Santee
 Kim Tarrant
 John Dugan
 David Wright
 Susan Campbell

GUESTS PRESENT: **Kimberly Torres** **KRBC-TV**
 Bill Ehrie **AIF**
 Thad De Jesus **Abilene Reporter News**
 Rick Tomlin **KTAB-TV**
 Joe Davis **Highland Campus Health**
 Andrew Menter **Highland Campus Health**

1. **CALL TO ORDER.** Mr. Ray Ferguson called the meeting to order at 1:30 p.m. in the Chamber of Commerce Conference Room located at 174 Cypress, 2nd floor, Abilene, TX.
2. **APPROVAL OF MINUTES FROM DECEMBER 14, 2004 BOARD MEETING.**
Ms. Dee Moore made a motion to approve minutes from the December 14, 2004 meeting. Mr. Syd Niblo seconded. The motion carried by unanimous consent.
3. **PRELIMINARY FINANCIAL AND STATUS REPORTS FOR NOVEMBER 2004.**
Mr. David Wright presented the preliminary November 2004 report, which indicates total assets of \$23.5 million and an Undesignated Fund Balance of \$5.9 million. Fixed Assets totaled nearly \$19 million. Next month's report will carry depreciation on fixed assets.

In September 2004, the DCOA approved the purchase of a vehicle to lease back to Eagle Aviation which is not reflected in these reports. However, this will be reflected in next month's report.

Sales tax information was not available for this meeting but will be available at the February 2005 DCOA meeting.

We still have \$6.9 million in projects that are authorized for Mr. Richard Burdine to pursue which are not yet under contract.

4. **ELECTION OF OFFICERS FOR 2005: PRESIDENT, VICE PRESIDENT, SECRETARY/TREASURER.** A motion was brought by Syd Niblo to nominate Ray Ferguson as President, Joe Crawford as Vice President, and Dee Moore as Secretary/Treasurer. Dee Moore seconded. The motion was carried by a unanimous vote.

5. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR GLAZER'S WHOLESALE DRUG CO., INC.** Mr. Burdine stated that Glazer's Wholesale Drug Company has an opportunity to expand their product line and requests assistance for capital improvements to the building. Total recommended assistance is \$91,000.00 from the DCOA which will be paid in arrears. They are looking at acquiring and retaining 12 jobs from another company in Abilene.

A motion was brought before the board by Syd Niblo to approve Resolution No. DCOA-2005.08 and seconded by Joe Crawford. The motion was carried by a unanimous vote.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT WITH TITTLE LUTHER ARCHITECTS TO DESIGN AND MANAGE THE REPLACEMENT OF THE ROOF AT THE DCOA-OWNED BLUECROSS BLUESHIELD FACILITY ON LOOP 322.** Mr. Burdine explained the roof at the BlueCross BlueShield building is severely damaged. A major reworking of the roof is needed and could possibly be done over several years. Tittle Luther has given a preliminary estimate of the cost to be approximately \$1 million to replace the entire roof. Mr. Burdine has asked Construction Manager David White to evaluate the possibility of replacing one-half of the roof in one year and the other half in another year, since it is not uniformly the same age.

BlueCross BlueShield is also evaluating the possibility of an insurance claim due to previous hail damage on a portion of the roof. This may become a source of funds to pay for a new roof. The total cost for Tittle Luther services is \$61,500.00.

A motion was brought before the board by Syd Niblo to approve Resolution No. DCOA-2005.07 and seconded by Joe Crawford. Dee Moore abstained from voting. The motion passed.

7. **EXECUTIVE SESSION: 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's negotiations with a third party discussion in executive session, any action or vote will be taken in public.**

At 1:47 p.m. the Board went into Executive Session. At 2:15 p.m. the Board reconvened and announced that no vote or action was taken in Executive Session.

8. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT DH.** Mr. Ferguson removed this item from the agenda.

- 9. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING THE CEO TO SETTLE FINANCIAL ASSISTANCE ISSUES WITH LEAPFROG TECHNOLOGIES, LLC.** Mr. Burdine requested approval for a structured settlement of the outstanding debt with Leapfrog Technologies, LLC. This is a \$268,939.44 loan made in March 2003. The purpose was to establish a data recovery center in Abilene. The loan is secured by all the equipment purchased with these funds. Leapfrog was to retain 17 existing jobs and create 16 new jobs while earning principal reductions for the jobs. The disaster recovery center concept was unsuccessful.

In addition, Leapfrog Technologies and Camalott Communications were acquired and combined into a new company, Abilene Internet, LLC, owned by Charlie Wolfe. When it became apparent that Leapfrog would be dissolving and combined into a new company, foreclosure on the loan and equipment recovery was considered. However, computer equipment, security equipment, and a telephone system are 2 years old and have minimal salvage value, with costs associated with removing them.

In lieu of this, one option is to leave all the above equipment intact as an incentive to attract other prospects. Other parts of the equipment are removable and will go to Abilene Internet, LLC, thus recovering some of the value through loan repayment and earnings through retention of existing jobs.

\$115,000.00 may be earned by Abilene Internet through retention of existing jobs from Leapfrog and Camalott at the rate of \$4,300.00 per job per year, which is the same rate that was originally approved in the Leapfrog package. Any new jobs created by WolfePak, also owned by Charlie Wolfe, could also earn forgiveness against the \$115,000.00. In addition, Mr. Wolfe will personally guarantee a \$25,000.00 note that will be repaid over five years with 4% interest.

The DCOA will receive credit for a one-year lease on part of the space that Leapfrog occupied in Century Plaza, valued at \$55,000.00. That leaves a remaining balance of \$79,939.44 which is recommended for charge-off as uncollectible.

A motion was brought before the board by Syd Niblo to approve Resolution No. DCOA-2005.06 and seconded by Joe Crawford. The motion carried by a unanimous vote.


- 10. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT CAMPUS.** Mr. Burdine stated Project Campus can create 14 jobs in the \$40,000.00 - \$50,000.00 salary range and another 72 jobs over several years in the \$23,000.00 - \$24,000.00 salary range. He introduced Andrew Menter and Joe Davis, with Highland Campus Health. They are developing a new niche for medical billing in working with colleges and universities. They already have two universities signed up and are actively pursuing other universities in Texas and across the nation.

Assistance proposed is \$606,000.00 for job creation/retention and \$72,000.00 for a training grant, for a total of \$678,000.00. The recommendation is \$164,000.00 be made available up front to be earned over three years at the rate of 1/3 of that assistance each year. This money can be used for equipment purchases, lease, and relocation expenses. Of the \$164,000.00, a lease value of \$55,000.00 is coming from the settlement on the Leapfrog project and would be subtracted from new cash outlay from the DCOA.

Mr. Menter gave a detailed presentation about Highland Campus Health. Although 80-85% of college students have insurance, many colleges and universities do not have the expertise to capture revenue from third party insurance billing. They are expecting to get three schools in the fall and to grow at a rate of three to four schools per semester.

A motion was brought before the board by Joe Crawford to approve Resolution No. DCOA-2005.10 and seconded by Dee Moore. The motion carried by unanimous vote.

11. ADJOURNMENT. As there was no further business, the meeting was adjourned.



Ray Ferguson, President