

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
February 22, 2005

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

STAFF PRESENT: **Richard Burdine**
 Kim Tarrant
 John Dugan
 Sharon Hicks
 David Wright
 Susan Campbell

GUESTS PRESENT: **Kelly Kinard** **AIF**
 Iris Kammerdiener **AIF**
 Thad De Jesus **Abilene Reporter-News**
 Lisa Acquafredda **KTAB TV**
 Wendy Walker **KRBC TV**
 Larry Gill **Dodge Jones Foundation**

1. **CALL TO ORDER.** Ray Ferguson called the meeting to order at 1:30 p.m. in the Develop Abilene Conference Room located at 174 Cypress, 3rd floor, Abilene, TX.
2. **APPROVAL OF MINUTES FROM FEBRUARY 8, 2005 BOARD MEETING.** Joe Crawford made a motion to approve the minutes from the February 8, 2005 meeting. Syd Niblo seconded. The motion carried by unanimous consent.
3. **SALES TAX REPORT FOR FEBRUARY 2005.** David Wright presented the sales tax report for February 2005. The rebate for February is nearly \$3.2 million which represents December 2004 sales. This is 3.03% above last year. Based on this rebate, sales tax is 3.84% above last year for the period of October through February. Our budget projection for FY05 is 2.75% above FY04.
4. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FUNDING FOR DEVELOPMENT OF THE TIGE BOATS ADDITION AT HWY 36 AND FM 18.** Richard Burdine explained that because formal funding had not yet been approved, expenditures for infrastructure development have been charged to a previously approved \$600,000 grant to Tige Boats. A portion of these expenditures (i.e. land purchase, water & sewer and drainage) should be borne by DCOA.

For example, staff hired a contractor to install water and sewer lines to the site and only a portion of the total project benefits Tige. The detention pond serves the entire property south of FM 18.

Staff recommends the board ratify funding in the total amount of \$147,956 for land purchase and water & sewer improvements that was paid from the \$600,000 grant but that should be borne by DCOA. Staff also requests additional funding of \$74,913, including contingency funds, for construction of the detention pond and road. Total funding requested for authorization is \$222,869.

Staff also recommends the board authorize a one-year extension of the interim construction loan to Tige to allow for unforeseen delays in construction. This will be secured by a first lien on the building and land. Staff anticipates the project will cost between \$5.5 million and \$6 million.

A motion was made by Syd Niblo to approve Resolution No. DCOA-2005.12 and seconded by Stan Lambert. The motion carried by unanimous consent.

5. **DISCUSSION AND POSSIBLE APPROVAL OF A SECOND REVISION TO RESOLUTION NO. DCOA 2005.02 AUTHORIZING AMENDED ASSISTANCE FOR PROJECT WRITE.** The board originally approved an assistance package for Project Write on 11-16-04, including a \$1 million loan and another \$1 million grant paid in arrears for the creation of 208 new jobs. On 2-8-05, the board approved a revision to the package, whereby the second \$1 million would also be advanced as a loan and secured by a letter of credit.

Mr. Burdine presented information regarding the proposed collateral on the first \$1 million. Since the board's last action, the company has used most of its letter of credit capability to purchase another company. The \$1 million letter of credit had been extended to \$1.5 million and Project Write used \$1 million to buy the cash portion of another company to meet their current demands. Staff proposes today that the letter of credit amount for the first \$1 million loan be reduced to \$150,000 and the company pledge the assets acquired in Abilene plus all assets in the data center in Atlanta, Georgia, which has a depreciated book value of approximately \$2.1 million.

Staff is recommending acceptance of the proposal, as revised for a second time. The assets will be valued at half of depreciated book value. Mr. Burdine is recommending this revised resolution on the condition that staff exercise due diligence in investigating the value of the collateral to protect the DCOA's investment.

A motion was made by Dee Moore to approve Resolution No. DCOA-2005.02 Second Revision and seconded by Joe Crawford. The motion carried unanimously.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING PARTIAL FUNDING FOR A CONTRACT FOR CONSULTING SERVICES BETWEEN THE CITY OF ABILENE AND THELEN, REID & PRIEST.** Richard Burdine explained that the DCOA has previously funded legislative consultant services by Winston & Strawn in amounts ranging from \$15,000 to \$40,000. City staff negotiated with Thelen, Reid & Priest (TRP) out of Washington, D.C. instead of renewing its contract with Winston & Strawn. TRP has contracted with the Abilene Industrial Foundation for many years

to secure Federal funding and they have been quite successful in their endeavors. Among the projects TRP will pursue on behalf of the City of Abilene include improvements to Dyess AFB access, bus and bus facilities, FAA tower, Elm Creek flood prevention, flood map restudy, a pharmacy school feasibility study, Breckenridge Reservoir, research institute for Texas Tech, Jobs Access Reverse Commute, public safety communications system replacement, and construction of a new hangar at the airport for Eagle Aviation.

The City Council approved a contract not to exceed \$60,000 with TRP. DCOA is being requested to fund \$9,000 of the total contract amount for work on projects relating to the possible construction of another hangar at the airport for Eagle Aviation, a pharmacy school feasibility study, and Texas Tech activities, including a research institute. The new contract will be paid based on hourly rates.

A motion was made by Dee Moore to approve Resolution DCOA-2005.13 and seconded by Joe Crawford. The motion passed unanimously.

7. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FUNDING FOR FIBER AND TELEPHONE UPGRADES FOR THE DEVELOP ABILENE-ECONOMIC DEVELOPMENT DEPARTMENT OFFICES AT 174 CYPRESS.** Richard Burdine explained that when Economic Development (ED) moved to its current Cypress Street address, they were removed from the City's fiber network and had to go through a local internet service provider to get to the City's network. This resulted in a few connectivity problems for ED, plus ED had to keep a separate server. The City's Information Technology Department arranged to have fiber run to the new office location, which was completed at an expense of just under \$4,000.

Also, with the fiber connectivity, ED will be added to the City's new telephone system. This expense will be about \$4,500, which will include new telephones for each staff member. The total cost of fiber and telephone upgrade project is about \$8,390. Total estimated annual savings realized by dropping the internet service provider and the land lines is \$2536.

A motion was made by Syd Niblo to approve Resolution DCOA-2005.05 and seconded by Stan Lambert. The motion carried unanimously.

8. **PLANNING WORKSHOP.**

Revisions to Guidelines for Public Assistance. Richard Burdine informed the board that most of the changes made to the Guidelines were to bring them into direct compliance with state laws, which tend to change periodically pursuant to legislative sessions. Staff is in the process of reviewing an application for assistance so projects can complete it and be aware of the required information.

Another proposed revision is that "at least one permanent job must be created for each \$30,000 (previously \$20,000) of total public assistance provided". Staff proposes to delete programs and procedures no longer being utilized by the DCOA.

A motion was made by Syd Niblo to approve said changes to the guidelines as proposed and seconded by Joe Crawford. The motion passed by unanimous consent.

Revisions to Incentive Guidelines. Richard Burdine proposed the following changes:

- for jobs paying \$30 to \$40k/year, raise the per job incentive from \$8k to \$10k and up
- for jobs paying \$40 to \$50k/year, raise the per job incentive from \$10k to \$12k and up
- Withhold incentives for jobs paying under \$30,000/year to out-of-town companies, but still have them available to existing Abilene companies.

A motion was made by Syd Niblo to accept these proposed changes to the Incentive Guidelines and seconded by Dee Moore. The motion passed.

Revisions to DCOA Bylaws. Richard Burdine informed the board that before the Bylaws can be amended, there must be a public meeting posted and the revised Bylaws must be approved by the City Council. Dee Moore and Stan Lambert agreed to review the Bylaws before the next DCOA Board Meeting on March 30th and report to the board.

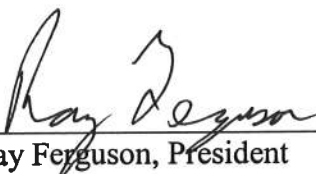
Subcommittee recommendations on Wadley-Donovan Study. The study began in mid 2002 and finished in March 2003. Because of the rapidly changing market, a two-year old study has exhausted its usefulness. A number of targeted industries were discussed, along with several challenges identified. Several Ad Hoc Committees and their recommendations were discussed.

Richard Burdine presented evidence of the success of fine-tuning the existing organizational structure. The Develop Abilene umbrella concept emerged, physically locating the DCOA with the Chamber of Commerce and the Abilene Industrial Foundation.

It was discussed how important it is for companies to network with the local colleges and universities to keep Abilene graduates in Abilene, and the necessity of a consistent course study between Cisco Junior College, TSTC, and the three local universities so students receive transferable course credits. Also, internships provide a great benefit to both the student and the prospective employer.

Various ranked recommendations from the Workforce and Education Ad Hoc Committee were presented and discussed.

9. **ADJOURNMENT.** The next DCOA Board Meeting will be March 30, 2005. The meeting was adjourned at 3:10 pm.



Ray Ferguson, President