

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
February 28, 2006

MEMBERS PRESENT:	Ray Ferguson Dee Moore	Joe Crawford Stan Lambert
MEMBERS ABSENT:	Syd Niblo	
STAFF PRESENT:	Richard Burdine Kim Tarrant John Dugan	Dan Santee David White Susan Campbell
GUESTS PRESENT:	Sarah Kleiner Victor Sotello Tim Simmonds Jerry Hitt Bryan Clemmer	Abilene Reporter-News KTAB TV Abilene Industrial Foundation KTXS TV KTXS TV

1. **CALL TO ORDER.** Ray Ferguson called the meeting to order at 12:00 p.m. in the Develop Abilene conference room located at 174 Cypress, 3rd floor, Abilene, TX.
2. **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 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.**

At 12:04 p.m. the Board went into Executive Session. At 12:36 p.m. the Board reconvened and announced that no vote or action was taken in Executive Session.

3. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT PELLET.** Richard Burdine presented background information on Project Pellet, who is a leader in the plastic manufacturing industry. The Company considered several other states and several other cities in Texas and finally decided on Abilene. The project is proposed in two phases.

In Phase 1, the DCOA would lease the Spec 2 Building (located at 6450 Five Points Parkway) to the Company at \$2.10/s.f./year for five years. The Company would have the option to purchase the building during this initial five-year lease term for \$3.5 million. The primary incentive is for capital equipment investment where the Company anticipates spending between \$9 million and \$12 million. The upper limit of incentives is \$1.8 million (or 15% of \$12 million), which would be paid over five years in arrears or paid in advance and earned over five years subject to adequate collateralization. A job creation incentive is also available in the amount of \$205,000 for creation of 65 new jobs paying salaries of \$30,000/year or more. The total incentive package would be up to \$2,005,000 for Phase I. Also, staff proposes the DCOA fund \$55,500 to paint the interior walls and doors of the manufacturing area and provide the company another \$150,000 to paint the floor and make other improvements to the facility.

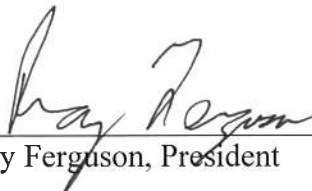
Phase 2 is effective when and if the Company exercises its option to purchase the Spec 2 Building and expand it. The upper limit of capital construction incentives would be \$750,000 (15% of \$5 million). The DCOA will also pay capital equipment incentives based on 15% of purchase and installation costs, with the upper limit of incentives being \$1.5 million. This would be paid over five years in arrears or paid in advance and earned over five years with adequate collateralization.

In Phase 2, the Company, as an existing business, would be eligible for new jobs created paying between \$15,000 and \$30,000/year, with a total job creation incentive maximum of \$287,000. The total incentives package for Phase II would be a maximum of \$2,537,000. Additional optional funding of \$250,000 is available to move the rail spur if Company secures its financing for the expansion with another financial institution.

Mr. Burdine further explained that the Company wants to move quickly and lease negotiations have begun, pending the Board's approval.

Joe Crawford moved to approve Resolution No. DCOA-2006.08 approving financial assistance for Project Pellet as stated above with one correction to the resolution presented to the board. Phase 2 total funding should be \$2,537,000 rather than \$2,787,000 as stated in the resolution, which is overstated by \$250,000. Stan Lambert seconded the motion, which passed by unanimous consent

4. **ADJOURNMENT.** The next DCOA board meeting is March 7, 2006. There being no further business, the meeting was adjourned.



Ray Ferguson, President