

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
March 7, 2006

MEMBERS PRESENT:	Ray Ferguson Dee Moore	Stan Lambert
MEMBERS ABSENT:	Syd Niblo	Joe Crawford
STAFF PRESENT:	Richard Burdine Kim Tarrant John Dugan	Dan Santee David Wright
GUESTS PRESENT:	Sarah Kleiner Trey Mathews Mary Ross	Abilene Reporter-News KRBC TV WCTWDB

- 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 JANUARY 31, 2006 AND FEBRUARY 28, 2006 MEETINGS.** Dee Moore made a motion to approve the minutes from the January 31, 2006 and February 28, 2006 meetings. Stan Lambert seconded. The motion carried.
- 3. PRELIMINARY FINANCIAL AND STATUS REPORTS FOR DECEMBER 2005.** David Wright presented the preliminary December 2005 reports. The sales tax rebate for February is \$889,288.84 which represents December sales and is 10.02 % above last year. Total assets as of December 31, 2005 were nearly \$44.8 million, total liabilities were just above \$2.5 million, and the DCOA had an undesignated fund balance of almost \$15.8 million.
- 4. BRIEFING BY ASSISTANT CITY ATTORNEY ON THE NEW TEXAS CONFLICT OF INTEREST LAW.** Dan Santee, First Assistant City Attorney for the City of Abilene, explained that since the Mayor appoints the DCOA board members, the DCOA is a local governmental entity, and each of the DCOA board members is a local governmental officer. He further explained that if a board member abstains from a vote, the general rule of thumb is to file the Conflict Disclosure Statement. Once he/she is made aware of the conflict, the board member has seven days to file the Conflict Disclosure Statement or it becomes a Class C Misdemeanor. Board members should consult the City Attorney's office for guidance on filing a Conflict Disclosure Statement if they have any questions.
- 5. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT DS.** Project DS is an existing successful business and wants to expand its research line to conduct clinical trials. Richard Burdine informed the board that the expansion will be structured as a separate company focused entirely on research. This will result in an increased tax base with capital investment and new employment. It will also provide to patients drug therapies that are not available elsewhere in the country. Another goal of Project DS is to have space in this research facility for other doctors to conduct clinical trials.

Expanding the business for Project DS would involve construction of a building to house the research with an estimated investment of \$1.3 million for just the building, about \$1 million in equipment, and the creation of 33 new jobs, 32 of which will pay more than \$30,000 per year.

Staff proposes an incentive package totaling \$695,502. This would include a capital investment incentive of up to \$298,000 in the form of a five-year forgivable loan at 0% interest plus a job creation incentive of up to \$397,502 payable in arrears over five years.

A motion was made by Stan Lambert to approve Resolution No. DCOA-2006.09 authorizing assistance for Project DS in the total amount of \$695,502. Dee Moore seconded the motion and the motion carried unanimously.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT TT.** Project TT collects, cleans, warehouses, and sells containers used to transport and store chemicals and has become a leader in the packaging industry. The Company currently has a plant on the East Coast and is considering an additional plant in the Southwest since many of its customers are located in this area. Putting a new facility in Abilene would enable Project TT to greatly reduce shipping costs. The proposed local plant will bring in containers for destruction using an EPA-approved method, which will pose no environmental hazard to the community. The process does not release any contaminated water into the system and air emissions are well within approved guidelines. Project TT would create eleven new jobs, with five of those paying more than \$30,000 per year.

Staff recommends a job creation incentive package of up to \$103,900 paid in arrears over three years.

Dee Moore moved to approve Resolution No. DCOA-2006.10 authorizing assistance for Project TT for up to \$103,900. The motion was seconded by Stan Lambert. The motion passed

7. **DISCUSSION AND POSSIBLE APPROVAL OF ADDENDUM A TO THE AGREEMENT FOR FINANCIAL ASSISTANCE FOR TRANSCEND SERVICES, INC. AMENDING PRINCIPAL REDUCTION EARNING METHODS.** The DCOA approved a total assistance package of \$2 million for Transcend Services, Inc. (Transcend) in November 2004, and the company opened its Abilene office in June 2005. Two hundred of the new 208 jobs are to be Medical Language Specialists (MLS). Transcend originally anticipated being able to hire a significant number of experienced MLSs but instead has had to conduct additional extensive training which has affected how much the MLSs are able to earn in a year.

The MLSs are paid by the line transcribed and most do not make an annual salary of \$34,000 as required in the Agreement for Financial Assistance (Agreement) until they are experienced enough to transcribe a significant number of lines. This discrepancy in salaries for the MLSs has prevented Transcend from earning principal reductions at the rate first anticipated, and the Agreement required quarterly job certifications to earn principal reductions.

Also, Transcend recently acquired a Houston company and has designated Abilene as the regional headquarters serving Texas. This will result in the need for five additional administrative staff, all earning \$40,000 or more annually.

Staff requests the board consider amending the Agreement to allow Transcend to earn principal reductions as follows: quarterly training credit of up to \$4,000/trainee at the rate of 50% of the hourly wages paid trainees, with the forgiveness being capped at \$400,000; MLS wage credit to be applied over three years instead of five years at the amount of \$9,535/MLS; and non-MLS wage credit to be applied over a three-year period. Fiscal impact remains unchanged at \$2 million total.

Stan Lambert moved to approve Addendum A to the Agreement for Financial Assistance for Transcend Services, Inc. The motion was seconded by Dee Moore and it carried unanimously.

- 8. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING DCOA FUNDING SUPPORT FOR RESEARCH OPPORTUNITIES IN ABILENE VIA THE SBIR/STTR PROGRAMS OF THE U.S. GOVERNMENT.** Richard Burdine explained that the U.S. Government through the Small Business Administration administers 2 programs designed to encourage innovative research and development and eventually commercialization of products by small businesses. The programs are Small Business Innovation Research Program (SBIR) and Small Business Technology Transfer Program (STTR). These programs provide the largest source of venture capital available to small businesses. The board co-hosted with the SBDC a workshop on 9-30-05 and 10-01-05 for local researchers and entrepreneurs to learn how best to win grant funds. The workshop was well attended and as a result, Innovations Partners, a local investment group, has teamed with 3 scientists and submitted a Phase 1 application to the Dept. of Energy in 2005 and will submit additional applications this year. Abilene now has an attorney that specializes in intellectual property, which will be helpful to local researchers and entrepreneurs during this process.

Staff proposes the DCOA approve a framework of funding support for the Pre-Application, Phase 1 Application, and Phase 2 Application processes during 2006 to encourage local research and development activities. The total funding requested is \$273,900 to be disbursed as follows: 1) Pre-application Phase - \$78,900, 2) Phase 1 Application - \$45,000, 3) Phase 2 Application - \$150,000. If a project goes into post-phase 2 production and start-up, the board can consider additional funding support at that time. The Texas Tech Small Business Development Center will screen applicants to determine eligibility in the programs.

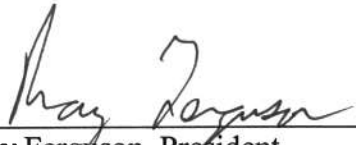
A motion was made by Dee Moore to approve DCOA Resolution No. DCOA-2006.11 authorizing funding of \$273,900 to establish the Phase I program for the SBIR/STTR process. Stan Lambert seconded the motion and it carried unanimously.

- 9. 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.

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. The Executive Session was not necessary and pulled from the agenda.

10. ADJOURNMENT. There being no further business, the meeting was adjourned.



Ray Ferguson, President