

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
May 16, 2006

MEMBERS PRESENT: Ray Ferguson Joe Crawford
Dee Moore Stan Lambert

MEMBER ABSENT: Syd Niblo

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

GUESTS PRESENT: Judy Wilhelm Small Bus. Develop. Center
Tim Simmonds Abilene Industrial Foundation
Vicki Anderson Abilene Christian University
Bill Ehrie Abilene Industrial Foundation
Chris Proctor-Cleveland Abilene Regional Airport
Rob Mooring KRBC-TV
Melissa Newton KTXS-TV

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 APRIL 18, 2006 MEETING.** Dee Moore made a motion to approve the minutes from the April 18, 2006 meeting. Stan Lambert seconded. The motion carried.
3. **PRELIMINARY FINANCIAL AND STATUS REPORTS FOR FEBRUARY AND MARCH 2006.** David Wright presented the preliminary reports for February and March 2006. The sales tax rebate for May is \$771,814.80 which represents March sales and is 2.66% above the same month last year. Total assets as of February 28, 2006 were almost \$46 million, total liabilities were just over \$2.5 million, and the DCOA had an undesignated fund balance of almost \$15.8 million.

Total assets as of March 31, 2006 were about \$45.8 million, total liabilities were just under \$2.5 million, and the DCOA had an undesignated fund balance of almost \$14.1 million.

Richard Burdine discussed the DCOA's Management Report, which was handed out at the meeting. It reflects the current year activity and the DCOA's future commitments through FY11 based on projects that have DCOA Board approval. This report does not show the Phase II \$3.5 million revenue from PWP, which would be for the sale of the building, should this option be exercised within the next five years. The Loan Summary Report as of March 31, 2006 was also discussed. No loans are past due. Many of these loans are earnable, meaning the DCOA does not receive payments, but the borrower earns principal reductions through job creation and capital investment.

- 4. APPOINTMENT BY THE PRESIDENT OF 2006 STANDING COMMITTEES AND POSSIBLE BOARD APPROVAL: PROJECT EVALUATION AND BUDGET & FINANCE.** Ray Ferguson explained the DCOA currently has the Project Evaluation and the Budget & Finance standing committees that (separately) meet once a year. In the past it has proven to be somewhat tedious/cumbersome to bring these committees up to speed on what is going on, while expecting them to make decisions during the same meeting. Because these two committees go hand in hand, Mr. Ferguson is proposing appointing the same members to both committees in an effort to be more productive and efficient when evaluating projects and reviewing the budget. Furthermore, since the DCOA's Advisory Committee meets periodically throughout the year to aid in project review, this committee already knows what is going on and not as much time needs to be spent on bringing them up to speed. Therefore, Mr. Ferguson is proposing that the same DCOA Advisory Committee members (Tucker Bridwell, John Stearns, Dani Ramsay, Mike Schweikhard, and Paul Cannon) be appointed to both the Project Evaluation and Budget & Finance standing committees. In addition, Mr. Ferguson has appointed DCOA board members Dee Moore and Joe Crawford to serve on these two standing committees, with Stan Lambert serving as an alternate in the absence of either board member.

Stan Lambert moved for the above recommended appointments to be approved. Joe Crawford seconded the motion. The motion carried by unanimous consent.

- 5. PRESENTATION OF SEMI-ANNUAL REPORTS FOR SIX MONTHS ENDED MARCH 31, 2006 BY THE ABILENE INDUSTRIAL FOUNDATION, TTU SMALL BUSINESS DEVELOPMENT CENTER, AND THE CITY OF ABILENE AIRPORT BUSINESS DEVELOPMENT MANAGEMENT PROGRAM.** Tim Simmonds presented the Semi-Annual Report for the Abilene Industrial Foundation (AIF). The first six months of FY06 were consumed by the BRAC hearings in efforts to preserve the status quo at Dyess AFB. And while maintaining efforts for Dyess AFB under the contract, retention visits have already doubled for the first half of FY06. The big news for the AIF (and the DCOA) is the new tenant in the Spec 2 building, PWP Industries. Operations should begin in July with full operation expected by September 1st.

The AIF is planning their second annual consultant event (dove hunt) for September. Last year's dove hunt brought about 20 consultants. The AIF is expecting close to 30 consultants this year, along with about 25 to 30 board members and civic leaders involved to promote Abilene with a hands-on approach. AIF staff firmly believes their event-related marketing strategy is beginning to yield very positive results.

Judy Wilhelm presented the Semi-Annual Report for the TTU Small Business Development Center (SBDC). For the six months ended March 31, 2006, there were a total of 372 client sessions conducted (with 301 of these being previous clients), 37 businesses opened, 162 new jobs created, and 52 job expansions. Capital formation was about \$3.5 million. The large majority of the businesses, jobs created, and capital formation were in service and retail.

Chris Proctor-Cleveland presented the Mid-Year Report for the Abilene Regional Airport Business Development Management Program. Passenger enplanements of 82,139 in 2005 were the highest in the airport's 50-year history. A new low-cost carrier, Allegiant Air, was added

on April 6, 2006 with nonstop service between Abilene and Las Vegas, which very likely will increase enplanements this year by up to 7,000. This expansion has caused the airport to outgrow its facilities, causing increased traffic and congestion. As a result, the airport now wants to focus on customer satisfaction and eliminating as many hurdles as possible for airport customers. Where previous efforts were aimed at outbound flights from Abilene, the airport now wants to concentrate on increasing inbound flights to Abilene. Richard Burdine commented that options are being considered for improving the airport parking lot, possibly providing a shuttle service.

6. **DISCUSSION AND POSSIBLE APPROVAL OF THE DCOA'S SEMI-ANNUAL REPORT OF ACTIVITIES ENDING MARCH 31, 2006.** Richard Burdine presented the DCOA Semi-Annual Report of Activities for the period ended March 31, 2006. During the first half of FY06, the DCOA assisted six companies with a total amount of \$3,859,744, committed job retention of 136 jobs, and committed job creation of 532 positions. Mr. Burdine agreed to Ray Ferguson's query of adding committed capital investment amounts to the Summary of Projects Assistance Chart.

Joe Crawford moved to approve this report by oral resolution. Dee Moore seconded the motion and the motion carried.

7. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ADDITIONAL FUNDING FOR THE ROOF REPLACEMENT AT THE DCOA-OWNED FACILITY AT 4002 LOOP 322 OCCUPIED BY BLUECROSS BLUESHIELD.** Mr. Burdine explained that as the roof contractor was removing old roofing material, they discovered the existing gypsum decking had deteriorated in many places. This must be repaired or covered by new decking material to ensure a good work surface for the new roof. The least expensive route is to cover the existing gypsum with DensDeck board to provide a smooth deck surface for the new roof, which will cost \$79,460. A seven percent original contingency amount of \$51,010 had previously been approved. Staff requests additional funding of \$51,010 (or 7% of the contract amount) to cover this change order and any other unexpected costs that may arise during the re-roofing process.

Stan Lambert made a motion to approve Resolution No. DCOA-2006.12 authorizing additional funding of \$51,010. Joe Crawford seconded the motion and the motion carried.

8. **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.

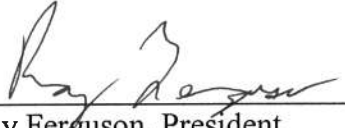
Joe Crawford left the meeting at 2:30 before Executive Session. At 2:31 p.m. the Board went into Executive Session. At 2:50 p.m. the Board reconvened and announced that no vote or action was taken in Executive Session.

9. DISCUSSION AND POSSIBLE APPROVAL OF A PROPOSAL FOR SALE AND DEVELOPMENT OF LAND IN THE FIVE POINTS BUSINESS PARK. There was no need for discussion as no proposals were received for the purchase this property.

10. DISCUSSION AND POSSIBLE APPROVAL OF A BID FOR SALE OF DCOA-OWNED PROPERTY AT 6803 HWY 277N. Richard Burdine explained that this property is the former location of Tige Boats, which they have now vacated. Tige Boats has recently moved into its new facility near the airport. The old facility is located outside the Abilene city limits, which limits the DCOA's ability to provide capital investment incentives since it doesn't contribute to Abilene's tax base. Therefore it was recommended this property be sold. After advertising twice, Staff received two bids to purchase the property. The high bid was \$450,011 from Pinnacle Countertop Solutions.

Dee Moore moved to approve the bid received from Pinnacle. Stan Lambert seconded the motion and the motion carried.

11. ADJOURNMENT. The meeting was adjourned.



Ray Ferguson, President