

**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**BOARD MEETING MINUTES**  
**July 25, 2006**

<b>MEMBERS PRESENT:</b>	Ray Ferguson Dee Moore	Stan Lambert
<b>MEMBERS ABSENT:</b>	Syd Niblo	Joe Crawford
<b>STAFF PRESENT:</b>	Richard Burdine John Dugan Dan Santee	Kim Tarrant Susan Campbell
<b>GUESTS PRESENT:</b>	Bill Ehrie Morgan Ash Dr. Monty Lynn	Abilene Industrial Foundation KRBC-TV Abilene Christian University

- 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 MAY 16, 2006 MEETING.** Stan Lambert made a motion to approve the minutes from the May 16, 2006 meeting. Dee Moore seconded and the motion carried.
- 3. PRELIMINARY FINANCIAL AND STATUS REPORTS FOR APRIL AND MAY 2006.** David Wright, Director of Finance, was unable to attend the meeting. There was no discussion on the financial reports.
- 4. PRESENTATION BY DR. MONTY LYNN FROM ACU OF THE FIRST REPORT OF PROGRESS MADE BY THE CENTER FOR BUSINESS & ECONOMIC RESEARCH ON THE REGIONAL WEBSITE FOR ECONOMIC DATA & ANALYSIS.** Dr. Monty Lynn with ACU gave a Power Point presentation on CBER: Center for Business & Economic Research, whose mission is to “promote healthy communities in West Texas by providing economic information and analysis.” In 2005 CBER created a website that emphasized economic literacy plus detailed county and city economic and labor data and resources. They created regional economic comparisons, Texas economic summaries, promoted custom economic research on Abilene, and linked to a search engine for regional manufacturers.

In the first seven months of operation (11/1/05 through 6/1/06) the website received 25,769 total hits and 10,233 files were downloaded. Dr. Lynn further informed the Board that CBER is on track financially. Among plans for 2006 is to send a newsletter promoting the website. Several challenges facing CBER are: 1) to continue making this information *helpful* to the public, 2) to continue providing *useful* information, and 3) for the site to be *sustainable* in terms of labor.

Dr. Lynn also provided and touched on a draft of “An Analysis of Retail Trends in Taylor County, Texas 2000-2005” and stated that he would welcome feedback.

- 5. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ADDITIONAL ASSISTANCE FOR ROBINSON FANS ABILENE, INC. (PROJECT CS).** The DCOA approved assistance for Robinson Fans in 2005 in the amount of \$436,450. At that time, Robinson projected 22 new jobs and a capital investment of about \$1.2 million. After reevaluation, the company has increased the projected number of jobs to 44 (with 42 paying over \$30,000/year) and a capital investment of approximately \$2.4 million. Robinson Fans expects to purchase and construct a new facility on the 3.5 acres of land they are leasing from Cross Steel. Robinson Fans currently employs 25 people which exceeds their three-year goal. Due to the expansion of the project, staff proposes a new range of incentives totaling \$887,409, an increase of \$450,959 over the existing assistance amount. The assistance will be structured as a job creation incentive, and a forgivable loan for relocation costs, building investment incentive and equipment investment incentive.

Dee Moore moved to approve Resolution No. DCOA-2006.13 authorizing replacing the existing assistance package for Robinson Fans totaling \$436,450 with a new package, which is an increase of \$450,959 over the current amount. The total assistance package is \$887,409. Stan Lambert seconded and the motion carried.

- 6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FUNDING FOR INSTALLATION OF A SEWER LINE FROM THE COCA-COLA PLANT ON HWY 351 TO INTERSTATE 20.** Coca-Cola Bottling Company of North Texas (Coke) is an established employer for Abilene. The plant has been in operation on Highway 351 for many years and currently employs 221 people. There has been a long-standing sewer capacity problem at the Coke plant. The existing sewer line near the plant does not have sufficient capacity to receive the periodic surges of effluent water generated by the manufacturing process.

Coke has requested the DCOA underwrite the cost of a new sewer line to be constructed along a new road that will run from Hwy 351 to I-20. The line will connect to an existing 12-inch sewer main running along Interstate 20. The total cost of installing the sewer main and connecting it to the Coke plant is \$200,000 plus a 10% contingency of \$20,000.

Stan Lambert made a motion to approve Resolution No. DCOA-2006.16 authorizing funding of up to \$220,000 as a business retention project. Dee Moore seconded and the motion carried.

- 7. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR FEHR FOODS, INC.** In 2004, Fehr Foods (Fehr) expanded its plant, allowing them to double production capacity. The actual capital investment increased from a projected \$9 million to over \$12 million, and job creation increased from a projected 250 to 326.

Over the years the DCOA has assisted Fehr with the purchase of, and improvements to the facility, and with training and equipment purchases. The DCOA currently has five different loans outstanding with Fehr totaling \$4,175,967. Four loans are participations with First Financial Bank. One \$3 million loan from the DCOA is forgivable through job

retention/creation. Using the same standards that were applied for the \$3 million assistance approved in 2004, the company qualifies for assistance totaling \$4,060,320.

Due to increased capital expenditures and jobs needed to operate at full capacity, Fehr is requesting the DCOA assist with its working capital needs. In order to assist the company while not expending additional funds, staff proposes that three of the existing loan participations with outstanding balances totaling \$1,043,852 be converted to forgivable loans and combined with the existing \$3 million forgivable loan. Fehr has also requested that \$78,000 in training funds not used from previous assistance packages be reinstated to meet increased employee training and development demands.

Fehr has one final loan payable to the DCOA as a participation with First Financial Bank in the amount of \$132,114.73 which will mature in January 2007. First Financial has offered to transfer this loan to their portfolio at a discounted purchase price of \$90,000, which is approximately equal to the present value of the loan based on Wall Street Journal Prime. Staff recommends receiving the net present value of the balance now so those funds can be used to assist other projects.

Staff recommends the DCOA consider replacing the existing assistance package with one loan in the amount of \$4,043,852 at 0% interest, forgiven at the rate of \$210,150 per year for seven years. Additional annual principal reductions may be earned at the rate of \$1,200/FTE retained/created during a 12-month period. Staff also recommends reinstating the \$78,000 training funds.

Dee Moore moved to approve Resolution No. DCOA-2006.14 authorizing amended assistance as recommended above for Fehr Foods. Stan Lambert seconded and the motion carried.

- 8. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT AND FUNDING FOR THE WORKFORCE CENTER OF WEST CENTRAL TEXAS FOR A WELDER TRAINING PROGRAM.** Expansion of existing businesses, addition of new businesses and welder demand from the oil industry have all worked to create a significant shortage of qualified welders in the region. There are over 200 vacant welder positions available in the Abilene area. The need for short-term intensive training in welding has been discussed for several years. Cisco Junior College (CJC) was asked to propose training that will enhance the employability of those wanting a welding career and address the shortage of "apprentice" welders in the area.

The proposed training in 3 sessions that will include 120 hours of training over a four-week period, plus one week of skills development. The curriculum was developed in line with state criteria and American Welding Society (AWS) standards. It has been reviewed and praised by several local employers. The Workforce Center has agreed to be the contracting entity and will subcontract with CJC. The goal is to start training on August 21, 2006.

Costs for the welder training program at CJC are: a one-time equipment expense of \$27,243, \$90,000 in instructional costs for 36 trainees (includes tuition, book, materials, supplies and a

training stipend per trainee), plus \$10,000 contingency for unexpected costs, for a total of \$127,243. Staff recommends the DCOA fund this pilot program.

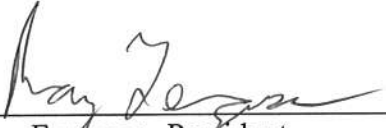
Stan Lambert made a motion to approve Resolution No. DCOA-2006.15 authorizing a contract with the West Texas Workforce Center and funding in the amount of \$127,243 for a welder training program. Dee Moore seconded and the motion carried.

- 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.

At 2:25 p.m. the Board went into Executive Session. At 2:45 p.m. the Board reconvened and announced that no vote or action was taken in Executive Session.

- 10. ADJOURNMENT.** There being no further business, the meeting was adjourned. The next DCOA meeting will be August 15, 2006.

  
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Ray Ferguson, President