

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
December 19, 2006

MEMBERS PRESENT:	Ray Ferguson Joe Crawford	Stan Lambert Dee Moore
MEMBER ABSENT:	Syd Niblo	
STAFF PRESENT:	Richard Burdine John Dugan David Wright	Kim Tarrant Susan Campbell Dan Santee
GUESTS PRESENT:	Victor Sotello Sarah Kleiner Varble Janet Kwak Bill Ehrie	KTAB TV Abilene Reporter-News KTXS TV Abilene Industrial 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 NOVEMBER 21, 2006 MEETING.** Joe Crawford made a motion to approve the minutes from the November 21, 2006 meeting. Stan Lambert seconded and the motion carried.
3. **PRELIMINARY FINANCIAL AND STATUS REPORTS FOR OCTOBER 2006.** David Wright presented the financial reports for October 2006. Total assets as of October 31, 2006 were \$48.7 million, total liabilities were nearly \$2.7 million, and the DCOA had an undesignated fund balance of almost \$17.6 million. The sales tax rebate for December was \$604,413.03 for economic development and was 10.83% higher than last year. Since the inception of the DCOA in March 1990, the half-cent sales tax has cumulative revenues of \$94 million and cumulative expenditures of \$83.8 million.
4. **EXECUTIVE SESSION:** Pursuant to Tex. Gov't Code Sec. 551.087, an executive session may be held (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1). After discussion of the contemplated economic development matters in executive session, any action or vote will be taken in public.

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 1:39 p.m. the Board went into Executive Session. At 2:26 p.m. the Board reconvened and announced that no vote or action was taken in Executive Session.

- 5. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR EAGLE AVIATION SERVICES, INC.** Eagle Aviation Services, Inc. (EASI) has been a longtime Abilene business. The local facility is a heavy maintenance center for turbo prop and regional jet aircraft and operates four maintenance dock lines. A second maintenance facility is located in Marquette, Michigan where two dock lines are operated. The Abilene site was recently chosen as the location for the addition of a 7th dock line and 40 new employees. The company will require more space, equipment, and help recruiting qualified personnel with Airframe and Power-plant (A & P) licenses, but they will eventually need a total of 55 A & P mechanics, 6 crew chiefs, 2 painters, 2 supervisors, and 16 cleaners. EASI is currently understaffed due to a lack of qualified applicants. Several entities have worked together to formulate a recruitment plan for the Abilene plant.

Staff proposes total assistance of \$550,000 as follows: 1) EASI will need another tail stand (cost \$250,000) to operate the 7th dock line temporarily in the available space. However, the DCOA will need to consider options for additional hangar space in the near future. 2) Recruitment assistance of up to \$200,000 paid at \$5,000 per new mechanic position created (up to 40), 3) \$50,000 for EASI to hire a top notch mechanic recruiter immediately, and 4) \$50,000 for marketing, including advertising and recruitment visit expenses.

Stan Lambert moved to approve Resolution No. DCOA-2007.06 as presented. Dee Moore seconded the motion and it carried.

- 6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT KM.** Project KM is Abtex Beverages, a local family-owned business. Abtex currently employs 285 people with 104 full-time production jobs. The company currently produces and delivers 2 major lines of products. Significant changes as dictated by clients are expected in the production and warehousing of the products. To insure the continued production, they must position themselves to serve the needs of their clients at a reasonable rate or face the possibility of becoming only a distribution center. Abtex has made a \$2.2 million investment in a building they can use for production and/or warehousing. Abtex also intends to make an up-front capital investment of about \$4,760,000 with partial reimbursement in arrears from the DCOA. The company is planning to purchase over \$3 million in new equipment. They are requesting assistance from the DCOA in order to remain a bottler in Abilene.

Staff recommends a financial assistance package totaling \$1,599,040 as follows: 1) \$714,000 real estate upgrades/equipment purchase grant. The DCOA will reimburse 3 % of total actual capital costs per year (maximum of \$142,800/year) for five years in arrears, and 2) \$885,040 job retention payment. The DCOA will provide \$177,008 (or \$1,702/FTE) at the end of each year based on the retention of 104 production full-time equivalents (FTEs) for five years.

Joe Crawford moved to approve Resolution No. DCOA-2007.04, removing the sentence in Part 1. b. that states "Should the non-production FTE's fall below 150 in any given year, the annual payment will be reduced to \$1,275/FTE for the production FTE's." Dee Moore seconded the motion and it carried.

- 7. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR BMWT LEASING.** BMWT Leasing (BMWT) is a wholly owned company of Texas Metals and Recycling (TM&R), as is RWL Recycling (RWL). RWL was established to gather, bale and sell recyclable paper products and higher value metals. BMWT was established for the purpose of owning the hard assets that are leased to the other two companies. All three companies are located at 2989 Pine Street.

There has been a recent growth in the demand for recycled metals and recycled paper, which has encouraged the owners to look for additional space. The owners are interested in purchasing the property located at 3125 Pine to relocate RWL, which will give RWL the needed space to accommodate the growing needs from the City of Abilene and surrounding communities for solid waste reduction through waste paper recycling. It will also provide TM&R much needed storage for trucks, trailers, and containers currently taking up yard space.

The building and improvements are expected to cost \$500,000. Consistent with DCOA policy on capital investment incentives of 15% of cost, staff proposes assistance in the total amount of \$75,000, as follows: 1) Up to \$60,000 for the real estate purchase, and 2) Up to \$15,000 for real improvements. The funding will be structured as a forgivable loan at 0% interest secured by certain pieces of equipment. Principal reductions will be applied annually at the rate of 1/3 of the outstanding principal balance (up to \$25,000/year) for 3 years, as long as the company continues its operations at the Abilene location.

Dee Moore moved to approve Resolution No. DCOA-2007.08 as presented. Stan Lambert seconded the motion and it carried. Joe Crawford abstained from voting.

- 8. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ADDITIONAL ASSISTANCE FOR INTEGRATED CLINICAL RESEARCH, LLC (PROJECT DS).** The DCOA approved funding totaling \$695,502 on March 7, 2006, to assist Integrated Clinical Research, LLC (Project DS) with an expansion of the business, which includes the construction of a 7,151 sq. ft. building on Health Center Drive to house the retina research operation plus new equipment (\$298,000), as well as an incentive for job creation (\$397,502). The original estimated cost of the building was \$1.32 million, and the actual cost is now \$1,746,029. ICR has requested additional funding based on the actual cost. The original incentive package for the building was based on 15% of estimated cost, totaling an approved amount of \$198,000. Based on the actual costs of the new construction, using the same 15%

structure, the incentive amount would increase by \$64,000 for a total of \$262,000. The incentives for equipment and job creation would remain unchanged and employment remains at 33 new jobs. Staff recommends authorizing additional assistance of \$64,000, consistent with capital investment incentive guidelines.

Joe Crawford moved to approve Resolution No. DCOA-2007.07 as presented. Dee Moore seconded the motion and it carried.

9. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING THE CONVEYANCE OF .64 ACRES OF LAND IN THE FIVE POINTS BUSINESS PARK TO TEXAS DEPT. OF TRANSPORTATION FOR RIGHT-OF-WAY.

North and south access to the Five Points Business Park is gained via FM 3438 (Arnold Blvd) which dissects the Park, or Fulwiler Rd, which runs along the western border. Part of the Carter & Burgess design concepts were developed around a TX Dept. of Transportation (TxDOT) project to construct an overpass for FM 3438 over Hwy 84 (Business I-20), with plans to begin in July 2007. The overpass will allow for better traffic flow into and out of the Park and will eliminate the need to cross railroad tracks to enter the Park from Hwy 84. Before plans can proceed, TxDOT must have ownership of all of the land necessary to widen FM 3438 and allow for rights-of-way (ROW). Total acreage needed from the DCOA for the ROW is .64, and all of it is in the flood plane.

Staff requests the board consider conveying the needed acreage at no cost to TxDOT because of the benefit to the Park and because the affected land is in the flood plane, and therefore not usable for development in its current state.

Stan Lambert moved to approve Resolution No. DCOA-2007.05 as presented. Joe Crawford seconded the motion and it carried.

10. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT AND FUNDING WITH CARTER & BURGESS TO DESIGN A THIRD SPECULATIVE INDUSTRIAL SHELL BUILDING IN THE FIVE POINTS BUSINESS PARK.

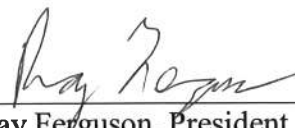
In August 2006, the DCOA authorized a contract with Carter & Burgess (C&B) to review and update the existing master plan for the Five Points Business Park. Carter & Burgess (C&B) completed preliminary drawings for development and presented them to the Board during the November 21, 2006, meeting. With the Spec 2 building no longer available to lease or market and the lack of other available industrial properties in Abilene, staff recommends the DCOA consider the construction of another speculative building in the Park. The new building will be constructed to meet the current demands of prospective tenants with the capability of being easily retrofitted to meet specific manufacturing needs. The benefits of having a shell building constructed and ready for finish-out in the Park are critical to companies looking for quick turn-around, accessibility to I-20, and large lots. The Park is ripe for further development with the presence of PWP Industries and new retail development on I-20.

Staff requests the Board approve an addition of \$108,000 to the contract with C&B to design a third speculative building.

Dee Moore moved to approve Resolution No. DCOA-2007.03 as presented. Joe Crawford seconded the motion and it carried.

11. EXECUTIVE SESSION. This item was combined with Item Number 4.

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



Ray Ferguson, President