

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
May 22, 2007

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|-------------------------|-----------------------------------------------|------------------------------------------------------------------------------|
| MEMBERS PRESENT: | Ray Ferguson Joe Crawford | Stan Lambert |
| MEMBER ABSENT: | Mike Schweikhard | Dee Moore |
| STAFF PRESENT: | Richard Burdine David Wright | Kim Tarrant Dan Santee |
| GUESTS PRESENT: | Bill Ehrie Sarah Varble Russell Guthrie | Abilene Industrial Foundation Abilene Reporter-News Davis Kinard & Co. |

- 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 24, 2007 MEETING.** Joe Crawford made a motion to approve the minutes from the April 24, 2007 meeting. Stan Lambert seconded and the motion carried.
- 3. PRELIMINARY FINANCIAL AND STATUS REPORTS FOR APRIL 2007.** David Wright reviewed the financial reports for April 2007. Total assets as of April 30, 2007 were \$50.9 million, total liabilities were \$2.5 million, and the DCOA had an undesignated fund balance of \$20.2 million. The sales tax rebate for May 2007 was \$851,471.54 for economic development and was 7.85% above last year.
- 4. PRESENTATION OF FY06 AUDIT BY A REPRESENTATIVE FROM DAVIS KINARD & CO., P.C.** Russell Guthrie from Davis Kinard & Co. reviewed the FY06 audit applicable to the DCOA. Total Current Assets increased about \$4.9 million (11%) from 2005 with \$3.7 million of that in cash and cash investments. Notes Receivable as of September 30, 2006 was about \$15 million. Richard Burdine pointed out that approximately \$6 million is for Tige Boats and a large portion of the remaining \$9 million is made up of clients earning down the principal on their note, not actual cash payment. The DCOA would foreclose if these businesses were to fail. Sales and use taxes increased 8.5% (\$675,000) from 2005 to 2006, total expenses decreased about \$1 million and net assets as of 9/30/06 were \$46 million based on the full-accrual basis. Mr. Guthrie explained the major differences between calculations on the budget basis versus full-accrual basis are depreciation, sales tax accrual, capitalizations of outlays and gain on sale of assets.
- 5. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AMENDED ASSISTANCE FOR EAGLE AVIATION SERVICES, INC.** The DCOA Board previously approved an assistance package of \$550,000 for EASI for a new tail stand, recruitment incentives paid to 40 new mechanics, a full-time recruiter and marketing expenses. American Airlines management has now chosen to split the new dock line equally between

Abilene and Marquette, Michigan, giving Abilene 20 mechanic and two crew chief positions. Local EASI staff stated they can make do with their current facilities and are unwilling to assume additional overhead costs. Nor do they need another tail stand at this time. EASI will also gain an Off-Load Shop with 11 jobs, but these jobs are not included in the total maintenance count of 387, which does include the 22 new maintenance positions mentioned here.

In light of these changes, economic development staff recommends amending the total assistance down from \$550,000 to \$275,000 as follows: a) \$125,000 equipment grant for the purchase and installation of a thermo former, and b) \$150,000 recruitment grant to include expenses associated with advertising/marketing for new mechanic positions, recruitment visit expenses, and to assist with the attraction and hiring of qualified persons to fill newly created jobs.

Joe Crawford made a motion to approve Resolution No. DCOA-2007.06 (Revised), as corrected in this meeting to remove reference to the Off-Load Shop jobs. Stan Lambert seconded the motion and it passed by unanimous consent.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ADDITIONAL FUNDING TO EXTEND THE MANUFACTURING SKILLS STANDARDS COUNCIL (MSSC) CERTIFICATION PROGRAM.** The first MSSC training session ended in April 2007 and a second is scheduled to begin in June. Staff at TSTC and the Workforce Center of West Central Texas (WCWCT) are coordinating an application to the state for Skills Development grant funding to continue the program and train up to 82 more workers. If approved, this \$628,000 grant will cover all costs to extend the MSSC training program except drug testing, which is performed twice during the training process at a total cost of \$80 per trainee.

Staff recommends funding in the amount of \$6,560 for drug testing for up to 82 MSSC trainees at \$80 each.

Stan Lambert moved to approve Resolution No. DCOA-2007.13 as presented. Joe Crawford seconded the motion and it carried unanimously.

7. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ADDITIONAL FUNDING TO AGAIN EXTEND THE FAST TRACK WELDER TRAINING PROGRAM.** Three training sections for the fast track welder training program have been completed. Section 4 is currently in session and Section 5 will begin in June '07. In order to extend the program even further (sections 6 through 9), Workforce Center staff is preparing to apply for a state Skills Development grant of \$144,504 which will fund all expenses except drug testing, which is performed twice during the training process at a total cost of \$80 per trainee.

Staff recommends funding in the total amount of \$4,000 as follows: 4 sections of training with 12 trainees in each section (48 total) at a cost of \$3,840 plus a contingency of \$160.

Joe Crawford moved to approve Resolution No. DCOA-2007.14 as presented. Stan Lambert seconded the motion and it carried unanimously.

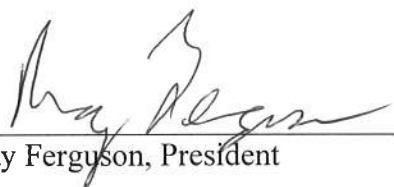
- 8. EXECUTIVE SESSION:** Pursuant to Tex. Gov't Code Sec. 551.087, an executive session may be held (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand 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 2:03 p.m. the Board went into Executive Session. At 2:33 p.m. the Board reconvened and announced that no vote or action was taken in Executive Session.

- 9. ADJOURNMENT.** The next regularly scheduled meeting is June 26th. There being no further business, the meeting was adjourned.


Ray Ferguson, President