

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
MARCH 29, 2011

MEMBERS PRESENT:	Paul Cannon Scott Senter Dani Ramsay	Mike Schweikhard Marelyn Shedd
STAFF PRESENT:	Richard Burdine Mindy Patterson Dan Santee	Kim Tarrant Callie Harris
GUESTS PRESENT:	Jaime Adame Dawn Wagner Pat Hippely Jerry Smith Bill Ehrie Bree Craig Hanna Soto	Abilene Reporter-News Concerned Citizen TCTP Jerry's Campers, Inc. Abilene Industrial Foundation Student (ACU) Student (ACU)

- 1. CALL TO ORDER.** Paul Cannon called the meeting to order at 1:30 pm, or thereabouts, in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
- 2. APPROVAL OF MINUTES FROM THE FEBRUARY 22, 2011 BOARD MEETING.** Mike Schweikhard moved to approve the minutes from the February 22, 2011 board meeting. Scott Senter seconded and the motion carried.
- 3. MARCH 2011 SALES TAX REPORT AND JANUARY 2011 AND FEBRUARY 2011 FINANCIAL STATUS REPORTS.** The sales tax rebate for March 2011 for economic development was \$646,308, which represents January 2011 sales. This is up 4.47% from March 2010 and up 6.23% year-to-date (October 2010 through March 2011) from this same period last year. As of January 31, 2011 total assets were \$62 million and the DCOA had an undesignated fund balance of \$14.9 million. As of February 28, 2011 total assets were \$62.5 million and the DCOA had an undesignated fund balance of nearly \$11.3 million.

At this time President Cannon addressed Jerry Smith, who had requested an opportunity to speak before the DCOA Board on Agenda Item No. 5, which would not be addressed in the public meeting portion until after a possibly lengthy executive session. Mr. Smith declined to comment at that time.

- 4. EXECUTIVE SESSION.** I hereby announce we are going into Executive Session pursuant to Texas Government Code Sections 551.071, .072, and .087 to consult with our legal counsel, discuss real property transactions, and discuss economic development negotiations involving a business prospect, as set forth on the agenda. Any vote or action will be taken in open session.

President Paul Cannon announced the date is March 29, 2011, and the time is 1:45 p.m. Mr. Cannon later announced the date is still March 29, 2011, and the time is 3:35 p.m. No vote or action was taken in Executive Session.

Scott Senter left the meeting during Executive Session and did not return.

- 5. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A SECOND REVISION TO THE PHASE 2 EXPANSION ASSISTANCE FOR GENESIS NETWORKS SOLUTIONS.** The prior DCOA revision in 2010 for the Phase 2 expansion for Genesis Networks Solutions (GNS) resulted in a decrease of \$2.3 million for job creation incentives and a reduction in Phase 2 jobs to 75 from 150. The Phase 1 job threshold was reduced from 143 to 115, so the Phase 2 job creation begins with the 116th FTE.

GNS recently secured a major 6-year contract with Amdocs for software testing, production development, and support. All project employees will be required to have a higher skills set and will earn \$55,000/year plus non-mandatory benefits. Other smaller 3-year contracts are pending, which will result in 50 more employees earning \$40-\$42,000/year, including benefits. All projects must be staffed this year. GNS requests a second revision to the Phase 2 assistance package to reflect the new projects and provide much needed cash for up-front expenses. GNS's current employee count is 117.

Staff recommends the Phase 2 assistance be revised a second time for a total of \$3,991,924 (up by \$2,874,185) as follows: 1) up to \$3.645 million in job creation incentives for the creation of 253 new FTEs in excess of the 115 FTEs required in revised Phase 1, 2) \$22,924 for job training, 3) up to \$24,000 for relocation; and 4) a capital investment loan of \$300,000.

Dani Ramsay moved to approve Resolution No. DCOA-2011.11 as presented. Mike Schweikhard seconded and the motion carried.

- 6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A REVISION TO THE ASSISTANCE APPROVED FOR ENAVAIL, LLC.** In June 2010, the DCOA authorized a 7-year lease with Enavail for 1,824 sq ft in the Abilene Life Sciences Accelerator (ALSA). Lease payments would be deferred in the first year. The DCOA also approved a total assistance package of \$994,105 as follows: 1) up to \$414,105 in job creation incentives with only \$164,105 available cash funding after the first \$250,000 is earned and applied to the equipment loan, 2) up to \$180,000 in leasehold improvements to the ALSA, and 3) up to \$400,000 as a loan to purchase Good Manufacturing Practices (GMP) analytical and manufacturing lab equipment, including freight and installation, for Enavail's exclusive use.

Plans and cost estimates were developed for construction of the leasehold improvements and installation of clean room space to comply with GMP standards. Almost immediately, issues developed and it was clear that actual costs were going to exceed the original \$180,000 estimate and would be short by about \$177,919 without contingency.

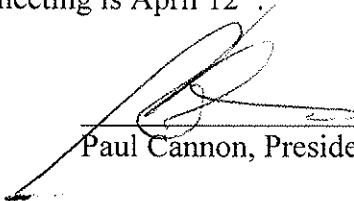
In order to cover the shortfall, staff recommends the DCOA approve a revision to the assistance previously approved for Enavail as follows: The cash funding available for job creation, after Enavail has earned \$250,000, in the amount of \$164,105, be used instead for leasehold improvements and the purchase of clean rooms necessary to comply with GMP standards. Also, additional funding of \$23,814, which includes a \$10,000 contingency reserve, is

authorized for the same purpose, which brings the total amount of funding for leasehold improvements and clean room space to \$367,919.

Lease payments will be deferred for the first year. Beginning in the 2nd year through the 7th year Enavail will pay back 1/3 of the total amount approved for leasehold improvements of \$367,919, or \$122,640, at the rate of \$20,440/year.

A motion was made by Marelyn Shedd to approve Resolution No. DCOA-2011.12 as presented. Dani Ramsay seconded and the motion passed by unanimous consent.

7. **ADJOURNMENT.** The next board meeting is April 12th.



Paul Cannon, President