

**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**BOARD MEETING MINUTES**  
**APRIL 26, 2011**

<b>MEMBERS PRESENT:</b>	Paul Cannon Scott Senter Dani Ramsay	Mike Schweikhard Marelyn Shedd
<b>STAFF PRESENT:</b>	Richard Burdine Dan Santee Melissa Murphy	Kim Tarrant Don Green
<b>GUESTS PRESENT:</b>	Bill Ehrie Mike Roark Dawn Wagner Pat Hippely Andrea Smith Judy Wilhelm	Abilene Industrial Foundation Abilene Reporter-News Concerned citizen Taylor Co. Tea Party Student SBDC

- 1. CALL TO ORDER.** Paul Cannon called the meeting to order at approximately 1:30 pm in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
- 2. APPROVAL OF MINUTES FROM THE APRIL 12, 2011 BOARD MEETING.** Mike Schweikhard moved to approve the minutes from the April 12, 2011 board meeting. Scott Senter seconded and the motion carried.
- 3. PRESENTATION OF SEMI-ANNUAL REPORTS FOR 6 MONTHS ENDED MARCH 31, 2011 BY: ABILENE INDUSTRIAL FOUNDATION, TTU SMALL BUSINESS DEVELOPMENT CENTER AND CITY OF ABILENE AIRPORT BUSINESS DEVELOPMENT PROGRAM.** President Bill Ehrie reviewed the semi-annual report for FY11 from the Abilene Industrial Foundation (AIF). The AIF has spent \$46,856 of its FY11 marketing budget of \$140,000. The website continues to be a huge driving factor for electronic marketing. Not only is this cost efficient, but it generates a lot of response. From the 42 leads received, the AIF responded to 18 and opened three prospect files. The AIF made 41 retention visits. Staff is very selective on the trade shows and conferences they attend. Because the wind energy show is so large, the AIF has its own booth. For the other trade shows, the cost of the booth is shared with other vendors. So far this fiscal year, they have hosted one manufacturers' luncheon, attended three trade shows, attended three conferences, and have made seven presentations throughout the community.

Judy Wilhelm started by reviewing the SBDC's five FY11 initiatives as follows: increase local contracting opportunities on all levels; increase exporting opportunities for Abilene businesses; develop a mentoring program; assist local businesses in transitioning to the electronic marketplace; and continue to partner with other agencies to increase additional funds for continued and expanded SBDC services. She highlighted major activities performed by the SBDC toward attaining each initiative. Also reviewed were local SBDC issues which include TTU funding, temporary staff reduction and receipt of a \$5,000 WTIN grant.

For the first half of FY 2011, the SBDC helped a total of 44 businesses open and create 114 jobs. Total capital investment was only \$2.4 million, which is down almost 50% from this time last year. They offered several workshops for the first half of FY11 and were also involved with Abilene Christian University's third annual Springboard Ideas Challenge.

Melissa Murphy and Don Green summarized the report from the Abilene Airport Business Development Management Program (BDMP) for the first half of FY11. They continue to focus on community outreach through speaking engagements to various civic organizations, highlighting the advantages of flying from Abilene versus driving to another airport. The BDMP continues with its marketing campaign, running ads on local television and radio stations, as well as print ads in various publications. This year they added outdoor billboards to the marketing plan and have signs on highways in five area communities, stretching as far as Brown County. The airport website has been updated and is also now on Twitter and Facebook.

Both enplanements and deplanements were up approximately 3% for the first quarter in FY11. The ABI-VIP Passenger Rewards Program was started in November 2008 and continues to be quite successful, resulting in 1,080 current passengers. Rental car revenue is down 7.38% YTD while parking lot revenue remains about the same.

- 4. DISCUSSION AND APPROVAL OF THE DCOA'S SEMI-ANNUAL REPORT OF ACTIVITIES ENDING MARCH 31, 2011.** Richard Burdine reviewed the DCOA's Semi-Annual Report of Activities for the first half of FY11. Among the items highlighted were Pepsi Beverages, Teleperformance USA, Genesis Networks Solutions, Enavail, Eagle Aviation Services, the West Texas Innovation Network and the purchase of 922 North 13<sup>th</sup> Street.

Scott Senter moved to approve said report by oral resolution as presented. Marelyn Shedd seconded and the motion carried.

- 5. 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 April 26, 2011, and the time is 2:18 p.m. Mr. Cannon later announced the date is still April 26, 2011, and the time is 3:22 p.m. No vote or action was taken in Executive Session.

Marelyn Shedd left the executive session while discussing a prospect and returned for the regular session.

- 6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT CD.** Project CD is an established and successful foreign company that offers not only a proven and comprehensive weight loss and maintenance system, but is working to become a major provider of health-care solutions. They are expanding into the U.S. in order to capitalize on the current market demand for effective weight loss products

and a new, natural anti-viral remedy. The Company plans to “go public” very soon and expects to raise \$25 - \$30 million for their expansion into the U.S. market and to acquire several companies. Project CD has also arranged a \$50 million equity line to grow the company.

The Company wants to lease the Spec 3 building because of its availability and potential for future expansion and as a central distribution point for the U.S. Phase 1 will include build-out of Spec 3 for offices and warehousing plus the creation of 200 new jobs earning at least \$30,000/year.

Staff recommends a five-year, triple-net lease with an annual lease amount of about \$612,720 or \$51,060/month. The Company will have the option to purchase Spec 3 for \$6 million plus the actual cost for finish out (estimated at \$4,212,000) for five years from the effective date of the lease agreement.

Staff also recommends a total incentives package of \$2,750,00 for Phase 1 as follows: 1) a five-year loan of up to \$2,500,000 as a job creation incentive for startup costs in establishing U.S. operations secured by a Letter of Credit issued by a financial institution with a U.S. presence or other acceptable collateral, and 2) a capital investment incentive not to exceed \$250,000 at the rate of 10% of the Company’s actual capital equipment investment with reimbursements made over five years in an amount up to \$50,000/yr. In addition, staff recommends authorizing funding of up to \$150,000 to pay annual Letter of Credit renewal fees.

Project CD plans to eventually expand Spec 3 by adding another 100,000 to 150,000 sq ft for manufacturing and laboratory space. Employment would increase to 400 after the expansion. The Company will purchase the Spec 3 building before expansion will occur. Staff recommends a total incentives package of \$3,400,000 for Phase 2 as follows: 1) capital investment incentive for equipment purchases of up to \$400,000; 2) capital investment incentive for facility expansion of up to \$1 million; and 3) job creation incentive of up to \$2 million.

In addition, staff recommends authorizing the CEO to enter into a contract with the Tittle Luther Partnership for architectural/engineering services for the build-out of Spec 3 and total funding of \$346,965 (which includes \$10,000 for reimbursables).

Finally, the DCOA Board authorizes the CEO of the DCOA to investigate key man life insurance for the Company’s CEO in the amount of \$3 million.

Marelyn Shedd moved to approve Resolution No. DCOA-2011.15 as presented above with an added provision to include authorization to investigate key man life insurance for the Company’s CEO in the amount of \$3 million. Mrs. Shedd also stipulated that the only acceptable form of collateral for the Phase 1 job creation incentive loan is a letter of credit issued by a financial institution with a U.S. presence. Dani Ramsay seconded and the motion carried.


- 7. DISCUSSION AND POSSIBLE APPROVAL OF A DEVELOPER PARTICIPATION AGREEMENT WITH THE CITY OF ABILENE FOR CONSTRUCTION OF FIRE SUPPRESSION IMPROVEMENTS ON THE EAST SIDE OF THE ABILENE REGIONAL AIRPORT.** On April 12, 2011 the DCOA authorized contracts with three firms plus funding, to determine the specific improvements needed to address the fire safety issues on the east side of the Abilene Regional Airport. The engineers recommend extending a nearby existing 12-inch water main in order to improve the fire flow capacity. In order to provide the necessary capacity for fire suppression, construction of dedicated water storage tanks holding over 200,000 gallons would also be required.

Chapter 212 of the local Government Code allows a municipality to enter into an agreement with a developer to construct public improvements related to a development as long as the improvements don't exceed 30% of the total project cost. On April 14, 2011, the Abilene City Council approved the first reading of an ordinance authorizing a Developer Participation Agreement that provides terms and conditions for the City's participation in the project. The second and final reading will occur on April 28, 2011. The estimated cost for these improvements is \$3,150,000 and reimbursement from the City of Abilene is estimated to be \$945,000 (30% of \$3.15 million).

Staff recommends approval of the Developer Participation Agreement between the City of Abilene and DCOA for construction of fire suppression improvements on the east side of the Abilene Regional Airport and authorizes the CEO of the DCOA to execute the Agreement on the DCOA's behalf.

A motion was made by Scott Senter to approve the Developer Participation Agreement as presented. Mike Schweikhard seconded and the motion passed by unanimous consent.

- 8. ADJOURNMENT.** The next board meeting is May 10<sup>th</sup>.

  
Paul Cannon, President