

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

MEMBERS PRESENT: Paul Cannon Mike Schweikhard
Marelyn Shedd

MEMBERS ABSENT: Scott Senter Dani Ramsay

STAFF PRESENT: Richard Burdine Kim Tarrant
Dan Santee Don Green
Melissa Murphy

GUESTS PRESENT: Bill Ehrie, Abilene Industrial Foundation
David Todd, Enprotec/Hibbs & Todd
Jaime Adame, Abilene Reporter-News
Michael Sanders, TMAC/TTU
Marlisa Goldsmith, KRBC

1. **CALL TO ORDER.** Paul Cannon called the meeting to order at approximately 1:34 pm in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
2. **APPROVAL OF MINUTES FROM THE JULY 12, 2011 BOARD MEETING.** Mike Schweikhard moved to approve the minutes from the July 12, 2011 board meeting. Marelyn Shedd seconded and the motion carried.
3. **STATUS OF FUNDS REPORT FOR JUNE 2011.** In the absence of a Finance Dept. representative, Richard Burdine reviewed the financial information. Total assets as of June 30, 2011, were \$62.5 million while total liabilities were \$365,974. The total fund balance was \$62.1 million, and of that, the undesignated fund balance for economic development was \$10.4 million. The two largest revenue items were sales tax of \$737,390 and rental income of \$72,137. The largest expenditures were a \$540,000 payment to Tower Tech and \$343,838 for the design, construction and fire safety of Eagle Aviation's new hangar.
- 4a. **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 July 26, 2011, and the time is 1:40 p.m. Mr. Cannon later announced the date is still July 26, 2011, and the time is 2:19 p.m. No vote or action was taken in Executive Session. A five-minute break was taken and the meeting resumed in open session.

5. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ADDITIONAL FUNDING FOR THE TEXAS MANUFACTURING ASSISTANCE CENTER (TMAC).** Dr. Michael Sanders with Texas Tech University (TTU), presented information on the Texas Manufacturing Assistance Center's (TMAC) request for additional funding. TMAC West Texas is located in Lubbock and is affiliated with TTU, serving 93 surrounding counties. TMAC places emphasis on small to mid-sized manufacturers and works with a wide range of individual firms delivering training, providing technical assistance and implementing best business practices.

The DCOA has assisted with funding for TMAC several times in the past, authorizing \$7,500/company/fiscal year for a two-day training program. In October 2008, the board approved \$60,000 through FY11 at the same \$7,500/company/year rate. As of June 30, 2011, \$34,000 remains unfunded. This year TMAC revised its program in Abilene to add a third “jump start” day to ensure the client companies begin transformation immediately, giving them an initiation phase to ensure sustainability. This third day of training requires additional funding/company/fiscal year.

TMAC is requesting the DCOA amend the current agreement with \$34,000 remaining to allow assistance for three companies through September 2011 at the increased rate of \$11,000/company/year for the new 3-day program. TMAC also requests the board authorize funding of \$198,000 through FY13 at the new rate of \$11,000/company/year. This breaks down to funding eight companies (\$88,000) in FY 12 and ten companies (\$110,000) in FY13 from the DCOA’s assistance. Dr. Sanders indicated that TMAC helps additional companies each year, not just what the DCOA funds.

Staff recommends the DCOA amend the current agreement with \$34,000 remaining to allow assistance for three companies through September 2011 at the increased rate of \$11,000/company/year for the new 3-day program. Staff also recommends the DCOA fund only one fiscal year at a time (\$88,000 for FY12) and evaluate TMAC annually for contract reporting and compliance.

A motion was made by Marelyn Shedd to approve Resolution No. DCOA-2011.20 to amend the current contract through FY11 to increase the rate of funding for each company to \$11,000 and fund FY12 at \$88,000 for 8 companies. Mike Schweikhard seconded and the motion carried.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FUNDING FOR DESIGN AND INSTALLATION OF A FIRE APPARATUS ROAD TO SERVICE THE HANGARS OCCUPIED BY EAGLE AVIATION SERVICES, INC.** One of the fire safety issues identified during the pre-construction phase of Hangar 4 is the need for better fire fighting access to the rear of Hangars 0 and 4 and the EASI Parts & Records Building. A plan was developed for a fire access road with an estimated construction cost of \$125,000.

Thomas Hicks Construction, the general contractor, proposed a construction cost of \$117,973 for the fire access road. The additional funding will be provided through a change order to their contract. Funding is also needed to cover the cost of surveying and engineering for this project in the amount of \$12,500, for a total funding request of \$130,473.

Mike Schweikhard moved to approve Resolution DCOA-2011.21 as presented. Marelyn Shedd seconded and the motion carried.

7. **DISCUSSION AND POSSIBLE APPROVAL OF A BID FOR INSTALLATION OF DOMESTIC WATER LINE, ADDITIONAL FIRE HYDRANTS AND FIRE LINE TO SERVICE THE HANGARS OCCUPIED BY EAGLE AVIATION SERVICES, INC.** On July 19, 2011 the only two bids that were received on this project were opened. The budget for these elements of the project is \$684,000. The low bid was \$734,996 and the high bid was \$1,069,846. Both bids were over budget, plus the second bid is 46% higher than the first, indicating a lack of consistency between the bids. A minimum of three bids is preferred with the price range between the

low and high bids being no more than 20%. Staff recommends the DCOA reject all bids for the above reasons.

In order to get more competition on the domestic water line portion of the project, staff recommends dividing the project into two parts for bidding purposes: domestic water service lines and fire service lines. This will allow more contractors that are not certified for the fire service portion of the work to bid on the domestic water line part only.

A motion was made by Marelyn Shedd to reject all bids and divide this project into two parts for bidding purposes as presented. Mike Schweikhard seconded and the motion carried.

- 8. CONSIDER APPROVAL OF MARKETING ASSISTANCE AS AN INCENTIVE FOR RECRUITING A SECOND AIR CARRIER TO ABILENE.** In the past the City of Abilene has competed successfully for U.S. Dept. of Transportation's Small Community Air Service Development (SCASD) grants. Unfortunately the last grant expired before Abilene was able to recruit an air carrier. The Abilene Regional Airport's Director of Aviation and his staff have prepared a grant application to submit a SCASD on August 2, 2011. The Airport has an incentive policy that allows all airport fees to be waived for a new carrier for up to two years; however these incentives alone are not enough to attract an air carrier.


Staff requests the DCOA Board approve \$200,000 marketing assistance as an incentive for recruiting a second air carrier to Abilene. If the City does not get a SCASD grant this year, staff recommends the DCOA's commitment remain in place for another SCASD grant application next year or recruiting a second air carrier without a SCASD grant, if possible. The DCOA commitment would end after two years on September 30, 2013 if a second air carrier hasn't been recruited to Abilene by then.

Marelyn Shedd moved to approve Resolution No. DCOA-2011.22 as presented. Mike Schweikhard seconded and the motion passed.

- 4b. EXECUTIVE SESSION.** I hereby announce we are going *back* 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 July 26, 2011, and the time is 3:14 p.m. Mr. Cannon later announced the date is still July 26, 2011, and the time is 3:45 p.m. No vote or action was taken in Executive Session.

- 9. ADJOURNMENT.** There being no further business the meeting was adjourned.



Paul Cannon, President