

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
August 23, 2011

MEMBERS PRESENT: Paul Cannon Scott Senter
Marelyn Shedd

MEMBERS ABSENT: Mike Schweikhard Dani Ramsay

STAFF PRESENT: Richard Burdine Kim Tarrant
Dan Santee Mindy Patterson

GUESTS PRESENT: Bill Ehrie, Abilene Industrial Foundation
Ray Ferguson, Committee Chair
Jaime Adame, Abilene Reporter-News
Judy Wilhelm, Small Business Development Center
Mike McMahan, Abilene Chamber of Commerce

1. **CALL TO ORDER.** Paul Cannon called the meeting to order in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
2. **APPROVAL OF MINUTES FROM THE AUGUST 9, 2011 BOARD MEETING.** Scott Senter moved to approve the minutes from the August 9, 2011 board meeting. Marelyn Shedd seconded and the motion carried.
3. **SALES TAX REPORT FOR AUGUST 2011 AND STATUS OF FUNDS REPORT FOR JULY 2011.** Mindy Patterson pointed out that the sales tax rebate received in August in an amount just over \$1 million represents June sales and is up 22% from last August. The sales tax rebate for economic development of about \$8.5 million is 10.87% above last year for the period October through August. Major expenditures in July were principal reductions, final payment for land in Five Points Business Park and EASI hangar construction costs.
4. **PRESENTATION AND POSSIBLE APPROVAL OF A COMBINED REPORT FROM THE PROJECT EVALUATION COMMITTEE ON FY 2011 CONTRACT PERFORMANCE AND FROM THE BUDGET & FINANCE COMMITTEE CONCERNING FUNDING PROPOSALS FOR FY 2012 FOR: ABILENE CHAMBER OF COMMERCE MILITARY AFFAIRS COMMITTEE, ABILENE INDUSTRIAL FOUNDATION, TEXAS TECH UNIVERSITY SMALL BUSINESS DEVELOPMENT CENTER, CITY OF ABILENE – AIRPORT BUSINESS DEVELOPMENT MANAGEMENT, AND CITY OF ABILENE – BUSINESS SERVICES & PROPERTY MANAGEMENT DIVISIONS OF THE DEPT. OF ECO. DEV.** The Project Evaluation Committee met on August 11, 2011 to consider FY 11 compliance reports from the above- mentioned agencies that are currently under contract with the DCOA. Immediately following, the Budget & Finance Committee met to hear funding requests for FY12 from the same agencies.

Staff and both Committees recommend contract renewals and funding levels for FY12 with the named agencies as presented in the combined minutes from the Project Evaluation and Budget & Finance Committees.

Marelyn Shedd moved to approve the Committees' recommendations as presented. Scott Senter seconded and the motion carried.

5. PUBLIC HEARING: FUNDING PROPOSALS AND PROPOSED BUDGET FOR FY 2012.

President Paul Cannon opened the public hearing portion of the meeting. No one came forward to address the Board. President Cannon then closed the public hearing.

6. DISCUSSION AND POSSIBLE APPROVAL OF FUNDING REQUESTS AND PROPOSED BUDGET FOR FY 2012. There was no further discussion of this agenda item.

A motion was made by Scott Senter to approve funding requests and the FY 2012 budget as proposed. Marelyn Shedd seconded and the motion carried.

7. 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 August 23, 2011, and the time is 1:47 p.m. Mr. Cannon later announced the date is still August 23, 2011, and the time is 2:36 p.m. No vote or action was taken in Executive Session.

8. DISCUSSION AND POSSIBLE APPROVAL OF A LEASE AGREEMENT WITH TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER FOR THE GRANT BUILDING AT 302 PINE STREET. After previous assistance from the DCOA and an amendment to the lease, Texas Tech University (TTU) had been leasing the second and third floors of the Grant Building located at 302 Pine St., for its Software Engineering Graduate Program at no cost. In February 2010, TTU sublet space to the TTU Health Sciences Center School of Nursing (HSC SON) for administrative offices and classrooms until a permanent facility is constructed. At that time, the rent was increased to \$6.00/sf/year.

TTU has given notice of their intent to terminate the lease effective the end of August 2011, which is in compliance with the terms of the lease. However, termination of the TTU lease leaves the TTUHSC SON without a lease. The SON was depending on TTU to pay the bulk of the lease costs.

Staff at the SON have identified funds to pay utilities and housekeeping but not the monthly lease payments. City staff reviewed state law which allows 4A corporations to provide assistance for a career center project under specific circumstances. Staff recommends approval of an oral resolution authorizing the CEO to negotiate a new lease with TTUHSC for the Grant Building at 302 Pine St., subject to the DCOA Board determining that the SON meets the required criteria for assistance under state law for a career center project.

Scott Senter moved to grant by oral resolution authority to the CEO to negotiate a new lease with TTUHSC for the 2nd and 3rd floors of the Grant Building as presented. Marelyn Shedd seconded and the motion carried.


9. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT MBO. Project MBO is a local company newly formed this year to build on the owners' success in fabrication and service of oilfield equipment and provision of oil &

gas support services. The company wants to locate on 20 acres of DCOA-owned property fronting on I-20 and immediately west of the Abilene Drag Strip - - part of the 121 acres the DCOA purchased from the Burl Harris estate. The land is valued at \$15,000/acre or \$300,000 for 20 acres. The company will retain it's newly hired 34 employees and plans to hire 40 more over the next 3 years. They also anticipate capital investment of \$750,000.

Staff recommends DCOA assistance of up to \$765,000 paid annually in arrears over 5 years as follows: up to \$690,000 job creation incentive and up to \$75,000 capital investment incentive. \$300,000 of the total will be through the DCOA deeding the 20-acre lot on IH20 to Project MBO and retaining a note on the property. Job creation funds earned each year for actual job creation in excess of the 34 positions already created will first be applied toward reducing the note. Funds in excess of the \$300,000 note payoff will be paid in cash as it is earned over the 5-year term of the agreement.

Scott Senter made a motion to approve Resolution No. DCOA-2011.26 as presented. The motion was seconded by Marelyn Shedd and passed by unanimous consent.

10. ADJOURNMENT. The next meeting is September 13th. There being no further business, the meeting was adjourned.



Paul Cannon, President