

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
December 16, 2011

MEMBERS PRESENT: Paul Cannon Dani Ramsay
Marelyn Shedd Mike Schweikhard
Scott Senter

STAFF PRESENT: Richard Burdine Kim Tarrant
Dan Santee

GUESTS PRESENT: Michelle Frizalone, KTXS News
David Farrar, USPS
Lewis Alambar, USPS
Dr. Jon Weidanz, TTUHSC/Receptor Logic
Bill Ehrie, Abilene Industrial Foundation
Dale Gannaway, ETI
Jaime Adame, Abilene Reporter-News
David Sougstad, ETI

1. **CALL TO ORDER.** Paul Cannon called the meeting to order at about 10:00 am in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
2. **APPROVAL OF MINUTES FROM THE NOVEMBER 22, 2011 BOARD MEETING.** Mike Schweikhard moved to approve the minutes from the November 22, 2011 board meeting. Dani Ramsay seconded and the motion carried.
3. **SALES TAX REPORT FOR DECEMBER 2011 AND PRELIMINARY STATUS OF FUNDS REPORT FOR OCTOBER 2011.** In the absence of a Finance Dept. representative, Richard Burdine reviewed the Sales Tax Report and noted that the City's sales tax rebate of \$2.9 million received in December represents October sales. The sales tax rebate for economic development was \$725,276 and is up 12.08% from last December and is 23.83% higher than the period October through December of last year.

Kim Tarrant reviewed the Balance Sheet as of October 31, 2011. Total assets were \$60.9 million and the DCOA had an undesignated fund balance of \$8.9 million. Total monthly revenues were \$981,346. Among the monthly expenditures were the annual capital investment payment to Tower Tech, the quarterly payment for the ETI contract and EASI Hangar 4 construction costs.

4. **PRESENTATION OF THE EMERGENT TECHNOLOGIES, INC. ANNUAL REPORT OF ACTIVITIES BY DAVID SOUGSTAD AND DALE GANNAWAY.** Dale Gannaway, President of Innovation Services with Emergent Technologies, Inc. (ETI) and David Sougstad, Executive Director of the Abilene Life Sciences Accelerator (ALSA), presented a report of activities. In March 2010, ETI presented a strategic plan for business development for the ALSA. They identified seven long-term business goals and objectives, the first four of which are reviewed as follows (examples of goal met): 1. Develop, retain, and attract top level intellectual talent. (Receptor Logic, Enavail); 2. Assist in the development of a strong life sciences community image. (ReInvent Abilene, Abilene Leaders of Tomorrow, relationship with Rain Dance); 3. Assist and drive the efforts to develop a well-connected network of resources at the city, regional, state, and federal levels to develop a culture

of innovation. (state level: Texas Healthcare & Bioscience Institute; regional level: BioDFW); and 4. Assist in the development of a well-organized regional private equity investment network to broaden the capital base. (NASVF, 3rd Annual Texas Angel Day).

A video was shown about the progress of the Abilene Life Sciences Accelerator (ALSA) and the state-of-the-art facility it has become. Also highlighted was the common equipment available to future tenants plus all the amenities the city of Abilene has to offer.

- 5. PRESENTATION BY DR. JON WEIDANZ FROM TTUHSC SCHOOL OF PHARMACY AND RICHARD BURDINE, CEO OF THE DCOA, ON THE STATUS OF THE BIOTECH ECOSYSTEM IN ABILENE.** Dr. Weidanz highlighted several local achievements via a power point presentation. These include the \$2 million grant received by Receptor Logic by the Texas Emergent Technology Fund, a \$750,000 grant from CPRIT to a faculty member that's been in Abilene for just one year, collaboration with local universities on various projects and bio sciences and life sciences career paths, and creating the Center for Immunotherapeutic Research (CITR) which now has five research faculty members.

In September 2011, Cisco College started its Biotech Certification Program with the goal of placing interns with Receptor Logic and the CITR in the spring of 2012. Also, the lab space at the TTUHSC School of Pharmacy Abilene (SOP) is currently under expansion, resulting in a total of 16,000 to 17,000 sq ft of research lab space, which is enough to accommodate approximately 40 biomedical life sciences researchers.

Dr. Weidanz further went on to point out the impressive credentials and project interests of the five research faculty members and how vitally important it is for scientists to publish their experiments and findings to receive funding. As a feather in Abilene's cap, the Abilene research team has published over 15 peer-reviewed articles in many prestigious scientific and medical journals since 2008.

The TTUHSC Graduate School of Biomedical Sciences has recently come to Abilene. This is a **huge** development for Abilene in order to have a sustainable environment which is nurturing and supportive to growth. The ultimate goal is to be able to offer a PhD in biotechnology right here in Abilene.

- 6. EXECUTIVE SESSION NO. 1.** 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 December 16, 2011, and the time is 11:12 am. Mr. Cannon later announced the date is still December 16, 2011, and the time is 11:45 am. No vote or action was taken in Executive Session.

- 7. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FUNDS FOR LIGHTING IMPROVEMENTS TO THE DCOA-OWNED WAREHOUSE SPACE LOCATED AT 4109 VINE ST., ABILENE, TX.** AEP North Texas Co. offers its Commercial Solutions Program, aimed at improving the energy efficiency of business facilities and has contracted with CLEAResult Consulting, Inc. to sponsor, promote and administer the program, which is designed to help reduce energy bills.

Effective July 15, 2011, Affiliated Foods closed its business and vacated the DCOA-owned building at 4109 Vine, which consists of 3 large connecting warehouses and adjoining offices. Since then, staff has cleaned up the property to make it ready to lease again.

After CLEAResult conducted a walk-through of Warehouses B, C, D, and the Ryder building all located at 4109 Vine St., they submitted an Opportunity Assessment for lighting retrofit with two Options:

Option A: This option evaluated the retrofitting of all T12 fixtures to a reduced Watt T8 lamp with premium efficiency ballasts and uses four 4-foot lamps combined with a reduced-output ballast. It will increase light output in the facility and will cost \$56,822.75, resulting in estimated annual energy savings of \$26,140. CLEAResult will refund to the DCOA \$8,400 program incentive, resulting in a net cost to the DCOA of \$48,422.75.

Option B: This option evaluated the retrofitting of all T12 fixtures to a High Lumen 32 Watt T8 lamp with premium efficiency ballasts and uses two 4-foot lamps combined with a reflector kit. It will only maintain at best, the dim light output in the warehouse and will cost \$52,677, resulting in estimated annual energy savings of \$30,260. CLEAResult will refund to the DCOA \$9,750 as program incentive, resulting in a net cost to the DCOA of \$42,927.

In order to take advantage of the program incentive before the end of the calendar year, Mr. Burdine authorized staff to proceed with Option B. Hendrix Electric has been contracted to perform the work necessary to upgrade the lighting in Warehouses B, C, & D at 4109 Vine St.

A motion was made by Scott Senter to approve Resolution No. DCOA-2012.05 ratifying a contract with Hendrix Electric and funding of \$52,677 as presented. Marelyn Shedd seconded and the motion carried.

- 8. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FUNDS FOR PLACEMENT OF BROKEN SKYLIGHTS IN HANGARS 1 AND 2, ROOF REPAIRS TO HANGAR 3, AND PARKING LOT REPAIRS TO HANGAR 1 AT THE ABILENE REGIONAL AIRPORT, ALL OCCUPIED BY EAGLE AVIATION SERVICES, INC.** The terrible storm on Easter Sunday of this year resulted in damaged roofs all over the region. At the Abilene Regional Airport, Hangar 1 suffered 24 broken skylights and Hangar 2 had 28 broken skylights, which now all leak when it rains. Hangar 2 also sustained roof damage, as did Hangar 3.

Because of the large amount of roofing work still available, Barr Roofing was the only local commercial roofing contractor that responded to bid requests for the needed repairs. The total bid for repairs to Hangars 1, 2, and 3 is \$25,455. Staff recommends the DCOA authorize a contract with Barr Roofing and funding of \$25,455 to make the necessary repairs to the 3 mentioned hangars.

During the process of constructing the new Hangar 4, some driveway and parking areas required resurfacing. In addition, a concrete sidewalk and handicap parking spaces had to be installed (along the front of Hangar 1) to comply with ADA requirements. While installing the sidewalk, a 9' strip of already-failing asphalt was damaged further and needs repair. However, the entire parking lot for Hangar 1 has been in poor condition for many years.

Thomas Hicks Construction (THC) prepared bids to repair the 9' strip (cost \$5,802) and to rebuild the entire parking lot (cost \$32,812). Staff recommends the DCOA authorize funding of \$32,812 for a change order to the existing contract with THC to rebuild the parking lot at Hangar 1.

Mike Schweikhard moved to approve Resolution No. DCOA-2012.06 authorizing a contract with Barr Roofing for repairs to hangars as stated plus funding of \$25,455. Also authorized is a change order to the contract with Thomas Hicks Construction and funding of \$32,812 to rebuild the parking lot of Hangar 1. Dani Ramsay seconded and the motion carried.

- 9. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING PAYMENT OF BUILDING LEASE COSTS ON BEHALF OF THE U.S. POSTAL SERVICE ABILENE FACILITY FOR UP TO 10 YEARS IN EXCHANGE FOR RETENTION OF AUTOMATED MAIL PROCESSING CENTER JOBS.** The U.S. Postal Service (USPS) leases space in the Windstar facility on I-20 just west of Hwy 351 for its Abilene Customer Service Mail Processing Center (MPC), which currently employs 119 people. The digital age has impacted the USPS to the point of having to make drastic cuts to its operating budget in order to become self-supporting. That includes closing as many as 252 similar MPCs around the country. Abilene's MPC may be on the hit list to be closed and operations moved to Midland or Austin.

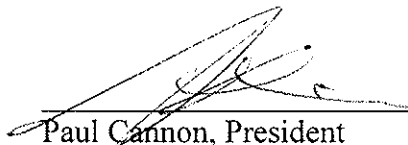
The USPS could potentially qualify for up to \$1.43 million under the DCOA's job creation/retention guidelines. The CEO proposes payment of up to \$1.3 million in lease costs over ten years at the Windstar facility to reduce their operating costs in exchange for retaining the existing 119 jobs. Staff recommends the DCOA authorize the CEO open negotiations with USPS for offsetting some of its operating costs in exchange for job retention. If a deal can be struck to retain the MPC and its jobs, the CEO will return to the board for final funding approval.

Marelyn Shedd made a motion to approve Resolution No. DCOA-2012.07 as presented. The motion was seconded by Scott Senter and passed by unanimous consent.

- 6. EXECUTIVE SESSION NO. 2.** 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 still December 16, 2011, and the time is 12:02 pm. Mr. Cannon later announced the date is still December 16, 2011, and the time is 1:42 pm. No vote or action was taken in Executive Session.

- 10. ADJOURNMENT.** The next regularly scheduled meeting is January 10, 2012. There being no further business, the meeting was adjourned.



Paul Cannon, President