

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
FEBRUARY 27, 2012

MEMBERS PRESENT: Mike Schweikhard Dani Ramsay
Marelyn Shedd Scott Senter

MEMBER ABSENT: Paul Cannon

STAFF PRESENT: Richard Burdine Kim Tarrant
Dan Santee

GUESTS PRESENT: Brennan Peel, Abilene Reporter-News
David Sougstad, ETI/ALSA
Marc Gustafson, KTAB TV

1. **CALL TO ORDER.** Vice President, Mike Schweikhard called the meeting to order at 1:47 p.m. in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
2. **APPROVAL OF MINUTES FROM THE FEBRUARY 14, 2012 BOARD MEETING.** Scott Senter moved to approve the minutes from the February 14, 2012 board meeting. The motion was seconded by Marelyn Shedd and passed by unanimous consent. (Dani Ramsay was not yet present).
3. **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.

Vice President Mike Schweikhard announced the date is February 27, 2012, and the time is 1:49 p.m. (Dani Ramsay joined the meeting at 2:15 pm) Marelyn Shedd dismissed herself from discussions about Smith Pipe and returned to the room when those discussions were over. Mr. Schweikhard later announced the date is still February 27, 2012, and the time is 3:35 p.m. No vote or action was taken in Executive Session.

4. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR BRIDGESTONE BANDAG, LLC DBA BANDAG.** Bandag has been located in Abilene since 1971. After a merger in 2007 Bandag, Inc. became a limited liability company with a new corporate name, Bridgestone Bandag, LLC. The Abilene plant manufactures tire retreads that perform like new tires at a fraction of the price, with specialized tread patterns that match up with any terrain, and next-generation compounds that resist wear and tear.

The DCOA has assisted Bandag several times since 2004 with plant expansion, job creation, equipment upgrade grants, training grants, real estate purchase and improvements, and real estate financing. Bandag is now requesting the DCOA assist with a 40,000 sq ft expansion of its Site 1 facility and addition of a weekend crew (11 new jobs) to accommodate the additional capacity. They will invest \$1.5 million in construction and retain at least 134 FTEs.

Staff recommends an assistance package totaling \$315,300 as follows: 1) up to \$165,300 as job creation incentive for the creation of 11 new jobs and retention of 134 FTEs, to be disbursed over three years; and 2) up to \$150,000 capital investment incentive paid at 10% of actual costs over three years, not to exceed \$50,000/year.

A motion was made by Marelyn Shedd to approve Resolution No. DCOA-2012.13 as presented. Scott Senter seconded and the motion carried.

5. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AMENDED ASSISTANCE FOR PHASES 1, 2 AND 3 EXPANSIONS FOR SMITH PIPE. Smith Pipe is a local company founded in 1983. The company offers a variety of services and products that include operating drilling rigs and well service units, as well as manufacturing new storage tanks and pressure vessels.

The current assistance packages from the DCOA to Smith Pipe total \$1,677,158 as follows: \$941,668 as job creation incentives and \$735,490 as capital investment incentives for expansion Phases 1, 2 and 3. The company's Phase 3 capital investment has increased by \$120,000 from the original estimate of \$2,087,900 to \$2,207,900. Smith Pipe requests the DCOA revise the existing assistance package for all three phases by increasing the capital investment incentive for Phase 3 by \$12,000 and eliminating the job creation incentives completely for all three phases. In exchange for waiving the future job creation incentives, the company requests the DCOA advance the capital investment incentives for Phases 2 and 3 under separate notes receivable upon completion of construction.

Staff recommends revising previously approved assistance packages for Phases 1, 2 and 3 as described above, eliminating the job creation incentive for all 3 phases (totaling \$941,668) and increasing Phase 3 capital investment incentive by \$12,000. Also proposed is advancing Phases 2 and 3 capital investment incentives under separate notes at 0% interest secured by a letter of credit, with principal balances being forgiven over 3 years in equal annual amounts. The net financial effect is a reduction in total assistance for all three phases by \$929,668.

Scott Senter moved to approve Resolution No. DCOA-2012.14 as presented. Dani Ramsay seconded the motion. Motion passed. Marelyn Shedd abstained from voting.

6. DISCUSSION AND POSSIBLE APPROVAL OF A CONTRACT AND FUNDING FOR FIRE SUPPRESSION IMPROVMENTS & OTHER COSTS ASSOCIATED WITH 4109 VINE ST.

Coker Engineering from Keller, TX was contracted in January 2012 to design a new dry pipe fire suppression system for Warehouses C & D and the offices at 4109 Vine St. On February 24, 2012, staff received two bids from contractors using Coker's design specs to entirely replace the fire suppression system in Warehouses C & D and to install sprinkler heads in the office area in anticipation of occupancy. The two bids received were from The CFP Group (\$435,151.01) and Automatic Fire Protection (\$452,872.00).


Asbestos containing material was identified in the insulated ceiling panels of the refrigerator and freezer warehouse sections. They must be removed prior to replacing the fire suppression system; however, the bids received represent a substantial mark-up for removing and disposing of the panels. To reduce the cost and time to construct the new system, staff recommends the two bids be rejected and the project re-bid once the panels and other obstructions in the warehouses are removed.

A revised memo was handed to the board members, which changed staff's request for funding other related items. Staff requests the board ratify an engineering services agreement with Coker Engineering and approve funding of \$6,400 (\$4,900 for basic services and \$1,500 for additional services). Also requested is a contract with Jacob & Martin and funding of \$19,800, plus \$5,500 for

reimbursables and additional services, to prepare construction documents showing alterations required to satisfy TAS (Texas Accessibility Standards) for building access and restrooms and compliance with building codes.

A motion was made by Scott Senter to reject both bids received for replacing the fire suppression system, ratify the contract with Coker Engineering and approve funding of \$6,400, plus approve funding of \$25,300 and a contract with Jacob & Martin as outlined above. Dani Ramsay seconded and the motion passed. (Marelyn Shedd left before the vote at 3:50 pm).

7. **ADJOURNMENT.** The next regularly scheduled meeting is March 13th. There being no further business, the meeting was adjourned.



Mike Schweikhard, Vice President