

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
APRIL 10, 2012

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

STAFF PRESENT: Richard Burdine Kim Tarrant
Mindy Patterson Don Green

GUESTS PRESENT: Brennan Peel, Abilene Reporter-News
Diane Terrell, Davis, Kinard & Co., PC

1. **CALL TO ORDER.** President Paul Cannon called the meeting to order at 12:10 pm in the former Affiliated Foods Building, 4109 Vine Street, Abilene, Texas.
2. **APPROVAL OF MINUTES FROM THE MARCH 13, 2012 BOARD MEETING.** An error in the name of an attendee was pointed out. It should read "Garner" Roberts from the Abilene Reporter-News, not Gavin. A motion was made by Mike Schweikhard to approve the minutes from the March 13, 2012 board meeting as corrected. Dani Ramsay seconded the motion. Motion carried.
3. **STATUS OF FUNDS REPORT FOR FEBRUARY 2012.** On the status of funds report for February 2012, Director of Finance Mindy Patterson, reviewed several major expenditures; most of which were for capital investment and job creation incentive payments. \$261,798 was for Hangar 4 construction and 4109 Vine Street incurred a \$55,457 lighting expense. This leaves an undesignated fund balance of nearly \$13.3 million as of the end of February.
4. **PRESENTATION OF THE FY11 AUDIT PERFORMED BY DAVIS, KINARD & CO., P.C.** Diane Terrell with Davis Kinard presented the supplemental information for the DCOA as part of the annual financial audit for the City of Abilene for FY 2011. Total assets were about \$65.6 million with 22% in cash and investments. Total notes receivable were \$15.8 million. Capital assets net of depreciation were \$33.5 million, net assets restricted for contractual obligations were \$19.5 million, and, unrestricted net assets were \$11.6 million. Fifty-two percent of total net assets (\$33.5 million) were net capital assets. From 2010 to 2011, sales tax revenue increased by 15.7% while expenses remained fairly consistent in both years.

Richard Burdine announced the Pactiv item is pulled and will return after further discussion with Pactiv.
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 10, 2012, and the time is 12:21 p.m.

At 12:23 pm Mr. Burdine informed the audience (Brennan Peel) that the Pactiv item will be considered after all.

Mr. Cannon later announced the date is still April 10, 2012, and the time is 1:24 p.m. No vote or action was taken in Executive Session.

- 6. DISCUSSION AND POSSIBLE APPROVAL OF A REVISED LETTER OF SUPPORT FOR THE CPRIT GRANT APPLICATION FOR ALSA OPERATIONS.** Last month the board approved a funding commitment of up to \$2,180,788 over the next three years as a partial match for a requested total CPRIT grant request of \$8,361,576 and to authorize the board president to sign a letter supporting the CPRIT application that was to have been submitted by the original 3/15/12 deadline.

The application deadline was extended to April 19, 2012. The correct amount that should have been requested is actually \$2,365,788. Staff mentioned including existing SBIR/STTR encumbered funds of \$185,000 to leverage CPRIT matching funds of \$370,000 but failed to add the two numbers together in the first letter.

Therefore, staff now recommends the board reauthorize President Cannon to sign a letter of support with a DCOA commitment not to exceed \$2,365,788 for an application to CPRIT for a possible Texas Life Science Incubator Infrastructure Award for the Abilene Life Sciences Accelerator. Potential CPRIT funding of up to \$8,731,576 could result from a successful application.

Marelyn Shedd made a motion to approve, by oral resolution, a revised Letter of Support to be signed by DCOA President Paul Cannon in an amount not to exceed \$2,365,788 as recommended above. The motion was seconded by Dani Ramsay and passed.

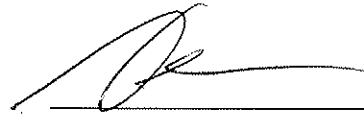
- 7. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING REVISED ASSISTANCE FOR PACTIV (FORMERLY PWP INDUSTRIES).** The DCOA has previously approved financial assistance for Pactiv for tenant improvements, capital construction investment incentives, capital equipment investment incentives and job creation incentives for Phases 1 and 2. Most of Phase 1 has been funded. After a prior revision to the assistance package, the current Phase 2 incentives package totals \$1,676,000 as follows: \$1,500,000 capital equipment incentives and \$176,000 job creation incentives, none of which has been funded.

Pactiv's Abilene facility plans to convert part of the Phase 2 warehouse space to allow for an additional manufacturing line include moving its air compressors to the exterior of the building and adding more. Pactiv has approved a budget of \$560,000 for this purpose.

Based on this new information, staff recommends the Board reduce the Phase 2 capital equipment incentive from \$1,500,000 to \$250,000 and extend the funding expiration to June 30, 2013. The funds will be reimbursed at 15% of Pactiv's actual cost up to \$1,660,000 based on invoices submitted and paid in arrears over five years. The job creation incentive of \$176,000 will stay in place and will expire in March 2013.

Scott Senter moved to approve Resolution No. DCOA-2012.16 as presented. Mike Schweikhard seconded and the motion carried.

8. **TOUR OF 4109 VINE STREET.** Staff, including Pancho Perez, Construction Project and Property Manager, guided the DCOA board members on a detailed tour of the offices and unoccupied warehouse space at 4109 Vine Street. Various previous, current and future repairs and improvements were explained in great detail along the tour.
9. **ADJOURNMENT.** The next regularly scheduled meeting is April 24th at 3:00 pm to accommodate schedules. There being no further business, the meeting was adjourned.



Paul Cannon, President