

**DEVELOPMENT CORPORATION OF ABILENE, INC.  
BOARD MEETING MINUTES  
JUNE 12, 2012**

**MEMBERS PRESENT:** Mike Schweikhard Marelyn Shedd  
Dani Ramsay

**MEMBER ABSENT:** Paul Cannon Scott Senter

**STAFF PRESENT:** Richard Burdine Kim Tarrant  
Mindy Patterson Stanley Smith  
Don Green Melissa Murphy

**GUESTS PRESENT:** Bill Ehrie, Abilene Industrial Foundation  
Brennan Peel, Abilene Reporter-News

1. **CALL TO ORDER.** Vice President Mike Schweikhard called the meeting to order at 1:35 p.m. in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
2. **APPROVAL OF MINUTES FROM THE MAY 22, 2012, BOARD MEETING.** Dani Ramsay moved to approve the minutes from the May 22, 2012 board meeting. Mike Schweikhard seconded and the motion carried.
3. **JUNE 2012 SALES TAX REPORT AND STATUS OF FUNDS REPORT FOR APRIL 2012.** Mindy Patterson reviewed first the June Sales Tax Report. The sales tax rebate for June (which represents April sales) was \$766,944 for economic development and is up 3.41% above last June. Cumulatively, sales tax is up nearly 18% above last year for the period of October through June.

On the April 2012 Status of Funds Report, Mindy pointed out some major expenditures, such as \$103,274 for the quarterly payment of the ETI Contract, \$140,000 in principal reduction for Energy Maintenance Service and \$119,882 in construction expenses for the fire safety improvements at the airport. Several million dollars had been previously approved and obligated for Project CD, waiting on signed contracts. Richard Burdine pointed out that these funds have been removed from this category and returned to the undesignated fund balance as available funds.

4. **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 June 12, 2012, and the time is 1:44 p.m. A short break was taken right before returning to open session. Vice President,

Mike Schweikhard then announced the date is still June 12, 2012, and the time is 2:55 p.m. No vote or action was taken in Executive Session.

5. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FINANCIAL ASSISTANCE FOR PROJECT JH.** Richard Burdine noted that Project JH has been in Abilene since 1971, growing from the founder as the sole employee to 30 current employees. Most of these employees earn over \$30,000/year. The Company provides many services including drill collar threading, CNC and general machining, and water well drilling swivels. Some of the products manufactured include National N-69 swivels, 250 ton hook and block combos, and hydraulic over mechanical rig jacks.

The Company wants to expand by constructing a new building and purchasing additional equipment necessary to manufacture more components. Project JH will retain its existing 30 jobs and create 22 more. The Company will also invest \$850,000 in land, construction, and capital equipment purchases.

Staff proposes an incentives package totaling \$351,000 as follows: 1) up to \$266,000 for the creation of 22 new jobs earned over three years; and 2) up to \$85,000 based on 10% of the company's actual investment in land, construction and capital equipment costs, estimated to be \$850,000, paid over three years. Annual payments will not exceed \$28,333.

Marelyn Shedd moved to approve Resolution No. DCOA-2012.21 as presented. Dani Ramsay seconded and the motion carried.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING REVISED MARKETING ASSISTANCE AS AN INCENTIVE FOR RECRUITING A SECOND AIR CARRIER TO ABILENE.** Don Green and Richard Burdine reviewed this item with the board. In the past, Abilene has competed successfully for the U.S. Dept. of Transportation's Small Community Air Service Development (SCASD) grants. Unfortunately, the last grant expired on August 2, 2011 without an award for the Abilene Regional Airport to help recruit a second air carrier. Although the Airport has an incentive policy that allows all airport fees to be waived for a new carrier for up to two years, this is not enough to attract a new air carrier.

Last July the DCOA authorized funding of up to \$200,000 as an incentive to recruit a second air carrier to Abilene. The funds would be expended for marketing on behalf of a new air carrier by the Airport's Business Development Office rather than paid to the carrier. Additionally, if the City was unsuccessful in getting a SCASD grant in 2011, the DCOA's commitment would remain in place for another SCASD grant in 2012, or if a second air carrier is recruited without a SCASD grant.

There are many benefits of having a second air carrier, including: 1) increased retention of potential passengers in our service area (now 56%), reducing our “leakage” to other airports; 2) increased fare competition; and 3) providing American Eagle opportunities to bid on additional ground service contracts.

A consulting firm has proposed a Travel Bank as an alternate incentive instead of a revenue guarantee to the carrier. This would be set up with funds from local users, made up of 12-month individual and corporate commitments to travel to a specific hub airport; in this case Denver, to provide service to the west. These commitments are realized by placing funds in a bank which issues a debit card to the user. Funds not used within the first 12 months of service are forfeited to the airline.

Staff recommends the DCOA provide a 15% match to private commitments to the Airline Travel Bank, not to exceed \$112,500 (or 15% of \$750,000) to be taken from the \$200,000 previously approved by the DCOA for marketing. This will match funds committed by any company or individual in the Abilene Airport service area. The Airport has applied to the USDOT for a SCASD grant to support new air service with an anticipated grant award by September 2012. No funding will be deposited by either potential users or the DCOA until a second air carrier commits to provide air service. The DCOA’s match will be the incentive for pre-paying into the Travel Bank. Because it is expected to take 12 to 18 months to get commitments from the community for the Travel Bank, staff recommends the DCOA extend the sunset provision from September 30, 2013 to September 30, 2015.

Dani Ramsay moved to approve Resolution No. DCOA-2012.18 as presented. Marelyn Shedd seconded and the motion carried.

7. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AMENDING THE ASSISTANCE TO CISCO COLLEGE ORIGINALLY APPROVED TO HELP WITH THE SET UP OF A BIOTECH TECHNICAL CERTIFICATION TEACHING LAB.** Richard Burdine reminded the board that in July of 2010, the DCOA authorized a grant to Cisco College of \$67,650 as a 50% match to the state grant in support of their one-year Biotech Technician Certification Program. To date, \$45,702 has been disbursed for the purchase of necessary equipment, mobile lab benches and stools, and the construction of the new classroom and lecture hall on the existing second floor. The remaining balance is \$21,948.

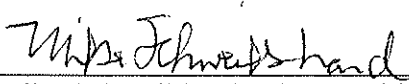
The first graduating class of the program will be at the end of August 2012. In order to give the students “hands-on” experience, Cisco College and Dr. Laurence Wood with the TTUHSC Center for Immunotherapeutic Research (CITR) have partnered to develop a 10-week internship program to allow students to work with research assistants at TTUHSC CITR as the internship site. Cisco College has signed an Interagency Cooperation Agreement with TTUHSC that includes \$17,000 to cover the internship expenses of four adjunct research instructors (\$10,000) and reagents & supplies (\$7,000).

The remaining \$4,948 balance is needed to cover the costs of readying the classroom across the hall from the lab for the Biotechnology program.

Staff recommends the DCOA approve the reallocation of the remaining \$21,948 as follows: \$17,000 for the new Biotechnology Internship program and \$4,948 for improvements to the newly dedicated Biotechnology Internship classroom at Cisco College.

Marelyn Shedd moved to approve Resolution No. DCOA-2012.22 as presented. The motion was seconded by Dani Ramsay and carried.

**8. THERE BEING NO FURTHER BUSINESS, THE MEETING WAS ADJOURNED.**

  
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Mike Schweikhard, Vice President