

**DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
JULY 24, 2012**

MEMBERS PRESENT: Paul Cannon Mike Schweikhard
Marelyn Shedd Dani Ramsay

MEMBER ABSENT: Scott Senter

STAFF PRESENT: Richard Burdine Kim Tarrant
Mindy Patterson Dan Santee

GUESTS PRESENT: Jon Weidanz, TTUHSC
Tommy Downing, Dyess Civil Engineers
Dwight Williams, Dyess Airspace Manager
Brennan Peel, Abilene Reporter-News

1. **CALL TO ORDER.** President Paul Cannon called the meeting to order at 1:30 p.m. in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
2. **APPROVAL OF MINUTES FROM THE JULY 12, 2012, BOARD MEETING.** Mike Schweikhard moved to approve the minutes from the July 12, 2012 board meeting. Marelyn Shedd seconded and the motion carried.
3. **SALES TAX REPORT FOR JULY 2012 AND STATUS OF FUNDS REPORT FOR JUNE 2012.** Mindy Patterson mentioned that the sales tax rebate for July for economic development was \$756,886 which represents May sales. This is 0.95% above last year and 16.26% higher than last year for the period of October through July. The June expenditures include \$541,343 for Tower Tech; \$97,515 for construction of fire safety improvements to the EASI hangars; \$22,000 to TMAC FY12 for job training; and a refund from TLP of \$11,366 in architectural fees on the EASI Hangar 4 project.
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.

President Paul Cannon announced the date is July 24, 2012, and the time is 1:46 p.m. President Paul Cannon then announced the date is still July 24, 2012, and the time is 3:24 p.m. No vote or action was taken in Executive Session.
5. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING PHASE 4 ASSISTANCE FOR SMITH PIPE.** Marelyn Shedd left the meeting during discussion due to a perceived conflict.

Smith Pipe has received prior assistance from the DCOA since May 2011 for Phases 1, 2 and 3 expansion projects, including revisions. The Company now wants to expand its tank manufacturing operation, otherwise known as Phase 4, and has purchased 35 more acres of land. They have begun constructing a 45,000 sq ft building and additional equipment will be purchased, which is estimated to cost \$4 million. This expansion is expected to employ 50 additional people.

The company requests and staff recommends, the DCOA approve 10% up to \$400,000 as capital investment incentive for Phase 4 construction and equipment purchases. Smith Pipe also requests this incentive be advanced under a separate note receivable upon completion of construction and the DCOA's receipt of documentation evidencing actual costs. The loan will be secured by a letter of credit and forgiven over three years in equal annual amounts of \$133,333. Because the project is located in the City's ETJ, approval by the Taylor County Commissioners' Court will be required prior to finalization of the deal.

Dani Ramsay moved to approve Resolution No. DCOA-2012.25 as presented. Mike Schweikhard seconded and the motion passed by unanimous consent, with Marelyn Shedd not present for the vote.

6. **PRESENTATION ON THE HANGAR 4 CONSTRUCTION PROJECT AND FIRE SAFETY IMPROVEMENTS AT THE AIRPORT.** Richard Burdine presented a summary of expenses for the construction of Hangar 4, fire safety improvements, and fire suppression for Hangars 0 and 1. Total A/E fees for Hangar 4 were a little more than \$66,000 under what the DCOA had approved. Total construction costs for Hangar 4 were about \$326,000 below what the DCOA had approved.

For fire safety expenses, total professional services were about \$4,600 less than the approved amount. Total expenses for the pumps, pump house, and tanks were approximately \$123,000 under the amount approved. There is approximately \$90,000 remaining in the fire suppression budget for Hangars 0 and 1, but work has not started on Hangar 1 yet. Total costs for the remaining line items have all been under the amounts approved by the DCOA. For the entire Airport Project encompassing all costs for the construction and fire safety of Hangar 4 plus fire suppression for Hangars 0 and 1, there is a reserve remaining of almost \$800,000. The only task remaining is to finish the fire suppression system for Hangar 1.

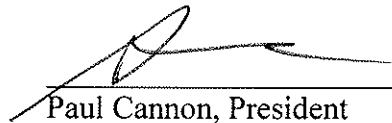
Mr. Burdine continued by reviewing the accidental foam discharge incident in Hangar 0. The best information analysis is that a lightning strike entered the electrical system of one of the exterior pull stations at the hangar. There was no evidence that the pull station had actually been activated manually. Because of this incident it was learned that lightning protection didn't exist for Hangars 0 and 1. To try and avoid another similar event, Long Electric submitted a price of \$56,737 to remove the outside pull stations and add kill switches to Hangars 0, 1 and 4. Should an accidental discharge occur, someone can

activate the kill switch and stop the fire suppression system (foam) from discharging. However they can't let go of it until the system has been disarmed.

A weir slues gate is needed in the drainage system near the big detention pond located off Highway 36. The air compressor in Hangar 4 was damaged by the foam and had to be replaced. These items will amount to approximately \$100,000. As this money has already been previously approved and in the budget, no additional funds are needed.

When the fire safety improvement project is complete, the DCOA will receive 30% back from the City of Abilene, based on actual costs.

7. **ADJOURNMENT.** The next regularly scheduled meeting is August 14th. All can make it except Scott Senter.



Paul Cannon, President