

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
DECEMBER 11, 2012

MEMBERS PRESENT: Paul Cannon — Mike Schweikhard
Scott Senter Dani Ramsay

MEMBER ABSENT: Marelyn Shedd

STAFF PRESENT: Richard Burdine Kim Tarrant
Dan Santee

GUESTS PRESENT: John Mangalonzo, Abilene Reporter-News
Terry Johnson, Ads 4 Next
Jesse Smith, KTXS

1. **CALL TO ORDER.** President Paul Cannon called the meeting to order in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
2. **APPROVAL OF MINUTES FROM THE NOVEMBER 27, 2012, BOARD MEETING.** Scott Senter moved to approve the minutes from the November 27, 2012 board meeting. Mike Schweikhard seconded and the motion carried.
3. **PRELIMINARY STATUS OF FUNDS REPORT FOR OCTOBER 2012.** Some funds were allocated to a research program that was assigned to The Center 5 years ago. Broadwind Towers (Tower Tech) was able to earn a \$120,000 reduction toward their capital investment incentive loan. Fire safety work on Vine Street was paid in October, and Lee Ann Woods was put under contract for work on a biotech marketing and PR plan. Projects that are pending contracts are listed on the last page of the report.
4. **PRESENTAION BY TERRY E. JOHNSON, PRESIDENT AND CEO OF ADS 4 NEXT, WHICH ENCOURAGES ENTERPENEURSHIP IN HIGH SCHOOL STUDENTS.** Mr. Terry Johnson explained that Ads 4 Next is a non-profit organization providing opportunities for high school students to earn \$5,000 for college through teaching them entrepreneurship. Ads 4 Next connects local consumers, advertisers, and students. Consumers can save money and advertisers can connect directly to consumers while students are learning entrepreneurship and earning money for college.

Ads 4 Next's goal for 2013 is to deposit \$125,000 in their College Empowerment Account. They had 80 advertisers for the first year, they are planning to triple that number and increase site members from 2,000 to 10,000 by the summer of 2013. Ads 4 Next also is expanding their market to the San Angelo and the Brownwood areas.

Ads 4 Next is asking DCOA's sponsorship of \$7,500 over 3 years (@ \$2,500/year) for its training and education component. DCOA's name will be on their banner, print and sales materials as they present their program.

- 5.1 **EXECUTIVE SESSION #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 11, 2012, and the time is 2:05 p.m. Later, President Paul Cannon announced the date is still December 11, 2012, and the time is 3:10 p.m. No vote or action was taken in Executive Session.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING COST SHARING WITH DEVRON ABILENE, LLC FOR EXTENSION OF A WATER LINE IN FIVE POINTS BUSINESS PARK TO SERVE A NEWLY CONSTRUCTED FEDEX GROUND DISTRIBUTION CENTER FACILITY ON ARNOLD BLVD. AND OTHER LOTS OWNED BY THE DEVELOPMENT CORPORATION OF ABILENE, INC.** Mr. Burdine explained Devron Abilene, LLC extended an existing water line during construction of the new Fed Ex Ground facility in the Five Points Business Park on Arnold Blvd, which also extended benefit to other properties on Five Points Parkway. This construction was previously estimated at \$83,120. Devron requested DCOA participate in the amount of \$41,560, or 50% of its estimated cost, because of the benefit to other parts of the Five Points Business Park.

Scott Senter moved to approve Resolution No. DCOA-2013.07 as presented. Dani Ramsay seconded and the motion carried.

7. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AN AGREEMENT WITH TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER SCHOOL OF PHARMACY FOR PROVISION OF LIFE SCIENCES SERVICES TO PRIVATE AND PUBLIC SECTOR CUSTOMERS FROM THE ABILENE LIFE SCIENCES ACCELERATOR AT 1325 PINE.** Mr. Burdine reported the recession is affecting funding of early stage biotech companies. As funding becomes tighter, Venture Capitalists are demanding to see more effort from early stage biotech companies and their clients to reduce costs, which is helping create demand for virtual companies. Virtual companies contract out most of their research and business functions, which also creates demand for university Contract Research Organizations (CROs) to perform those tasks.

To increase jobs and activities at the Abilene Life Sciences Accelerator (ALSA), DCOA will continue to recruit early stage biotech companies to the ALSA for incubation, but staff proposes a contract with Texas Tech University Health Sciences Center (TTUHSC) to provide R&D services to virtual and regular companies via a Contract Research

Organization (CRO) managed by TTUHSC School of Pharmacy through the Center for Immunotherapeutic Research & Product Development (The Center).

Contracting with TTUHSC will create a center of operation in the ALSA to do contract research work for a variety of customers and become a source of jobs. It will also provide internships and faculty training opportunity through the proposed CRO. The CRO's proposed FY13 budget for management/personnel costs, research supplies and academic consulting fees is \$600,440, which includes employment of up to 7 people in the ALSA. The DCOA would continue to be responsible for building and equipment maintenance as well as utilities and other operating costs. All revenue collected by The Center for contract work and knowledge assessments will be invoiced and paid to the DCOA to offset these expenses.

In this scenario, The Center is not generating funds for Texas Tech. The Center is performing the work via contract with other organizations. Revenues DCOA receives should not only cover the cost for this contract, but over the long term it should generate enough revenue to start reducing the operating subsidy the board currently pays.

Resolution DCOA-2013.08 was handed to the board, which authorizes a 3-year contract with TTUHSC School of Pharmacy through the Center for Immunotherapeutic Research & Product Development for provision of life sciences services from the ALSA to private and public sector customers and establishment of a CRO. Also authorized is funding of \$450,330 for management and personnel costs plus research supplies and academic consulting fees for the remaining 9 months of FY13. Funding for years 2 and 3 will be approved when TTUHSC establishes a new fiscal year budget for these costs.

Mike Schweikhard moved to approve Resolution No. DCOA-2013.08 as presented. Dani Ramsay seconded and the motion carried.

8. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AN AMENDMENT TO THE AGREEMENT FOR FINANCIAL ASSISTANCE WITH RECEPTOR LOGIC, INC.** Mr. Burdine reported that Receptor Logic Inc. has 5 years left on their contract with the DCOA, and they would like the ability to become the first customer of The Center by contracting for production of proteins and releasing its lab employees. By doing so, RL will not have the opportunity to reduce the \$3 million relocation clawback, which expires at the end of 10 years (in 2017) or would be triggered if RL is sold before the end of the 10th year.

An alternative method to reduce the clawback is needed since the company will no longer have employees necessary to earn reductions to the clawback balance. Staff proposes a formula whereby RL can earn reductions based on the value of research work RL contracts to The Center less \$250,000/year, plus the value of research work from other companies that RL and/or Emergent Technologies, Inc. recruit to The Center. In this scenario, the proposed formula requires that RL contract for a minimum of \$250,000 work each year, and any work valued above the \$250,000 threshold would be credited

against the balance. RL would also receive full credit for all work recruited to The Center by RL or ETI.

Resolution DCOA-2013.09 was handed to the board, which authorizes an amendment to the existing Agreement for Financial Assistance with RL providing for an alternative method for RL to reduce the \$3 million relocation clawback as described above. Dani Ramsay moved to approve Resolution No. DCOA-2013.09 as presented. Mike Schweikhard seconded and the motion carried. Scott Senter abstained from voting.

- 5.2 EXECUTIVE SESSION #2.** 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 11, 2012, and the time is 3:35 p.m. Later, President Paul Cannon announced the date is still December 11, 2012, and the time is 4:05 p.m. No vote or action was taken in Executive Session.

- 9. ADJOURNMENT.** The next DCOA Board meeting will be Jan. 8th and all board members present said they would attend. There being no further discussion, the meeting was adjourned.



Paul Cannon, President