

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
APRIL 30, 2013

MEMBERS PRESENT: Paul Cannon Scott Senter
 Dani Ramsay Marelyn Shedd
 Dave Copeland

STAFF PRESENT: Richard Burdine Kim Tarrant
 Stan Smith

GUESTS PRESENT: Ed Merrifield, Enavail & ETI
 Kat M.
 Bill Ehrie, Abilene Industrial Foundation
 Paul P., Holiday Inn Express, I-20
 John Mangalonzo, Abilene Reporter-News
 Jennifer Kendall, KTXS-TV
 Jesse Smith, KTXS-TV
 Jon Weidanz, TTUHSC
 Lee Ann Woods, Consultant

- 1. CALL THE MEETING TO ORDER.** President Paul Cannon called the meeting to order at 1:33 p.m. in the conference room of the Abilene Laboratories, 1325 Pine Street, Abilene, Texas.
- 2. APPROVAL OF MINUTES FROM THE APRIL 2, 2013, BOARD MEETING.** Dave Copeland moved to approve the minutes from the April 2, 2013 board meeting. Scott Senter seconded and the motion carried.
- 3. APRIL 2013 SALES TAX REPORT AND MARCH 2013 STATUS OF FUNDS REPORT.** Richard Burdine reviewed the reports. The total City sales tax rebate for April is \$3,203,853, which represents February sales. This amount is 4.5% above last year and 9.68% above the projected FY13 budget amount. The breakdown is \$2,402,890 to the General Fund and \$800,963 for economic development. For the period October 2012 through April 2013, sales tax revenue is 5.06% below last year and 4.76% above the projected FY 13 budget amount.

In addition to sales tax, another major source of revenue in March was the \$146,115 received in lease income. Aside from routine monthly expenses, several major expenses in March include the following: \$176,434 in incentive payments to Tower Tech (Broadwind Towers); \$62,844 to Cooperative Response Center in incentive payments; \$170,000 to Fehr Foods in incentive payments, a little over \$46,000 for Pactiv's compressor relocation construction project, and about \$77,546 spent on Vine St. construction and repairs.
- 4. 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 April 30, 2013, and the time is 1:41 p.m. Later, President Cannon announced the date is still April 30, 2013, and the time is 2:15 p.m. No vote or action was taken in Executive Session.

5. **DISCUSSION & POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT RN.** Project RN is a multinational oil and gas services corporation with headquarters in Houston offering wireline, cementing, perforating, coiled tubing, logging, and hydraulic fracturing. Phase 1 of the company's expansion to Abilene will include establishment of an open hole (wireline) shop and office in a 6,000 sq. ft. building with 11 new jobs all earning over \$60k/year. Capital investment in construction, trucks and associated wireline equipment, lab equipment, and support vehicles will total about \$2.82MM. They have enough business in the area to justify this operation without consideration for the Cline Shale formation activity.

If Cline Shale development takes off, the Company will quickly move into Phase 2, which will establish the site as a "superbase" and will include separate facilities and equipment necessary for its other services. A rail spur will also be needed to accommodate sand being shipped in for use in hydro-fracturing. Phase 2 job creation could reach 132 more jobs with most earning over \$50k/year, and capital investment in construction, equipment, cranes, light duty trucks, etc. could total \$51.6MM.

Staff recommends total Phase I funding for Project RN of \$585,000 as follows: 1) land totaling 3-5 acres in Five Point Business Park valued at \$15,000/acre, or \$45,000 to \$75,000, sold to the Company and financed under a 3-year earnable note at 0% interest. The company would be given an exclusive 4-year option to the balance of land needed for Phase 2, up to 25 more acres. The DCOA will retain a right of first refusal to repurchase any excess land the company may decide to offer for sale in the future at the original sales price of \$15,000/acre; 2) job creation incentives of \$303,000 for the creation of 11 new jobs; and 3) capital investment incentives of \$282,000 for the construction of the initial 6,000 sq. ft. structure, purchase of office and lab equipment, and purchase of specialized equipment and support vehicles earned over 3 years at 10% of Project RN's proposed investment of \$2.82MM. All earned Job Creation and Capital Investment Incentives will be applied first toward the outstanding balance due under the note for purchase of the land.

In lieu of providing direct incentives for Phase 2, staff recommended the DCOA establish an "Infrastructure Reserve Fund" of \$5MM for improvements in Five Points Business Park needed for the company's operations, including installing railroad spur tracks, extending utilities to the property line, and making storm water drainage improvements. Also recommended is land valued up to \$375,000 for up to 25 acres more. All earned Job Creation and Capital Investment Incentives will be applied toward the outstanding

balance due under the note for purchase of the Phase 2 land with the remainder applied to the Infrastructure Reserve Fund. No cash will be disbursed.

Marelyn Shedd moved to approve Resolution No. DCOA-2013.19 REVISED as presented. Scott Senter seconded and the motion carried.

6. **DISCUSSION & POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FUNDING TO FINISH-OUT SPACE IN WAREHOUSE C AT 4109 VINE ST. FOR FEHR FOODS.** The DCOA-owned building at 4109 Vine St. consists of 3 large connecting warehouses B, C and D plus adjoining offices. Fehr Foods is leasing Warehouse A at 4009 Vine St. and the adjoining Warehouse B at 4109 Vine St., and recently executed an addendum to the Lease Agreement to add 21,915 sq. ft. of warehouse space (part of Warehouse C) and 1,356 sq. ft. of dock space, including two dock doors to address their immediate need for more space. In order to accommodate Fehr, Warehouse C will be subdivided using plans developed by Jacob & Martin, Ltd., which will result in a new Warehouse E. Staff recommended the DCOA ratify contracts and approve total funding of \$62,606.25 to prepare the space for occupancy by Fehr Foods.

A motion was made by Dave Copeland to approve Resolution No. DCOA-2013.18 as presented. Dani Ramsay seconded and the motion carried.

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 April 30, 2013 and the time is 2:30 pm. Note: Mr. Cannon left the meeting during this time. Later, Vice President Scott Senter announced the date is still April 30, 2013 and the time is 3:42 pm. No vote or action was taken in Executive Session.

7. **ADJOURNMENT.** There being no further business the meeting was adjourned.



Paul Cannon, President