

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
August 27, 2013

MEMBERS PRESENT: Paul Cannon Scott Senter
Dave Copeland Marelyn Shedd

MEMBER ABSENT: Dani Ramsay

STAFF PRESENT: Richard Burdine Kim Tarrant
Dan Santee

GUESTS PRESENT: Bill Ehrie, Abilene Industrial Foundation
Don Green, Director of Aviation
Dr. Cynthia Raehl, Texas Tech Health Science Center SOP
Jason Smith, President Abilene Chamber of Commerce
John Mangalonzo, Abilene Reporter-News
Judy Wilhelm, Small Business Development Center
Kate Alvarez, Airport Business Manager
Marc Gustafson, KTAB/KRBC
Mike Schweikhard, Atmos Energy
Mike Rains, City of Abilene
Philip Wicker, Texas Tech Health Science Center

1. **CALL THE MEETING TO ORDER.** President Paul Cannon called the meeting to order at 1:36 p.m. at the Abilene Laboratories, 1325 Pine St., Abilene Texas.
2. **APPROVAL OF MINUTES FROM THE JULY 9, 2013 AND JULY 30, 2013 BOARD MEETING.** Scott Senter moved to approve the minutes from the July 9, 2013 and July 30, 2013 board meetings. Marelyn Shedd seconded and the motion carried.
3. **SALES TAX FOR AUGUST 2013 AND STATUS OF FUNDS FOR JULY 2013.** Mike Rains, Assistant Director of Finance for the City of Abilene, reviewed the sales tax reports for August 2013 and status of funds for 2013. Sales tax collections for August 2013 were \$7,000 more than the same month in 2012, which equates to .78% increase. Collections are 1.68% below budget for the month of August; however they are .9% above the budget amount for the entire fiscal year. Total fund balance as of July 31, 2013 is \$73,201,280, and of that, \$36.6 million is available for programs. The largest revenue items include sales tax revenue of \$822,000 and building space rent of \$109,000 with total revenue of \$948,000 for the month. Project expenses for the month of July include: Vine Street Construction at \$102,000, Pepsi Beverage at \$70,000 and Abilene Industrial Foundation at \$51,000. Total obligated external programs is \$11,334,472, which leaves an undesignated fund balance of \$24,030,822.
4. **PRESENTATION AND POSSIBLE APPROVAL OF A COMBINED REPORT FROM THE PROJECT EVALUATION COMMITTEE ON FY 2013 CONTRACT PERFORMANCE AND FROM THE BUDGET & FINANCE COMMITTEE**

CONCERNING FUNDING PROPOSALS FOR FY 2014 FOR: Mike Schweikhard was appointed chairman of both the Project Evaluation and Budget & Finance Committees and presented reports from both. He recommends that all of the agencies be funded again next year because they are all in compliance with their current contracts. Mr. Schweikhard briefly discussed items in the reports regarding performance during FY13 by the Abilene Industrial Foundation, the Chamber Military Affairs Committee, the TTU Small Business Development Center, City of Abilene Airport Business Development Management program, and City of Abilene Business Services division

Dave Copeland moved to accept the recommendations of the committee as presented. Scott Senter seconded and the motion carried.

5. **PUBLIC HEARING: FUNDING PROPOSALS AND PROPOSED BUDGET FOR FY 14.** President Paul Cannon announced the opening of a Public Hearing at 1:50 pm and closed the Public Hearing at 1:51 pm. There were no speakers that came forward.
6. **DISCUSSION AND POSSIBLE APPROVAL OF FUNDING REQUESTS AND PROPOSED BUDGET FOR FY 2014.** Marelyn moved to approve funding requests and a proposed budget for FY 2014 for the DCOA as presented. Dave Copeland seconded and the motion carried.
7. **EXECUTIVE SESSION – 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 August 27, 2013, and the time is 1:55 p.m. Later, President Cannon announced the date is still August 27, 2013, and the time is 2:27 p.m. No vote or action was taken in Executive Session.

8. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT RZ.** Richard Burdine discussed Project RZ and he proposed use of the Spec 3 building in the Five Points Business Park for the project. Preliminary estimates for finish-out are somewhere between \$4-\$5 million and will need to be expended by the DCOA to prepare the Spec 3 building for Project RZ. The project has massive power requirements for the company's estimated \$35 million investment in capital equipment. The cost to finish-out the facility is not included in the incentive package for Project RZ because the DCOA will retain those improvements, which will be transferrable to future tenants. The facility is to be leased for 10 years and payments will be calculated at 5.25% of the cost to finish out the building plus the cost of original shell construction. Payments will begin eleven months from when we turn the finished building over to the company. The lease will include two contingent outs for the

company; 1) having their main customer sign a deal, and 2) a firm commitment from their bank.

The proposed incentives package of \$6,196,000 includes; 1) Capital Investment funding at 15% up to \$5,250,000, advanced under a promissory note secured by a letter of credit, 2) Job Training grant of \$50,000, and 3) Job Creation funding up to \$896,000 paid over 5 years .

Marelyn Shedd moved to approve resolution DCOA-2013.24 as presented, authorizing assistance for Project RZ. Scott Senter seconded and the motion carried.

9. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FY14 FUNDING FOR TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER SCHOOL OF PHARMACY CENTER FOR IMMUNOTHERAPEUTICS AND PRODUCT DEVELOPMENT (“THE CENTER”) AT ABILENE LABORATORIES.** Richard Burdine discussed “The Center” which occupies 3100 sq. ft. in the Abilene Laboratories building at 1325 Pine St. The board authorized \$450,330 in December 2012 for FY13 operations but only advanced \$208,620. Of the amount advanced, there is a carryover of \$168,411 for use in FY14. Delays in contract negotiations delayed hiring for The Center. Hiring is now on track and should be completed soon. The current request for FY14 in the amount of \$427,109 nets out the carryover from the budget amount of \$595,520.


Dave Copeland moved to approve resolution DCOA-2013.25 authorizing FY14 funding of \$427,109 for TTUHSC SOP The Center at AbLabs. Marelyn Shedd seconded and the motion carried.

10. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A LEASE WITH TEXAS TECH UNIVERISTY HEALTH SCIENCES CENTER FOR SPACE AT ABILENE LABORATORIES TO CREATE A STATE OF THE ART INTERPROFESSIONAL STERILE PRODUCTS AND BIOTECHNOLOGY TEACHING LABORATORY.** Richard Burdine discussed Texas Tech University Health Sciences Center’s proposal to lease space in Abilene Laboratories for its Sterile Products and Biotechnology Teaching Laboratory. He recommends that the space be leased to TTUHSC for a rate of \$17.00/square foot/year including all utilities for 3 years with an option to renew. The sink will have to be changed out to accommodate a teaching environment. TTUHSC SOP-Abilene Dean Dr. Cynthia Raehl explained how a nationwide problem exists with specialty compounding laboratories and testing centers whereby contaminants are making their way to consumers in various products, which have caused deaths. Their approach is to train students and practitioners to perform these tasks correctly. This teaching lab will also enable them to possibly bring practitioners into the city for a hands-on course on how to do things correctly. The Texas State Board of Pharmacy is looking for a place to train their inspectors, which is another potential use for the teaching lab.

Scott Senter moved to approve resolution DCOA-2013.26 as presented authorizing a lease with TTUHSC for space at Abilene Laboratories. Marelyn Shedd seconded and the motion carried.

EXECUTIVE SESSION 2 After a short break, President Paul Cannon announced the date is still August 27, 2013, and the time is 2:59 p.m. as the board went into another Executive Session. Later, President Cannon announced the date is still August 27, 2013, and the time is 3:45 p.m. No vote or action was taken in Executive Session

11. **ADJOURNMENT.** The next regularly scheduled meetings are September 10, 2013 and September 24, 2013. There being no further business the meeting was adjourned.



Paul Cannon, President