

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD MEETING MINUTES
April 29, 2014

MEMBERS PRESENT:	Dave Copeland Scott Senter Dani Ramsay	Marelyn Shedd John Beckham
STAFF PRESENT:	Richard Burdine Mindy Patterson	Kim Tarrant Dan Santee
GUESTS PRESENT:	Jason Smith Brian Bethel	Abilene Chamber of Commerce Abilene Reporter News

- 1. & 2. CALL THE MEETING TO ORDER & TOUR:** Prior to President Dave Copeland calling the meeting to order at 1:35 p.m. in the Eagle Aviation Services conference room, Hangar 1, 2751 Airport Blvd., Abilene, Texas, some board members and others toured Hangars 0 through 4.
- 3. APPROVAL OF MINUTES FROM THE APRIL 8, 2014, BOARD MEETING:** John Beckham moved to approve the minutes from the April 8, 2014 board meeting. Marelyn Shedd seconded and the motion carried.
- 4. SALES TAX REPORT FOR APRIL 2014 AND STATUS OF FUNDS REPORT FOR MARCH 2014:** Mindy Patterson, Director of Finance, presented the April 2014 sales tax rebate report. The total sales tax rebate received, which represents February 2014 sales was \$2,904,784. The breakdown of the rebate is \$2,178,588 to the General Fund and \$726,196 to the Economic Development Fund. The rebate is 9.33% below April of last year and 11.11% below the projected FY 14 budget. For October through April, sales tax is 2.22% below last year and 4.14% below the projected budget.

On the March 2014 Statement of Net Position, Cash and Cash Investments are \$18,249,423. Year-to-date revenue for FY14 is \$5,884,316. Expenses for the month included sixteen projects totaling \$412,617. The total amount of the six projects approved by the DCOA without signed contracts is \$1,820,760.

- 5. PRESENTATION BY RICHARD BURDINE OF THE ECONOMIC IMPACT EAGLE AVIATION SERVICES HAS HAD ON THE ABILENE ECONOMY:** Mr. Burdine gave a PowerPoint presentation to inform board members of the history of Eagle Aviation Services, Inc. (EASI) and EASI's influence on the Abilene economy. The DCOA's involvement with hangars at the Abilene Regional Airport started in 1990 when the City of Abilene and Texas State Technical College (TSTC) made a joint commitment for the development of TSTC's aerospace programs and opportunities to renovate General Aviation Hangar 4 for the FAA-certified aircraft mechanic training program.

In 1994, the DCOA began its relationship with EASI. Since 1994, DCOA renovated Hangars 1, 2 and 3, constructed Hangars 0 and 4 and constructed the Parts & Record building, as well as improvements to the fire safety system and parking lots. The DCOA has invested a total of \$17,545,921 to various projects, 9% (\$1,647,028) of which was spent for job creation incentives and 91% (\$15,898,893) was spent for the construction/renovation of buildings and purchase of the equipment that will remain the DCOA's property regardless of user.

EASI has generated payroll totaling about \$183,984,929 since 1995 and has created an average of 302.5 fulltime equivalent positions during the period. Since 1998, EASI has paid a total of \$5,810,186 in

property taxes to the City of Abilene, Taylor County, and Abilene ISD combined. EASI has also paid total lease of \$1,352,917 from 1998 to 2013. The economic benefit created by EASI through payroll, property taxes, and lease payments to the DCOA from 1998 to 2013 totals \$191,148,032 while the DCOA's investment to-date is only \$17,545,921. This calculates to a return on investment for the community of \$11.00 for each \$1.00 invested.

6. **EXECUTIVE SESSION NO. 1:** I hereby announce we are going into Executive Session pursuant to Texas Government Code Sections 551.071, 072, 074 and 087 to consult with our legal counsel, discuss real property transactions, personnel matters, 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 Dave Copeland announced the date is April 29, 2014, and the time is 1.56 p.m. Later, President Copeland announced the date is still April 29, 2014, and the time is 2:51 p.m. No vote or action was taken in Executive Session.

Dani Ramsey joined the meeting at 2:29pm.

7. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONSTRUCTION CONTRACT AND FUNDING TO ADD A DOGHOUSE TO HANGAR 1 AT THE ABILENE REGIONAL AIRPORT OCCUPIED BY EAGLE AVIATION SERVICES:** Mr. Burdine reported EASI provides aircraft maintenance service for American Eagle Airline's ATR fleet. American Airline has ordered 70 new larger jet aircraft with taller tail sections that do not fit inside any of the hangars currently occupied by EASI. On November 13, 2012, the DCOA approved resolution DCOA-2013.05 authorizing a contract with Tittle Luther Partnership/Parkhill Smith & Cooper (TLP/PSC) to design modifications to Hangars 0, 1 and, 3 to accommodate the larger aircraft. Hangar 1 is the logical first candidate for modifications because it isn't currently configured for a maintenance dock line and stands empty much of the time.

TLP/PSC and Lansford Company have determined the total cost to add 40' to the front of Hangar 1 and install 40' sliding doors on new tracks with new concrete paving to be \$2,642,049: 1) \$1,404,327 for new hangar structure/modifications and concrete foundation, 2) \$303,750 for a fire suppression system & equipment, 3) \$475,481 for concrete apron pavement (1,200 sq. yd.), 4) \$349,313 for additional concrete apron pavement replacement (1,146 sq. yd.), and 5) \$109,178 as a 5% construction contingency.

Scott Senter moved to approve Resolution No. DCOA-2014.29 with the recommended amount of \$2,642,049 to authorize a contract with Lansford Company for modifications to Hangar 1 in order to accommodate larger regional jets with taller tail sections. John Beckham seconded and the motion carried.

8. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONSTRUCTION BUDGET FOR EXPANSION AND FINISH-OUT OF SPEC 3 AT 6558 FIVE POINTS PARKWAY FOR TENANT CARBONLITE RECYCLING:** Mr. Burdine reported CarbonLITE Recycling, LLC is the largest producer of food-grade post-consumer recycled polyethylene terephthalate (PET) in the world. On August 27, 2013, the board approved resolution DCOA-2013.24 authorizing financial assistance totaling \$6,196,000 for CarbonLITE to open its second recycling plant here.

In December 2013, the company visited the Abilene site and expressed their need for an additional 100,000 sq. ft. as warehouse space and 10,000 sq. ft. as office space. The estimated cost for finish-out, including the additional warehouse and office space increased the preliminary finish-out estimate from \$4-5 million to \$11,800,850. On January 14, 2014, the board approved resolution DCOA-2014.15 authorizing a contract with Tittle Luther Partnership/Parkhill Smith Cooper and funding of \$759,601 for architectural, civil, structural, mechanical, plumbing and electrical design services based on CarbonLITE's new requirements and the increased construction budget. To move the project forward, a construction budget not to exceed \$11,041,249 is requested with staff returning to the board once construction bids are received.

Dani Ramsey moved to approval resolution DCOA-2014.31 authorizing a construction budget of \$11,041,249 for finish-out of the Spec 3 Building at 6558 Five Pts. Pkwy to CarbonLITE's specifications. She added that there will be additional negotiations with CarbonLITE for the actual lease agreement. Marelyn Shedd seconded and the motion carried.

- 9. DISCUSSION AND POSSIBLE APPROVAL OF AN AGREEMENT WITH HWH GROUP TO SECURE NEW MARKETS TAX CREDITS AND A TEXAS ENTERPRISE FUND AWARD TO OFFSET SPEC 3 BUILDING EXPANSION COSTS:** Mr. Burdine reported the DCOA Board approved an \$11 million construction budget for the expansion of the Spec 3 Building to lease to CarbonLITE Recycling, LLC (Resolution DCOA-2014.31). To offset the cost, staff recommends looking for other sources of funds such as New Market Tax Credits (NMTC) and the Texas Enterprise Fund (TEF). HWH Group has extensive experience with both programs and will be able to help the DCOA secure a TEF award with no payment in addition to the fee they receive for securing a NMTC for the project.

If NMTC can be secured for the project, the DCOA could receive approximately \$3.6 million. In addition, if a TEF grant were approved for the project, the DCOA would expect \$0.6 to \$1 million. Fees in the NMTC transaction, including CDE, attorney, consultant and accountant will be deducted from the gross proceeds of the sale of the tax credits before funds are transferred to the DCOA. HWH Group would receive a consultant fee of approximately \$350,000 at closing of the deal, based on 2% of a \$17.8 million in tax credits. The total potential funding will be \$4,200,000 to \$4,600,000 including \$3,600,000 for NMTC and \$600,000 to \$1,000,000 for the TEF.

John Beckham moved to approve an oral resolution authorizing an agreement with HWH Group to secure New Markets Tax Credits and a Texas Enterprise Fund to offset Spec 3 building finish-out costs. Scott Senter seconded and motion carried.

- 10. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AN EXTENSION OF THE PROFESSIONAL SERVICES CONTRACT WITH RICHARD BURDINE FOR CEO SERVICES THROUGH JULY 2014:** President Copeland reported Richard Burdine's current contract expires on May 31, 2014. A new CEO has not been hired yet and is not likely to be in place by May 31st. For that reason he proposes an extension of the contract for 2 months through July 2014.

The funding required for the extension is \$25,280.50 as follows: 1) \$22,939.50 for payments in June and partial payment for July because Mr. Burdine will be on vacation, 2) \$775 for the estimated unused leave balance, and 3) \$1,566 for professional liability insurance coverage through July.

Dani Ramsey moved to approval resolution DCOA-2014.30 authorizing a 2-month extension of the professional services contract with Richard Burdine and additional funding for continuity of client care during the process of identifying, hiring, and orienting a new CEO. Marelyn Shedd seconded and motion carried.

- 6. EXECUTIVE SESSION NO. 2:** I hereby announce we are going into Executive Session pursuant to Texas Government Code Sections 551.071, 072, 074 and 087 to consult with our legal counsel, discuss real property transactions, personnel matters, 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 Dave Copeland announced the date is April 29, 2014, and the time is 3:13 p.m. Later, President Copeland announced the date is still April 29, 2014, and the time is 4:01 p.m. No vote or action was taken in Executive Session.

- 11. ADJOURNMENT:** The regularly scheduled meeting for May 13, 2014 has been cancelled. The next DCOA board meeting will be on May 27, 2014. There being no further business the meeting was adjourned.



Dave Copeland, President