

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

**MEMBERS PRESENT:**     Dave Copeland             Dani Ramsay  
                              Scott Senter             John Beckham

**MEMBER ABSENT:**     Marelyn Shedd

**STAFF PRESENT:**     Richard Burdine         Kim Tarrant  
                              Daniel Santee

**GUESTS PRESENT:**    Joe Crawford             Abilene Aero/CEO Search Committee Chair  
                              Jason Smith             Abilene Chamber of Commerce  
                              Yvonne Batts            Batts Communications/Abilene Industrial  
                                                                                  Foundation Board Chair  
                              Justin Jaworski         Abilene Industrial Foundation  
                              Christopher Collins     Abilene Reporter News

1.    **CALL THE MEETING TO ORDER:** President Dave Copeland called the meeting to order at 1:31 p.m. at Abilene Laboratories, 1325 Pine St., Abilene Texas.
  
2.    **APPROVAL OF MINUTES FROM THE JUNE 10, 2014, AND JULY 16, 2014 BOARD MEETINGS:** Scott Senter moved to approve the minutes from the June 10, 2014 and July 16, 2014 board meetings. Dani Ramsey seconded and the motion carried.
  
3.    **SALES TAX REPORT FOR JULY 2014 AND STATUS OF FUNDS FOR MAY 2014 AND JUNE 2014:** Richard Burdine presented the July 2014 sales tax rebate report. The total sales tax rebate received was \$3,177,228.19, which represents May 2014 sales. The breakdown of the rebate is \$2,382,921.14 to the General Fund and \$794,307.05 to Economic Development. The total rebate is 3.95% below last year and 7.09% above the projected FY 14 budget amount. Sales tax collections for FY14 July are 2.37% below last year and 3.15% below the projected budget amount.  
  
On the May 2014 Statement of Net Position, the Cash and Cash Investments totaled \$19,127,333. The Year-to-date total revenue is \$7,881,772. Expenses for May include 13 projects totaling \$369,423. The total amount of the four projects approved by the DCOA without signed contracts is \$1,110,850.  
  
For June 2014, Cash and Cash Investments totaled \$19,530,313. The total year-to-date revenue is \$8,841,536. Expenses for June include 16 projects totaling \$363,126. The total amount of the five projects approved by the DCOA without signed contracts is \$1,848,500.
  
4.    **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 July 29, 2014, and the time is 1:35 p.m. Later, President Copeland announced the date is still July 29, 2014, and the time is 2:00 p.m. No vote or action was taken in Executive Session.

5. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING THE DCOA TO RECOMMEND THE HIRING OF A DIRECTOR OF ECONOMIC DEVELOPMENT/CEO OF THE DCOA TO THE CITY OF ABILENE PURSUANT TO THE CONDITIONS SET FORTH IN THE FIRST AMENDED FY14 CONTRACT BETWEEN THE DCOA AND THE CITY:** President Dave Copeland recommended Kent Sharp as the most qualified candidate for CEO of the DCOA after the CEO Search Committee and consultants from Waverly Partners performed their due diligence to find candidates for the position. Mr. Copeland requested the board approve a resolution whereby Mr. Sharp will be the recommended candidate to the City of Abilene for hire. If approved, Mr. Sharp's official start date will be September 8<sup>th</sup>, 2014.

John Beckham moved to approve resolution DCOA-2014.39. Dani Ramsey seconded and the motion carried.

6. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AN EXTENSION OF THE PROFESSIONAL SERVICES CONTRACT WITH RICHARD BURDINE FOR CEO SERVICES THROUGH AUGUST 2014:** Mr. Copeland explained that with Mr. Sharp's start date as the new CEO on September 8<sup>th</sup>, the DCOA is requested to approve a resolution to again extend the contract with consultant Richard Burdine to from July 31, 2014, to Friday, August 29, 2014. The total funding required for the extension is \$17,802.65. The breakdown of the funding is \$15,293 for contract extension for one month effective August 1, 2014, \$2,043.25 for additional unused sick and vacation leave, and \$466.40 for reimbursement for professional liability insurance.

Dave Copeland moved to approve resolution DCOA-2014.36 authorizing a one-month extension to August 29, 2014, of the professional services contract with consultant Richard Burdine. Scott Senter seconded and the motion carried.

7. **DISCUSSION AND POSSIBLE APPROVAL OF ENGAGEMENT LETTERS WITH A FINANCIAL ADVISORY AND BOND COUNSEL FOR SERVICES ASSOCIATED WITH THE DCOA'S BORROWING OPTIONS FOR FINISH-OUT OF THE SPEC 3 BUILDING FOR OCCUPANCY BY CARBONLITE RECYCLING, LLC:** Mr. Burdine explained the DCOA board approved in April of this year an increased construction budget of \$11.8 million for finish-out and expansion of the Spec 3 building in the Five Points Business Park for occupancy by CarbonLITE Recycling. In addition to the design and construction budget of \$11.8 million, the DCOA will also provide an earnable loan of up to \$5.25 million secured by a letter of credit, in exchange for the company's capital equipment investment which is estimated to be over \$35 million. Therefore, the total project cost for CarbonLITE has increased to \$17 million.

The DCOA board prefers not to carry debt but it must assess its borrowing options to accommodate this major client's needs. CarbonLITE will pay rent to the DCOA, property taxes to the community, and create quality employment for Abilene citizens. Mr. Burdine suggested that the board engage the services of the City's bond counsel (McCall, Parkhurst & Horton,

LLP) and financial advisor (First Southwest Company) for long-term financing options through the sale of economic development sales-tax backed revenue bonds with 15 to 20 year terms. These two companies can assist the DCOA in the process by structuring the long-term debt and assuring that all state requirements are met and reviewed as well as recommending a bond package to the City Council for approval per the DCOA Bylaws. Once approved by the City Council, the DCOA would begin selling bonds in 18 to 24 months from when the project is complete to pay off the interim construction loan. The final number of bonds needed to sell will be determined closer to the sale date and any offsetting revenues from other sources that the DCOA is now pursuing will be taken into account.

Dani Ramsey moved to approve resolution DCOA-2014.37 authorizing the engagement of First Southwest Company's financial advisory services and McCall, Parkhurst & Horton, LLP's bond counsel services. Scott Senter seconded and the motion carried.

8. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING REIMBURSEMENT TO DCOA FOR PAYMENT OF EXPENDITURES IN CONNECTION WITH FINISH-OUT AND EXPANSION OF THE SPEC 3 BUILDING FOR OCCUPANCY BY CARBONLITE RECYCLING, LLC MADE PRIOR TO THE ISSUANCE OF OBLIGATIONS TO FINANCE THE PROJECT:** Mr. Burdine explained that in response to the possible issuance of sales tax-backed revenue bonds, he recommends the DCOA authorize reimbursement to itself for expenditures incurred for design, construction, installation, and equipping of improvements and finish out of Spec 3 for occupancy by CarbonLITE Recycling in advance of the debt issuance. The reimbursement will come once the bonds are sold. At the present, the fiscal impact of this resolution is unknown.

John Beckham moved to approve resolution DCOA-2014.38 authorizing reimbursement to the DCOA for expenditures in connection with the construction, installation, and equipping of improvements and finish out of Spec 3 at such time as it issues obligations to finance the project. Scott Senter seconded and the motion carried.

9. **DISCUSSION AND POSSIBLE APPROVAL OF A CONTRACT WITH IMPERIAL CONSTRUCTION FOR FINISH-OUT AND EXPANSION OF THE SPEC 3 BUILDING FOR OCCUPANCY BY CARBONLITE RECYCLING, LLC:** Mr. Burdine explained the DCOA board authorized him to negotiate a contract on behalf of the board for construction of the finish-out and expansion of the Spec 3 building in the Five Points Business Park for occupancy by CarbonLITE Recycling. He is to return to the board once bids are received for approval of a contract.

In order to keep the construction cost as close as the approved budget of \$11,041,249 Jack Harkins of TLP/PSC and Mr. Burdine have negotiated with Imperial Construction, Inc. for a Guaranteed Maximum Price (GMP) contract. Under the GMP contract, Imperial Construction will work with TLP/PSC during the preconstruction phase to determine the best practices and most effective way to design and build the necessary improvements. Imperial Construction will then propose a cost of work and add its fee of 5% to the total cost. The GMP amount is not yet determined because plans for the construction are not yet complete. Should the final GMP and fees exceed the DCOA's construction budget of \$11,041,249, CarbonLITE has agreed to pay the difference to Imperial Construction. Final design of the construction is


expected in a couple months and Imperial should begin construction shortly thereafter with an expected completion in spring of 2015.

John Beckham moved to approve resolution DCOA-2014.35 authorizing a GMP contract with Imperial Construction, Inc. for the finish-out and expansion construction of Spec 3 for occupancy by CarbonLITE Recycling, LLC. Dani Ramsey seconded and the motion carried.

4. **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 July 29, 2014, and the time is 2:25 p.m. Later, President Copeland announced the date is still July 10, 2014, and the time is 3:15 p.m. No vote or action was taken in Executive Session.

10. **ADJOURNMENT:** The next meeting is scheduled for August 12, 2014. There being no further business the meeting was adjourned.



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Dave Copeland, President