DEVELOPMENT CORPORATION OF ABILENE, INC. BOARD MEETING MINUTES August 2, 2018

MEMBERS PRESENT: John Beckham Jack Rich Greg Blair

Seaton Higginbotham Vic Corley

STAFF PRESENT: Kent Sharp Kim Tarrant Rick Jones

Cynthia Nesmith

GUESTS PRESENT: Mark Zachary McMahon Surovik Suttle, PC

Chris Shelton McMahon Surovik Suttle, PC

Marjorie Knight City of Abilene Finance

Michael Rice City of Abilene

Justin Jaworski Abilene Industrial Foundation

Doug Williamson Abilene Chamber MAC

Don Green Abilene Airport
Kate Alvarez Abilene Airport
Alaisha Montanez City of Abilene
Donna Albus Councilwoman

Doug Peters Abilene Chamber of Commerce

- 1. CALL THE MEETING TO ORDER: President John Beckham called the meeting to order at 11:20 a.m. at 555 Walnut St., 2nd floor, City Council Chambers, Abilene, Texas.
- 2. APPROVAL OF MINUTES FROM THE JULY 18, 2018, BOARD MEETING: Greg Blair moved to approve the minutes from the July 18, 2018, board meeting. Vic Corley seconded, and the motion carried.
- **3. FINANCIAL REPORT FOR JUNE 2018:** Marjorie Knight with the City's Finance department presented the Financial Report for June 2018. The DCOA's total current assets as of June 30, 2018 were \$30,975,590. The June revenues totaled \$936,785 and total expenditures were \$480,058 with \$274,667 being spent on six different projects.
- **4. EXECUTIVE SESSION SESSION** 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 John Beckham announced the date is August 2, 2018 and the time is 11:25 a.m. Later, President Beckham announced the date is still August 2, 2018 and the time is 11:43 a.m. No vote or action was taken in Executive Session.

5. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING AMENDED FINANCIAL ASSISTANCE FOR LONE STAR CANVAS & SIGN WORKS AND/OR LONE STAR DRY GOODS CO.: Kent Sharp, CEO of the DCOA, requested approval of resolution DCOA-2018.23 authorizing amended financial assistance for Lone Star Canvas & Sign Works, Inc. (Lone Star). Recently, First Financial Bank refinanced debt for Lone Star and Lone Star Dry Goods Co. ("restructured indebtedness") which included a

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note guaranteed 50% by the DCOA. Lone Star requested the DCOA keep its original obligation to Lone Star Canvas & Sign Works, which is the manufacturing operation, under the new restructured indebtedness with First Financial Bank.

Seaton Higginbotham moved to approve resolution DCOA-2018.23 authorizing amended financial assistance for Lone Star Canvas & Sign Works. Jack Rich seconded and the motion passed.

6. DISCUSSION AND POSSIBLE APPROVAL OF A DCOA REVISED BUDGET FOR FY 2018 AND NEW BUDGET FOR FY 2019: Mark Zachary reminded the board that they are governed by Section 22.230 of the Texas Business Organizations Code (TBOC) which provides for contracts or transactions involving interested directors, officers and members, and that if any board member works in a managerial capacity or has a financial interest in an entity that is involved in a matter that comes before the board, the board member is not prohibited from participating in discussion or voting on the item (with an exception noted in the TBOC concerning voting to make a loan to a director). However, before discussing and voting on the item, it is recommended that the board member disclose the interest in the other organization(s) to the board. Seaton Higginbotham disclosed he is on the Abilene Industrial Foundation (AIF) board and is the incoming board chair for the Abilene Chamber of Commerce. Greg Blair disclosed he is on the Military Affairs Committee (MAC) and the AIF board.

Kent Sharp gave a summary of the FY 2019 budget. Proposed revenues are \$12,664,069, proposed expenses are \$10,993,697, leaving a budget surplus of \$1,670,372. When added to the FY 2018 ending fund balance (Cash and Investment Balance) of \$19,597,180, the proposed ending fund balance of FY 2019 is \$21,267,552. Mr. Sharp went on to provide specific details of the total revenues and total expenditures, with the largest expenditures being active projects.

In the current FY 2018 budget, there is a large positive variance from approved expenditures and the proposed revised amount. The estimated variance of \$7,842,928 is mostly due to Active Project expenses that were not originally anticipated during FY 2018. The board approved expenditures of \$7,528,006 and the estimated actual expenditures are \$15,370,934 through September 30, 2018.

Jack Rich, DCOA board member, inquired about the Investment Pool revenue and if there are other options for investing the DCOA's funds. Mr. Sharp will investigate this matter further to determine alternative options. The board asked several more questions, and Mr. Sharp provided clarification of certain line items.

Jack Rich moved to approve the revised budget for FY 2018 and new budget for FY 2019. Vic Corley seconded and the motion passed.

7. **DISCUSSION OF NEXT MONTHLY BOARD MEETING:** President Beckham announced the next scheduled meeting of the DCOA board would be Wednesday, August 22, 2018, at 1:30 p.m.

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8. ADJOURNMENT: There being no further business the meeting was adjourned.

John Beckham, President

https://dcoa.sharepoint.com/Shared Documents/DCOA/Minutes/FY16/2018-08-02.docx