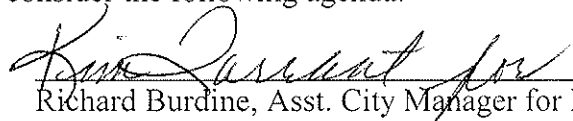


**PUBLIC NOTICE**

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, December 18, 2007, in the Develop Abilene conference room, 174 Cypress St., Abilene, Texas, 3rd floor, commencing at 1:30 p.m. to consider the following agenda:

SIGNED:

  
Richard Burdine, Asst. City Manager for Economic Development

**AGENDA**

December 18, 2007  
1:30 p.m.

Develop Abilene Conference Room  
174 Cypress St., 3rd floor

1. Call the meeting to order.
2. Approval of minutes from November 27, 2007 meeting.
3. Sales Tax report for December 2007 and Preliminary Status of Funds report for October 2007.
4. FY07 annual report from the Abilene Industrial Foundation.
5. Discussion and possible approval of an oral resolution authorizing the CEO to negotiate a construction contract for the expansion of the building located at 6450 Five Points Parkway, occupied by PWP Industries.
6. Executive Session: Pursuant to Tex. Gov't Code Sec. 551.087, an executive session may be held (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1). After discussion in executive session, any action or vote will be taken in public.

Pursuant to Tex. Gov't Code Sec. 551.072, an executive session may be held to discuss the possible exchange, lease, or value of real property associated with a project to be funded by the DCOA since deliberation in open session would have a detrimental effect on the DCOA's negotiations with a third party. After discussion in executive session, any action or vote will be taken in public.

Pursuant to Tex. Gov't Code Sec. 551.071, an executive session may be held to consult with the DCOA attorney regarding pending or contemplated litigation or a settlement offer regarding DCOA funded projects or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Government Code. After discussion of the contemplated legal matters in

executive session, any action or vote will be taken in public.

7. Discussion and possible approval of an oral resolution authorizing the CEO to negotiate an exchange of real estate with the Taylor County Expo Center, the City of Abilene and Taylor County and reimbursement to Taylor County of tax revenue lost from adoption of Freeport Tax Exemption in substantial conformance with the draft Memorandum of Understanding among the parties.
8. Adjournment

### CERTIFICATE

I hereby certify that the above notice of meeting was posted on the bulletin board at the City Hall of Abilene, Texas, on the \_\_\_\_\_ day of \_\_\_\_\_, 2007, at \_\_\_\_\_.

\_\_\_\_\_  
City Secretary

### NOTICE

Persons with disabilities who would like special assistance or need special accommodations to participate in this meeting should contact Department of Economic Development, (325) 676-6390, at least forty-eight (48) hours in advance of this meeting. Telecommunication device for the deaf is (325) 676-6360.

**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**BOARD MEETING MINUTES**  
**NOVEMBER 27, 2007**

|                         |   |   |
|-------------------------|---|---|
| <b>MEMBERS PRESENT:</b> | Ray Ferguson<br>Stan Lambert  | Joe Crawford  |
| <b>MEMBERS ABSENT:</b>  | Dee Moore   | Mike Schweikhard  |
| <b>STAFF PRESENT:</b>   | Richard Burdine<br>A.C. Alrey<br>David Wright                                       | Kim Tarrant<br>Stanley Smith<br>Dan Santee  |
| <b>GUESTS PRESENT:</b>  | Jacqueline LaCroix<br>Jordan A. Ray<br>Judy Wilhelm<br>Loretta Fulton<br>Bill Ehrie | KTXS News<br>KTXS News<br>SBDC<br>Freelance Writer<br>Abilene Industrial Foundation |

- 1. CALL TO ORDER.** Ray Ferguson called the meeting to order at 1:30 p.m. in the Develop Abilene conference room located at 174 Cypress, 3rd floor, Abilene, TX.
- 2. APPROVAL OF MINUTES FROM OCTOBER 16, 2007 MEETING.** Stan Lambert made a motion to approve the minutes from the October 16, 2007 meeting. Joe Crawford seconded and the motion carried.
- 3. SALES TAX REPORT FOR NOVEMBER 2007; PRELIMINARY STATUS REPORT FOR SEPTEMBER 2007.** David Wright reviewed the Sales Tax Report for November 2007 and the preliminary status of funds report for September 2007. The sales tax rebate for economic development is \$764,577.73, which is 3.4% above November of last year. For September 2007, total assets were nearly \$54.2 million, total liabilities were \$3.3 million, and the undesignated fund balance was \$21.9 million.
- 4. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION RATIFYING A CONTRACT WITH TITTLE LUTHER PARTNERSHIP AND FUNDING FOR DESIGN OF THE EXPANSION OF THE FORMER SPEC 2 FACILITY TO MEET THE NEEDS OF PWP INDUSTRIES.** PWP began leasing Spec 2 in the Five Points Business Park in March 2006 and began manufacturing operations in September 2006. PWP has grown more rapidly than expected, has exceeded its space needs and would like to expand on-site. In October 2007, the DCOA granted authority to the CEO to negotiate with an architectural firm to design the Phase 2 expansion. The Tittle Luther Partnership (TLP) was retained because they designed the original Spec 2 building.

Staff requests the board ratify a contract already executed with TLP and approve total funding of \$377,345 for the design of a 125,000 square-foot warehouse expansion of the facility.

A motion was made by Joe Crawford to approve Resolution No. DCOA-2008.03 as presented. Stan Lambert seconded the motion and it carried.

5. **PRESENTATION OF ANNUAL REPORTS FOR FISCAL YEAR ENDED SEPTEMBER 30, 2007 BY THE ABILENE INDUSTRIAL FOUNDATION AND THE TTU SMALL BUSINESS DEVELOPMENT CENTER.** Due to conflicting schedules, the report from the Abilene Industrial Foundation was tabled until the next DCOA board meeting. Judy Wilhelm presented the FY 07 Annual Report from the TTU Small Business Development Center. There were 67 total businesses that opened; 32.8 % in service and 26.9% in retail. A total of 348 jobs were created; 28.4% in service, 18.7% in retail, and 19.0% in accommodation & food. Capital formation was \$11.8 million with 26.8% in accommodation & food, 21.9% in manufacturing, and 14.7% in service.
6. **PRESENTATION AND POSSIBLE APPROVAL OF THE DCOA ANNUAL REPORT OF ACTIVITIES FOR FY 2007.** Richard Burdine reviewed highlights from the DCOA Annual Report of Activities for FY07. Of significance for FY07 is the establishment of a foundation for a new biotech research sector in this community, with the TTU School of Pharmacy, Receptor Logic, and Project Research Center. The Senior Safe at Home call center is also a major addition to Abilene. Also noteworthy was the DCOA's assistance with the retention of existing businesses such as Coca-Cola Bottling Company, Eagle Aviation, Abtex Beverages, and Texas Metals & Recycling. Other major board actions include authorizing the design of a Spec 3 building in the Five Points Business Park, and the board's on-going effort to work with Cisco Junior College and Texas Tech Technical College to provide employment training for Abilene's residents.

Stan Lambert moved to approve said report as presented. Joe Crawford seconded and the motion passed by unanimous consent.

7. **EXECUTIVE SESSION:** Pursuant to Tex. Gov't Code Sec. 551.087, an executive session may be held (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1). After discussion of the contemplated economic development matters in executive session, any action or vote will be taken in public.

Pursuant to Tex. Gov't Code Sec. 551.072, an executive session may be held to discuss the possible exchange, lease, or value of real property associated with a project to be funded by the DCOA since deliberation in open session would have a detrimental effect on the DCOA's negotiations with a third party. After discussion in executive session, any action or vote will be taken in public.

Pursuant to Tex. Gov't Code Sec. 551.071, an executive session may be held to consult with the DCOA attorney regarding pending or contemplated litigation or a settlement offer regarding DCOA funded projects or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Government Code. After discussion of the contemplated legal matters in executive session, any action or vote will be taken in public.

At 2:06 p.m. the Board went into Executive Session. At 3:24 p.m. the Board reconvened and announced that no vote or action was taken in Executive Session.

8. **DISCUSSION AND POSSIBLE APPROVAL OF AN ORAL RESOLUTION AUTHORIZING THE PURCHASE OF LAND FOR CONSTRUCTION OF THE LIFE SCIENCES ACCELERATOR BUILDING.** Joe Crawford moved to approve an oral resolution authorizing the purchase of land for construction of the life sciences accelerator building. Stan Lambert seconded and the motion carried by unanimous consent.
9. **ADJOURNMENT.** The next meeting will be December 18th. There being no further business, the meeting was adjourned.

---

Ray Ferguson, President

**MEMORANDUM**

December 12, 2007

**TO:** Larry D. Gilley, City Manager  
**FROM:** David M. Wright, Director of Finance  
**SUBJECT:** December Sales Tax

-----

The sales tax rebate for December is \$2,578,907.25, which represents October sales. This is 6.67% above last year. The breakdown of the December rebate is \$1,934,180.44 to the General Fund and \$644,726.81 for economic development. Of this rebate, \$90,102 is from prior periods, audit payments, future payments, and unidentified payments. Based on this rebate, sales tax is 4.39% above last year for the period of October through December. I have requested the detail from the state.

Should you have any questions, please contact me.

DMW:ls

cc: Richard Burdine, Assistant City Manager  
David Vela, Assistant City Manager  
Evalin McClain, Assistant City Manager

**CITY OF ABILENE  
SALES TAX COMPARISON**

| <b>Accounting<br/>Period Month</b> | <b>GENERAL<br/>FUND<br/>Actual<br/>2006-07</b> | <b>ECONOMIC<br/>DEVELOPMENT<br/>Actual<br/>2006-07</b> | <b>TOTAL<br/>2006-07</b> | <b>GENERAL<br/>FUND<br/>Actual<br/>2007-08</b> | <b>ECONOMIC<br/>DEVELOPMENT<br/>Actual<br/>2007-08</b> | <b>TOTAL<br/>2007-08</b> |
|------------------------------------|--|--|--------------------------|--|--|--------------------------|
| October                            | \$1,951,422.77                                 | \$650,474.25   | \$2,601,897.02           | \$2,029,217.53                                 | \$676,405.84   | \$2,705,623.37           |
| November                           | 2,229,381.42                                   | 743,127.14   | 2,972,508.56             | 2,293,733.19                                   | 764,577.73   | 3,058,310.92             |
| December                           | 1,813,239.09                                   | 604,413.03   | 2,417,652.12             | 1,934,180.44                                   | 644,726.81   | 2,578,907.25             |
| YTD                                | <u>\$5,994,043.28</u>                          | <u>\$1,998,014.42</u>                                  | <u>\$7,992,057.70</u>    | <u>\$6,257,131.16</u>                          | <u>\$2,085,710.38</u>                                  | <u>\$8,342,841.54</u>    |
| January                            | 1,877,628.47                                   | 625,876.16   | 2,503,504.63             |  |  |                          |
| February                           | 2,710,392.23                                   | 903,464.08   | 3,613,856.31             |  |  |                          |
| March                              | 1,797,210.64                                   | 599,070.21   | 2,396,280.85             |  |  |                          |
| April                              | 1,922,282.36                                   | 640,760.78   | 2,563,043.14             |  |  |                          |
| May                                | 2,554,414.62                                   | 851,471.54   | 3,405,886.16             |  |  |                          |
| June                               | 1,819,065.78                                   | 606,355.26   | 2,425,421.04             |  |  |                          |
| July                               | 1,987,476.01                                   | 662,492.00   | 2,649,968.01             |  |  |                          |
| August                             | 2,348,841.11                                   | 782,947.03   | 3,131,788.14             |  |  |                          |
| September                          | 2,013,292.73                                   | 671,097.58   | 2,684,390.31             |  |  |                          |
| FY TOTAL                           | <u>\$25,024,647.23</u>                         | <u>\$8,341,549.06</u>                                  | <u>\$33,366,196.29</u>   |  |  |                          |

NOTE: REPORT REFLECTS THE MONTH SALES TAX IS RECEIVED FROM AUSTIN. REVENUE IS RECORDED ON THIS BASIS FOR BUDGETARY PURPOSES.

THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) WILL REFLECT GASB 33 REQUIREMENT IN ADDITION TO THE BUDGET BASIS.

**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**1/2 CENT SALES TAX REVENUE**  
***FY 2008: Monthly and Year-to-Year Comparisons***

| <b>Accounting<br/>Period Month</b> | <b>Actual<br/>2006-07</b> | <b>Actual<br/>2007-08</b> | <b>%<br/>Change</b> |
|------------------------------------|---------------------------|---------------------------|---------------------|
| October                            | \$650,474                 | \$676,406                 | 3.99%               |
| November                           | 743,127                   | 764,578                   | 2.89%               |
| December                           | 604,413                   | 644,727                   | 6.67%               |
| <b>YTD</b>                         | <b>\$1,998,014</b>        | <b>\$2,085,710</b>        | <b>4.39%</b>        |
| January                            | 625,876                   |                           |                     |
| February                           | 903,464                   |                           |                     |
| March                              | 599,070                   |                           |                     |
| April                              | 640,761                   |                           |                     |
| May                                | 851,472                   |                           |                     |
| June                               | 606,355                   |                           |                     |
| July                               | 662,492                   |                           |                     |
| August                             | 782,947                   |                           |                     |
| September                          | 671,098                   |                           |                     |
| <b>FY TOTAL</b>                    | <b>\$8,341,549</b>        |                           |                     |

Note: Report reflects the month sales tax is received from Austin.  
Revenue is recorded on this basis for budgetary purposes.

The Comprehensive Annual Financial Report (CAFR) will reflect  
GASB 33 requirement in addition to the budget basis.

Revenue for December '07 represents October '07 sales. Approximately  
\$22,525 of the rebate is from prior periods, audit, and future payments.

Audit Payments: Larger businesses submit sales tax collections to the State  
Comptroller every month and smaller ones either quarterly or annually. The  
Comptroller audits the books of these businesses on a four year cycle to  
determine if sales tax was collected on all taxable sales. Audit collections  
represent the sales tax revenue from prior sales and submitted or refunded  
subsequent to the audit.



CITY OF ABILENE, TEXAS

PRELIMINARY

DEVELOPMENT CORPORATION OF ABILENE, INC.

Balance Sheet  
October 31, 2007

**ASSETS:**

|                            |                     |
|----------------------------|---------------------|
| Cash and Investments       | \$17,798,440        |
| Notes receivable           | 16,640,892          |
| Accounts receivable        | 4,500               |
| Due from other governments | 1,432,663           |
| Prepaid Expense            | 0                   |
| Total Current Assets       | <u>\$35,876,495</u> |

**OTHER ASSETS:**

|                          |                   |
|--------------------------|-------------------|
| Fixed assets             | \$20,671,347      |
| Accumulated depreciation | (3,281,334)       |
| Total Other Assets       | <u>17,390,013</u> |

TOTAL ASSETS

\$53,266,508

**LIABILITIES:**

|                   |                    |
|-------------------|--------------------|
| Vouchers payable  | \$66,919           |
| Deferred revenues | 2,344,169          |
| Total Liabilities | <u>\$2,411,088</u> |

**FUND BALANCES:**

|  |                     |
|--|---------------------|
| Investment in general fixed assets             | \$17,390,013        |
| Reserved for contractual obligations(external) | 10,270,235          |
| Reserved for obligated programs(internal)      | 1,752,171           |
| Reserved for contingent liabilities            |                     |
| Undesignated Balance                           | 21,443,001          |
| Total Fund Balance                             | <u>\$50,855,420</u> |

TOTAL LIABILITIES AND FUND BALANCES

\$53,266,508

**FIXED ASSETS:**

| Buildings and Improvements:   | Original Cost       | Improvements       | Depreciation       | Total               |
|-------------------------------|---------------------|--------------------|--------------------|---------------------|
| 2601 Airport Blvd.            | \$1,563,210         | \$540,632          | \$282,508          | \$1,821,334         |
| 2809 Airport Blvd.            | 396,519             | 444,583            | 293,458            | 547,644             |
| 2841 Airport Blvd.            | 456,736             | 62,923             | 262,261            | 257,398             |
| 4002 Loop 322                 | 1,290,916           | 2,384,891          | 1,205,519          | 2,470,288           |
| 515 acres - Five Pts Bus Park | 552,287             | 2,435,432          | 243,544            | 2,744,175           |
| 6450 Five Points Parkway      | 5,809,354           | -                  | 575,521            | 5,233,833           |
| Grant Bldg 341 Pine           | 147,194             | 405,726            | 187,767            | 365,154             |
| 303.53 acres Hwy 36 & FM 18   | 449,238             | -                  | -                  | 449,238             |
| 2742 Lance Dr. (EASI Storage) | 2,527,408           | 9,987              | 151,678            | 2,385,717           |
| 4109 Vine St                  | 583,524             | -                  | 35,012             | 548,512             |
| 4009 Vine St                  | 583,524             | -                  | 35,011             | 548,513             |
| Vehicle: 2005 Dodge Caravan   | 18,011              | -                  | 7,205              | 10,806              |
| Office Equipment: Copier      | 9,250               | -                  | 1,850              | 7,400               |
| TOTAL FIXED ASSETS            | <u>\$14,387,173</u> | <u>\$6,284,174</u> | <u>\$3,281,334</u> | <u>\$17,390,013</u> |

**DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ OCTOBER 31, 2007**

|                                    | Beginning I-T-D<br>Revenues | Current Month<br>Revenues | Current FY<br>Revenues | (MARCH, 1990)<br>Ending I-T-D<br>Revenues |
|------------------------------------|-----------------------------|---------------------------|------------------------|---|
| <b>REVENUE-TO-DATE</b>             |                             |                           |                        |   |
| City Sales Tax (3131)              | \$ 102,733,207.48           | \$ 671,698.47             | \$ 671,698.47          | \$ 103,404,905.95                         |
| Sales Tax Retained (3132)          | 241,850.15                  | 4,707.37                  | 4,707.37               | 246,557.52                                |
| Other Services Charges (3731)      | 25.00                       |                           |                        | 25.00                                     |
| Princ. - Loans & Assess (3775)     | 868,651.55                  |                           |                        | 868,651.55                                |
| Int. - Loans & Assess (3802)       | 2,060,915.74                | 2,709.06                  | 2,709.06               | 2,063,624.80                              |
| Interest (3803)                    | 5,948,089.74                | 59,568.25                 | 59,568.25              | 6,007,657.99                              |
| Land Lease (3810)                  | 7,428.83                    |                           |                        | 7,428.83                                  |
| Building/Space Rent (3816)         | 2,949,794.08                | 32,187.50                 | 32,187.50              | 2,981,981.58                              |
| City Pay Phones (3890)             | 9,170.58                    |                           |                        | 9,170.58                                  |
| Miscellaneous Revenue (3892)       | 30,227.99                   |                           |                        | 30,227.99                                 |
| EDA Grant (3305)                   | 242,100.00                  |                           |                        | 242,100.00                                |
| Miscellaneous State Grants (3359)  | 6,500.00                    |                           |                        | 6,500.00                                  |
| Miscellaneous Federal (3379)       | 937,926.00                  |                           |                        | 937,926.00                                |
| Interest on Investments (3800)     | 176,263.67                  |                           |                        | 176,263.67                                |
| Other Interest (3809)              | 32,252.85                   |                           |                        | 32,252.85                                 |
| Interfund Recovery (3828)          | 1,534,976.08                |                           |                        | 1,534,976.08                              |
| Miscellaneous Recovery (3839)      | 1,891,340.41                |                           |                        | 1,891,340.41                              |
| Miscellaneous Prior Year (3840)    | 16,464.88                   |                           |                        | 16,464.88                                 |
| DCOA Admin (3847)                  | 7,070.55                    |                           |                        | 7,070.55                                  |
| Other Contributions (3860)         | 96,866.60                   |                           |                        | 96,866.60                                 |
| Sale of Land (3870)                | 273,554.84                  |                           |                        | 273,554.84                                |
| Sale of Buildings (3871)           | 981,647.87                  |                           |                        | 981,647.87                                |
| Miscellaneous Damage Claims (3889) | 1,173.04                    |                           |                        | 1,173.04                                  |
| GASB 22 Restatement                | 355,634.89                  |                           |                        | 355,634.89                                |
| GASB 34 FY 03 Adjustment           | 579,426.49                  |                           |                        | 579,426.49                                |
|                                    | <u>\$ 121,982,559.31</u>    | <u>\$ 770,870.65</u>      | <u>\$ 770,870.65</u>   | <u>\$ 122,753,429.96</u>                  |

3.5

**DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ OCTOBER 31, 2007**

|   | Beginning I-T-D<br>Expenditures | Current Month<br>Expenditures | Current FY<br>Expenditures | Ending I-T-D<br>Expenditures | Outstanding<br>Contracts |
|---|---------------------------------|-------------------------------|----------------------------|------------------------------|--------------------------|
| <b>CONTRACTS ENCUMBERED/<br/>EXPENDITURES-TO-DATE</b> |                                 |                               |                            |                              |                          |
| Prior Years Programs                                  | \$ 57,047,456.33                |                               |                            | \$ 57,047,456.33             | \$ 82,718.88             |
| Business Services Division                            | 6,133,252.87                    | 63,409.16                     | 63,409.16                  | 6,196,662.03                 | -                        |
| DCOA Annual Contracts                                 | 1,788,884.61                    | 27,570.89                     | 27,570.89                  | 1,816,455.50                 | -                        |
| Abilene Industrial Foundation (4950)                  | 10,550,934.60                   | -                             | -                          | 10,550,934.60                | -                        |
| Caruth Small Business Dev Cntr (4951)                 | 2,045,621.05                    | -                             | -                          | 2,045,621.05                 | -                        |
| Chamber Military Affairs (4952)                       | 1,011,976.83                    | -                             | -                          | 1,011,976.83                 | -                        |
| Airport Business Dev Mgr (4953)                       | 318,606.12                      | -                             | -                          | 318,606.12                   | -                        |
| EASI Records Const. 4990                              | 2,440,442.58                    | -                             | -                          | 2,440,442.58                 | 65,854.42                |
| Murf Systems 4998                                     | 151,665.00                      | -                             | -                          | 151,665.00                   | -                        |
| Bandag Training5203                                   | 516,334.72                      | 29,135.48                     | 29,135.48                  | 545,470.20                   | 296,749.80               |
| Rentech 04 5207                                       | 335,360.00                      | -                             | -                          | 335,360.00                   | -                        |
| Sunoco Logistics 5208                                 | 143,544.00                      | -                             | -                          | 143,544.00                   | 33,456.00                |
| EASI 04 5213  | 1,020,937.66                    | -                             | -                          | 1,020,937.66                 | 2,252,000.00             |
| EHT 5216  | 98,300.00                       | -                             | -                          | 98,300.00                    | -                        |
| Fehr Food 5220  | 521,670.00                      | 523,350.00                    | 523,350.00                 | 1,045,020.00                 | -                        |
| Research Ins 5221                                     | 500.00                          | -                             | -                          | 500.00                       | -                        |
| Advanced Trailer 5224                                 | 29,750.00                       | -                             | -                          | 29,750.00                    | -                        |
| Transcend Services 5227                               | 280,157.82                      | -                             | -                          | 280,157.82                   | -                        |
| Bandag Building Improv 5228                           | -                               | -                             | -                          | -                            | 44,259.24                |
| Glazers Ph III 5229                                   | 26,280.00                       | -                             | -                          | 26,280.00                    | 64,720.00                |
| Highland Campus Health 5231                           | 128,791.66                      | 5,000.00                      | 5,000.00                   | 133,791.66                   | 368,466.67               |
| Rentech 5232  | 48,800.00                       | -                             | -                          | 48,800.00                    | -                        |
| Tige Infrastructure 5233                              | 144,397.68                      | -                             | -                          | 144,397.68                   | 74,238.00                |
| Robinson Fan 5237                                     | 126,482.00                      | -                             | -                          | 126,482.00                   | 469,394.09               |
| Reg Website 5240                                      | 4,317.07                        | -                             | -                          | 4,317.07                     | 682.93                   |
| TTU Pharmacy School 5242                              | -                               | -                             | -                          | -                            | -                        |
| Lauren Holdings 5245                                  | 259,770.00                      | -                             | -                          | 259,770.00                   | -                        |
| 36/18 A/E 5246  | 23,800.00                       | -                             | -                          | 23,800.00                    | 11,200.00                |
| Teleperformance USA 5247                              | 88,040.00                       | -                             | -                          | 88,040.00                    | 668,960.00               |
| BCBSTX Reroof Construction 5249                       | 781,098.40                      | -                             | -                          | 781,098.40                   | 49,621.60                |
| Shelter Distribution 5250                             | 44,724.96                       | -                             | -                          | 44,724.96                    | 48,117.04                |
| PWP Industries Ph I 5251                              | 610,993.77                      | -                             | -                          | 610,993.77                   | 159,469.23               |
| Abilene Internet 5252                                 | 59,340.00                       | -                             | -                          | 59,340.00                    | -                        |
| Integrated Clinic Research 5253                       | -                               | -                             | -                          | -                            | 695,502.00               |
| SBIR/STTR 5255  | 23,283.51                       | -                             | -                          | 23,283.51                    | -                        |
| Coca Cola 5256  | 300,000.00                      | -                             | -                          | 300,000.00                   | -                        |
| Welder Training Program 5257                          | 141,824.36                      | -                             | -                          | 141,824.36                   | -                        |
| Genesis Network 5258                                  | 353,533.33                      | -                             | -                          | 353,533.33                   | 739,100.00               |
| URS Consultants 5259                                  | -                               | 11,252.00                     | 11,252.00                  | 11,252.00                    | 2,500.00                 |
| Carter Burgess 5260                                   | 222,323.88                      | 10,831.35                     | 10,831.35                  | 233,155.23                   | 116,164.77               |
| Fehr Foods 5261                                       | 118,091.53                      | -                             | -                          | 118,091.53                   | -                        |
| TMAC 5262   | 30,000.00                       | -                             | -                          | 30,000.00                    | 30,000.00                |
| SBIR/STTR 5263  | 37,612.59                       | 7,387.75                      | 7,387.75                   | 45,000.34                    | 226,399.66               |
| EASI 7th Doc 5265                                     | 86,119.14                       | -                             | -                          | 86,119.14                    | 188,880.76               |
| BMWT Leasing 5266                                     | -                               | -                             | -                          | -                            | 10,533.00                |
| ABTEX Beverage 5267                                   | -                               | -                             | -                          | -                            | 1,599,040.00             |
| MSSC Training 5269                                    | 35,479.08                       | -                             | -                          | 35,479.08                    | 47,925.92                |
| Receptor Log 5270                                     | 57,404.62                       | 43,247.60                     | 43,247.60                  | 100,652.22                   | 1,899,063.88             |
| WTCIC 5272  | 16,582.00                       | -                             | -                          | 16,582.00                    | 16,582.00                |
| Accelerator A/E 5274                                  | 8,164.39                        | -                             | -                          | 8,164.39                     | 8,635.61                 |
| Miscellaneous Activities 2785                         | 354,189.86                      | -                             | -                          | 354,189.86                   | -                        |
| <b>TOTAL ENCUMB. / EXPENDITURES</b>                   | <b>\$ 88,566,838.02</b>         | <b>\$ 721,184.23</b>          | <b>\$ 721,184.23</b>       | <b>\$ 89,288,022.25</b>      | <b>\$ 10,270,235.50</b>  |
| <b>TOTAL FUND BALANCE</b>                             |                                 |                               |                            | <b>\$ 33,465,407.71</b>      |                          |
| <b>UNENCUMBERED FUND BALANCE</b>                      |                                 |                               |                            |                              | <b>\$ 23,195,172.21</b>  |

3.6

**DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ OCTOBER 31, 2007**

|   | Amount<br>Obligated     | Prior<br>Years<br>Disbursed | Current<br>Month<br>Disbursed | Current<br>Year<br>Disbursed | Amount<br>Encumbered    | Balance                 |
|---|-------------------------|-----------------------------|-------------------------------|------------------------------|-------------------------|-------------------------|
| <b>BALANCE OF OBLIGATED PROGRAMS</b>                                      |                         |                             |                               |                              |                         |                         |
| Business Services Division  | \$ 617,070.00           | \$ -                        | \$ 63,409.16                  | \$ 63,409.16                 | \$ -                    | \$ 553,660.84           |
| DCOA Annual Contracts   | 227,470.00              | -                           | 27,570.89                     | 27,570.89                    | -                       | 199,899.11              |
| Abilene Industrial Foundation (4950)                                      | 731,950.00              | -                           | -                             | -                            | -                       | 731,950.00              |
| Caruth Small Business Dev Cntr (4951)                                     | 195,000.00              | -                           | -                             | -                            | -                       | 195,000.00              |
| Chamber Military Affairs (4952)   | 70,000.00               | -                           | -                             | -                            | -                       | 70,000.00               |
| Airport Business Dev Mgr (4953)   | -                       | -                           | -                             | -                            | -                       | -                       |
| EASI Records Const. 4990  | 2,506,297.00            | 2,440,442.58                | -                             | -                            | 65,854.42               | (0.00)                  |
| Murf Systems 4998   | 151,665.00              | 151,665.00                  | -                             | -                            | -                       | -                       |
| Bandag Training 5203  | 842,220.00              | 516,334.72                  | 29,135.48                     | 29,135.48                    | 296,749.80              | -                       |
| Rentech 5207  | 335,360.00              | 335,360.00                  | -                             | -                            | -                       | -                       |
| Sunoco Logistics 5208   | 177,000.00              | 143,544.00                  | -                             | -                            | 33,456.00               | -                       |
| EASI 04 5213  | 3,272,938.00            | 1,020,937.66                | -                             | -                            | 2,252,000.00            | 0.34                    |
| EHT 5216  | 98,300.00               | 98,300.00                   | -                             | -                            | -                       | -                       |
| Fehr Food 5220  | 1,045,020.00            | 521,670.00                  | 523,350.00                    | 523,350.00                   | -                       | -                       |
| Research Ins 5221   | 500.00                  | 500.00                      | -                             | -                            | -                       | -                       |
| Advanced Trailer 5224   | 29,750.00               | 29,750.00                   | -                             | -                            | -                       | -                       |
| Transcend Services 5227   | 280,158.00              | 280,157.82                  | -                             | -                            | -                       | 0.18                    |
| Bandag Building Improv 5228   | 44,260.00               | -                           | -                             | -                            | 44,259.24               | 0.76                    |
| Glazers Ph III 5229   | 91,000.00               | 26,280.00                   | -                             | -                            | 64,720.00               | -                       |
| Highland Campus Health 5231   | 502,259.00              | 128,791.66                  | 5,000.00                      | 5,000.00                     | 368,466.67              | 0.67                    |
| Rentech 5232  | 48,800.00               | 48,800.00                   | -                             | -                            | -                       | -                       |
| Tige Infrastructure 5233  | 218,636.00              | 144,397.68                  | -                             | -                            | 74,238.00               | 0.32                    |
| Robinson Fan 5237   | 595,876.00              | 126,482.00                  | -                             | -                            | 469,394.09              | (0.09)                  |
| Reg Website 5240  | 5,000.00                | 4,317.07                    | -                             | -                            | 682.93                  | -                       |
| TTU Pharmacy School 5242  | -                       | -                           | -                             | -                            | -                       | -                       |
| Lauren Holdings 5245  | 259,770.00              | 259,770.00                  | -                             | -                            | -                       | -                       |
| 36/18 A/E 5246  | 35,000.00               | 23,800.00                   | -                             | -                            | 11,200.00               | -                       |
| Teleperformance USA 5247  | 757,000.00              | 88,040.00                   | -                             | -                            | 668,960.00              | -                       |
| BCBSTX Reroof Construction 5249   | 830,720.00              | 781,098.40                  | -                             | -                            | 49,621.60               | -                       |
| Shelter Distribution 5250   | 92,842.00               | 44,724.96                   | -                             | -                            | 48,117.04               | -                       |
| PWP Industries Ph I 5251  | 770,463.00              | 610,993.77                  | -                             | -                            | 159,469.23              | -                       |
| Abilene Internet 5252   | 59,340.00               | 59,340.00                   | -                             | -                            | -                       | -                       |
| Integrated Clinic Research 5253   | 695,502.00              | -                           | -                             | -                            | 695,502.00              | -                       |
| SBIR/STTR 5255  | 23,284.00               | 23,283.51                   | -                             | -                            | -                       | 0.49                    |
| Coca Cola 5256  | 300,000.00              | 300,000.00                  | -                             | -                            | -                       | -                       |
| Welder Training Program 5257  | 141,824.00              | 141,824.36                  | -                             | -                            | -                       | (0.36)                  |
| Genesis Network 5258  | 1,092,633.00            | 353,533.33                  | -                             | -                            | 739,100.00              | (0.33)                  |
| URS Consultants 5259  | 15,127.00               | -                           | 11,252.00                     | 11,252.00                    | 2,500.00                | 1,375.00                |
| Carter Burgess 5260   | 349,320.00              | 222,323.88                  | 10,831.35                     | 10,831.35                    | 116,164.77              | -                       |
| Fehr Foods 5261   | 118,092.00              | 118,091.53                  | -                             | -                            | -                       | 0.47                    |
| TMAC 5262   | 60,000.00               | 30,000.00                   | -                             | -                            | 30,000.00               | -                       |
| SBIR/STTR 5263  | 271,400.00              | 37,612.59                   | 7,387.75                      | 7,387.75                     | 226,399.66              | -                       |
| EASI 7th Doc 5265   | 275,000.00              | 86,119.14                   | -                             | -                            | 188,880.76              | 0.10                    |
| BMWV Leasing 5266   | 10,533.00               | -                           | -                             | -                            | 10,533.00               | -                       |
| ABTEX Beverage 5267   | 1,599,040.00            | -                           | -                             | -                            | 1,599,040.00            | -                       |
| MSSC Training 5269  | 83,405.00               | 35,479.08                   | -                             | -                            | 47,925.92               | -                       |
| Receptor Log 5270   | 2,000,000.00            | 57,404.62                   | 43,247.60                     | 43,247.60                    | 1,899,063.88            | 283.90                  |
| WTCIC 5272  | 33,164.00               | 16,582.00                   | -                             | -                            | 16,582.00               | -                       |
| Accelerator A/E 5274  | 16,800.00               | 8,164.39                    | -                             | -                            | 8,635.61                | -                       |
| Prior Year Program  | -                       | -                           | -                             | -                            | 82,718.88               | -                       |
| Miscellaneous Activities 2785   | 354,189.86              | 354,189.86                  | -                             | -                            | -                       | -                       |
| <b>BALANCE OF OBLIGATED PROGRAMS</b>                                      | <b>\$ 22,330,977.86</b> | <b>\$ 9,670,105.61</b>      | <b>\$ 721,184.23</b>          | <b>\$ 721,184.23</b>         | <b>\$ 10,270,235.50</b> | <b>\$ 1,752,171.40</b>  |
| Contingent Liabilities  |                         |                             |                               |                              |                         | \$ -                    |
| <b>UNDESIGNATED FUND BALANCE</b>  |                         |                             |                               |                              |                         | <b>\$ 21,443,000.81</b> |
| (unencumbered balance less obligated programs and contingent liabilities) |                         |                             |                               |                              |                         |                         |
| DCOA Board approved projects waiting for signed contracts                 |                         |                             |                               |                              |                         |                         |
| Integrated Clinical Research 5253   | 64,000.00               |                             |                               |                              |                         | 12/19/2007              |
| MSSC Additional Funding 5269  | 90,060.00               |                             |                               |                              |                         | 03/25/2008              |
| Welder Training Additional Funding 5257                                   | 37,600.00               |                             |                               |                              |                         | 03/25/2008              |
| Accelerator A/E 5274  | 335,000.00              |                             |                               |                              |                         | 03/25/2008              |
| Project SSH 5271  | 402,455.00              |                             |                               |                              |                         | 01/31/2008              |
| Research Center 5273  | 3,000,000.00            |                             |                               |                              |                         | 03/25/2008              |
| PWP Project LF 5251   | (460,000.00)            |                             |                               |                              |                         | 04/16/2008              |
|   | <u>3,469,115.00</u>     |                             |                               |                              |                         |                         |

3.7

**ECONOMIC DEVELOPMENT DEPARTMENT  
SERVICE EVALUATION REPORT  
OCTOBER 2007**

**PERFORMANCE DATA  
SERVICE ANALYSIS**

Staff: Richard Burdine-Assistant City Manager for Economic Development; A.C. Alrey-Business Services Director; Kim Tarrant-Contracts Administrator; David White-Construction Projects Manager, Susan Campbell-Secretary to Assistant City Manager.

**City of Abilene/Business Services** - *Funding Sources: DCOA*

DCOA approved a one-year contract with the City of Abilene beginning 10-1-07 in the amount of \$617,070 for operating expenses for the Business Services Division, plus \$175,000 for maintenance expenses for DCOA-owned properties.

During the October meeting, the DCOA approved amended assistance for PWP Industries (Project LF). Total funding for Phase 1 & 2 under the existing agreement decreases by \$460,000 and the number of jobs to be created in Phase 1 increases from 65 to 110. The number of jobs to be created in Phase 2 decreases from 55 to 32, for total projected new job creation in both phases of 142. Because PWP is ready to move into Phase 2 expansion, the board authorized staff to negotiate with an architectural firm to design the expansion of Spec 2, adding 120,000 to 130,000 sq ft of warehouse space to the existing structure.

Also approved is additional funding to establish a research center in Abilene. Prior funding of \$2,725,000 has increased to \$3 million in exchange for an additional staff position.

**TTU Small Business Development Center** - *Funding Sources: DCOA and Federal Govt. (SBA)*

DCOA approved a one-year contract beginning 10-1-07 in the amount of \$195,000 to reimburse SBDC for counseling services provided to Abilene residents.

A total of 133 Abilene client sessions were held this month with 23% being new clients. Three new businesses opened, and 40 new jobs were reported. Attached is a summary of monthly activity.

**Abilene Industrial Foundation, Inc./Abilene Chamber of Commerce** - *Funding Sources: DCOA and Public Donations*

DCOA approved a one-year contract with AIF/ACOC beginning 10-1-07 in the amount of \$801,950: \$421,450 for AIF operating, \$140,000 for AIF marketing, \$170,500 for Dyess AFB retention efforts, and \$70,000 for Military Affairs Committee expenses and staff expenses incurred.

During the month, AIF responded to 16 requests for information. Staff visited 18 local companies, 6 out-of-town companies/consultants and hosted 2 visits to Abilene by prospects. The Develop Abilene website experienced 52,795 hits with 1,227 unique visits. Attached is a year-to-date summary of activity for this year and last.

**SMALL BUSINESS DEVELOPMENT CENTER  
OCTOBER 2007 UPDATE**

Billable Hours:

|        |  |
|--------|--|
| 250.75 | Abilene business counseling hours for the month of October |
| 133    | Client sessions conducted for the month of October         |
|        | 30 New clients   |
| 8      | Workshops  |
|        | 289 Attendees  |

Businesses Created:

|   |                               |
|---|-------------------------------|
| 3 | Month of October              |
|   | 1 Retail                      |
|   | 1 Manufacturing               |
|   | 1 Accommodation/Food Services |
| 3 | Year-to-Date                  |
|   | 1 Retail                      |
|   | 1 Manufacturing               |
|   | 1 Accommodation/Food Services |

Jobs Created (Full Time Equivalents):

|    |                                |
|----|--------------------------------|
| 40 | Month of October               |
|    | 22 Retail                      |
|    | 2 Manufacturing                |
|    | 15 Accommodation/Food Services |
|    | 1 Educational Services         |
| 40 | Year-to-Date                   |
|    | 22 Retail                      |
|    | 2 Manufacturing                |
|    | 15 Accommodation/Food Services |
|    | 1 Educational Services         |

Capital Formation:

|             |                  |                             |
|-------------|------------------|-----------------------------|
| \$5,564,900 | Month of October |                             |
|             | \$22,000         | Service                     |
|             | \$530,400        | Retail                      |
|             | \$12,500         | Manufacturing               |
|             | \$5,000,000      | Accommodation/Food Services |

|             |              |                             |
|-------------|--------------|-----------------------------|
| \$5,564,900 | Year-to-Date |                             |
|             | \$22,000     | Service                     |
|             | \$530,400    | Retail                      |
|             | \$12,500     | Manufacturing               |
|             | \$5,000,000  | Accommodation/Food Services |

# Abilene Industrial Foundation

## Monthly Marketing Summary

October 2007

### Total leads received/responded to: 16/8

- 2 – AIF Website
- 8 – Referral
- 3 – Organizations
- 2 – Consultants
- 1 – Direct to AIF

### Prospect/Consultant visits: 6

- Avanti Wind Systems
- Jeffrey Sheehan, GVA Cawley
- JT Walker, Mohr Partners
- Keith Reeves, Mohr Partners
- Amanda Koonce, Grubb & Ellis
- Lee Higgins, Deloitte

### New prospect files opened: 0

### Prospect visits to Abilene: 2

- Siemens
- PWP 2

### Website hits/visits:

- Hits – 52,795
- Unique visits – 1,227
- Visits – 1,882

### Retention visits: 18

- Darby Enterprises
- Rentech
- Fehr Foods
- Reynolds Manufacturing
- Rita Barber
- Hirschfeld Steel
- Texas Aerospace
- FPL
- Bandag

### Retention visits (continued):

- Mrs. Baird's
- Tigé Boats
- Peerless
- PWP
- Zoltek
- Highland Campus Health
- Direct Energy
- Sears Methodist Retirement Sys.
- Glazers

### Trade shows / conferences: 4

- AWEA – San Diego (Ehrie)
- CoreNet – Atlanta (Robinett)
- TMCN Conference – Abilene
- IEDC Training – Dallas (Robinett)

### E-Newsletters: 116

- Monthly E-Newsletter

### Events: 2

- 10/3 Hosted dinner for PWP corporate
- 10/17 Hosted PWP reception/tour for Commissioner of Agriculture, Todd Staples

### Presentations:

- American Boiler Association
- Abilene Apartment Association

| Activity                   | Oct 07 | Oct 06 | YTD 07/08 | YTD 06/07 |
|----------------------------|--------|--------|-----------|-----------|
| Number of ads placed       | 0      | 0      | 0         | 0         |
| E-Newsletters              | 116    | 120    | 116       | 120       |
| Prospect files opened      | 0      | 0      | 0         | 0         |
| Consultant contacts        | 4      | 1      | 4         | 1         |
| Retention contacts         | 18     | 1      | 18        | 1         |
| Prospect visits to Abilene | 2      | 2      | 2         | 2         |

3.11





# Development Corporation of Abilene, Inc.

## Loan Summary as of 09/30/07

| Borrower                               | Lender | Account     | Purpose   | Original Loan Amt | Origin Date | Maturity Date | DCOA Int Rate | DCOA Balance   | Collateral  | PO= Principal Only                               | IO= Interest Only | Payment Type  | Past Due |
|--|--------|-------------|---|-------------------|-------------|---------------|---------------|----------------|---|--|-------------------|---------------|----------|
|  |        |             |   |                   |             |               |               |                |   |  |                   |               |          |
| 402 CEDAR, LLP                         | DCOA   | 402CEDAR760 | To abate asbestos and make improvements to the facility located at 402 Cedar, to be occupied by EHT (Enprotec/Hibbs & Todd)   | \$155,000.00      | 08/02/2004  | 08/02/2009    | 0%            | \$56,700.00    | None.   |  |                   | Annual (PO)   | No       |
| ABILENE INTERNET LLC                   | DCOA   | ABINT05     | to purchase used equipment from Leapfrog Technologies and relocate some equipment to 2913 South 1st.  | \$115,000.00      | 05/12/2005  | 05/12/2011    | 0%            | \$55,660.00    | none  | none   |                   | Annual (PO)   | Yes      |
| APT ADVANCED TRAILER AND EQUIPMENT, LP | DCOA   | APT760      | For construction of new facility in Tye, TX.  | \$50,000.00       | 05/06/2005  | 05/31/2008    | 0.0           | \$20,250.00    | Letter of Credit No. SM213612W issued 5-6-05 by Wachovia Bank, NA for \$50,000.   | None.  |                   | Annual (PO)   | No       |
| BANDAG, INC.                           | DCOA   | BNDG760     | Purchase of 4549 FM 18 (former Cummings Sign bldg) for \$650,000, plus \$400,000 for improvements.  | \$1,050,000.00    | 03/24/2005  | 03/24/2012    | 0%            | \$892,376.08   | 1st lien D/T on 4549 FM 18, Abilene, Texas.   | None.  |                   | Monthly (P&I) | No       |
| BBP BIRD, LP                           | DCOA   | BBP760      | Permanent financing for construction of new plant. Pmt @ \$3600/mo beg 7-5-06 until maturity on 7-1-2031. True-up pmts due 6-1-14, 6-1-21, 6-1-28. Additionally, monthly pmts of \$100 for each boat produced the previous month in excess of 36. | \$4,000,000.00    | 12/30/2005  | 07/01/2031    | 0%            | \$3,847,400.00 | 1st lien D/T on 40 acres and new manufacturing plant located at 1801 E. Hwy 36, Abilene, TX.  | Corporate Guaranty from Tigé Boats, Incorporated |                   | Monthly (P&I) | No       |
| BMWT LEASING, INC                      | FNBA   | BMWT02RE    | Permanent financing for construction of new warehouse at 2989 Pine St. FFB Participation No. 1924.  | \$184,000.00      | 08/30/2002  | 08/30/2008    | 5%            | \$135,560.65   | 1st lien D/T on 2989 Pine St, shared with FNBA for \$396,000 loan. Participation renewed 8-30-05 for 3 more yrs at WSJ Prime minus 1.5% (or 5%).  | Wayne Lanham, Terry Lanham                       |                   | Monthly (P&I) | No       |
| BMWT LEASING, INC.                     | DCOA   | BMWT07      | To provide financing for the purchase of improvements made to the property located at 3125 Pine St., Abilene, TX.   | \$75,000.00       | 01/01/2007  | 12/31/2009    | 0.0           | \$64,467.00    | HRB-59N 2 RAM Horizontal Baler, Ser #0598121, manufactured in 1995 by Harris Waste Management Group, and 60" wide x 41'6" long, 1/4" plate, 9" pitch steel belt conveyor, Ser #B3977, manufactured in 1995 by Hustler Conveyor Company. | Wayne Lanham, Terry Lanham                       |                   | Annual (PO)   | No       |

3.12

| Borrower                         | Lender | Account      | Purpose  | Original Loan Amt | Origin. Date | Maturity Date | DCOA Int Rate | DCOA Balance   | Collateral  | Guarantor  | Payment Type  | Past Due |
|----------------------------------|--------|--------------|--|-------------------|--------------|---------------|---------------|----------------|---|--|---------------|----------|
| DAY, JACOB G.                    | DCOA   | 760DAY       | DCOA sold and financed 5050 E. Hwy 80 to Jacob G. Day, which will be leased to Day Sign Company, Inc. Sales price is \$390,286. Day was given upfront price reduction of \$55,000 to be earned over 3 years for jobs retained at \$1,666.67 each. Interest only for 6 mos with principal amort. beginning 5-15-04. Further principal reductions can be earned for 3 years for job creation at \$10,000 each. | \$335,286.00      | 10/15/2003   | 10/15/2018    | 2.5           | \$215,174.65   | 1st lien Deed of Trust on 5050 E. Hwy 80, plus Assignment of Rent, Income, and Receipts from Day Sign Company   | Day Sign Company, Inc.   | Monthly (P&I) | No       |
| FEHR FOODS, INC.                 | DCOA   | FEHRO6       | Renewal of balance of DCOA loan FEHR05EQ (\$2,538,480) and combination with FFB participation no. 1857 (\$113,734.95), participation no. 1776 (\$199,675.19) and participation no. 1888 (\$730,442.84).  | \$3,582,332.98    | 10/01/2006   | 06/30/2012    | 0.0           | \$3,522,182.98 | D/T and Security Agmt for 5425 North 1st Street and all equipment. Lien is subordinated to First Financial Bank, N.A.   |  | Annual (PO)   | No       |
| GENESIS NETWORKS SOLUTIONS, INC. | DCOA   | GENNET06     | To partially offset operating costs associated with the newly established office in Abilene located at 500 Chestnut, Ste. 200.   | \$1,740,000.00    | 11/02/2006   | 07/31/2011    | 0.0%          | \$836,366.67   | Irrevocable Standby Letter of Credit #002286 issued 11-2-06 by First Financial Bank, N.A. on behalf of Rain Dance Capital, Inc. in the amount of \$1.3 mill. to expire 11-2-07. LOC can be extended 1 more year unless notified by FFB 30 days prior to expiry. |  | Annual (PO)   | No       |
| HBWJ PARTNERSHIP, LTD.           | DCOA   | BATTERY-02-0 | Improvements to real estate located at 417 Mesquite, Abilene, TX, a 27,000 s.f. bldg. Facility was purchased from West Texas Wholesale Supply. Operates under Buttery Hardware Company, LLP, delivering plumbing and electrical supplies over most of Texas.   | \$200,000.00      | 03/14/2002   | 09/14/2012    | 4.0%          | \$109,951.87   | 1st lien D/T on 417 Mesquite St., superior to Norma Buttery's lien taken at time of purchase, 10-1-01 as evidenced by a Subordination Agreement of Deed of Trust. Int. is due quarterly on 6-14-02 and 9-14-02, pmts beg. 10-14-02 thru 9-14-12.                | Limited guaranties from William Henry Buttery, Buttery Company, L.L.P., Brenda Ann Buttery Durst, and John David Buttery | Monthly (P&I) | No       |

3-13

| Borrower                             | Lender | Account     | Purpose  | Original Loan Amt | Origin. Date | Maturity Date | DCOA Int Rate | DCOA Balance | Collateral   | Guarantor   | Payment Type | Past Due |
|--------------------------------------|--------|-------------|--|-------------------|--------------|---------------|---------------|--------------|--|---|--------------|----------|
|                                      |        |             |  |                   |              |               |               |              |  |   | Annual (PO)  | No       |
| HENDRICK MEDICAL CENTER              | DCOA   | HMCCTTU2    | Offset operating costs for the creation of research jobs in TTU School of Pharmacy, 1718 Pine St., Abilene, TX. Principal reductions applied annually (beg. 7-31-08) at the rate of 7% of salaries expended for research during the previous 12 mos. | \$150,000.00      | 06/01/2007   | 07/31/2017    | 0.0           | \$150,000.00 | None   | None  | Annual (PO)  | No       |
| HENDRICK MEDICAL CENTER I            | DCOA   | HMCCTTU1    | Reimbursement for eligible infrastructure costs associated with construction of the TTU School of Pharmacy, 1718 Pine St. Principal reductions of \$149,232 earned annually and applied for 7 yrs beg 7-31-08.                                       | \$1,044,622.00    | 06/01/2007   | 07/31/2014    | 0.0           | \$847,434.00 | None.  | None.   | Annual (PO)  | No       |
| HIGHLAND CAMPUS HEALTH GROUP         | DCOA   | HIGH760     | The purchase of new equipment necessary to implement the electronic medical records software developed by Catalis and installed on various client university campuses & used in conjunction with Borrower's medical billing program.                 | \$100,000.00      | 09/15/2006   | 03/31/2009    | 0%            | \$100,000.00 | Security Agreement dated 9/15/06 and UCC-1 on all equipment purchased with Note funds. | None.   | Annual (PO)  | No       |
| HIGHLAND CAMPUS HEALTH GROUP, L.P.   | DCOA   | HCHG760     | The purpose of this loan is to provide financing for the purchase of new equipment and other relocation and start-up needs of Borrower for the Abilene facility.   | \$110,000.00      | 02/23/2005   | 03/14/2008    | 0%            | \$75,741.67  | Security Agreement and UCC filing on all equipment purchased with note funds.          | None.   | Annual (PO)  | No       |
| HOLLAND TRAINING & DEVELOPMENT, INC. | DCOA   | Holland 760 | Purchase office furniture, fixtures, and equipment, including, but not limited to, computer network system, phones and phone system, and other computer equipment. Reimbursement of purchase price, delivery, & installation.                        | \$170,000.00      | 09/01/2003   | 08/31/2008    | 0%            | \$93,435.86  | Security agreement and UCC filing on equipment purchased.                              | None.   | Annual (PO)  | No       |
| HORIZON AG-PRODUCTS                  | DCOA   | Horizon2003 | Purchase facility in IXX Industrial Park in Merkel at 217 CR 287. Monthly pmts of interest only until 8-17-03, when pmts increase to \$357.26.   | \$35,000.00       | 01/17/2003   | 01/17/2008    | 3.25          | \$18,591.74  | 1st lien D/T on 1.671 acres at 217 CR 287, Merkel, TX                                  | Michael G. Farnat, CEO and Bradley D. Knickel, Director | Monthly (IO) | No       |

3.14

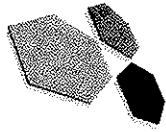
| Borrower                          | Lender | Account   | Purpose   | Original Loan Amt | Origin Date | Maturity Date | DCOA Int Rate | DCOA Balance   | Collateral  | Guarantor                 | Payment Type  | Past Due |
|-----------------------------------|--------|-----------|---|-------------------|-------------|---------------|---------------|----------------|---|---------------------------|---------------|----------|
| LAUREN HOLDINGS, INC.             | DCOA   | LHI760    | For expenses associated with construction of an approx. 21,500 s.f. addition to its offices located at 901 S. 1st St., recruiting, relocation, and purchase of office furniture and eqmt to accommodate growth. Principal reductions are earned thru creation of 42 new jobs. | \$853,098.00      | 04/14/2006  | 04/14/2013    | 0%            | \$72,505.68    | 2nd lien D/T on the office plus improvements located at 901 S. 1st St.  | C. Cleve Whitener         | Annual (PO)   | No       |
| PWP INDUSTRIES, INC.              | DCOA   | PWP760    | To reimburse @15% of invoice for equipment purchases plus installation costs for the Abilene plant at 6450 Five Points Parkway.   | \$1,800,000.00    | 09/11/2006  | 03/01/2011    | 0%            | \$1,440,000.00 | Irrevocable Standby Letter of Credit #SE446616W in the amount of \$1,800,000 by General Electric Capital Corporation to expire 3-1-11. Automatic reductions will occur each March 1 for 5 years in the amount of \$360,000, beginning 3-1-07. | N/A                       | Annual (PO)   | No       |
| RENTECH BOILER SYSTEMS, INC.      | DCOA   | RNICH760  | the purchase of additional equipment by Borrower to be located at Borrower's Abilene, Taylor County, Texas facility at 5025 East Business I-20.   | \$150,000.00      | 03/08/2005  | 12/31/2011    | 0             | \$65,840.00    | unsecured   | none                      | Annual (PO)   | No       |
| RENTZ FAMILY PARTNERSHIP, LIMITED | FFB    | Rentz03RE | FNBA purchased note from ASB, terms to remain same Loan #3419656, Participation #1876; Note renewed 6/12/07 2/FFB - Loan #1857923773 - part. Bal. \$419,756.14  | \$788,152.54      | 04/12/2002  | 06/12/2008    | P - 4%        | \$396,829.09   | 37+ acres at 5725 E Business I-20. DCOA's security interest in property is subordinate and inferior to FFB's security interest.   |                           | Monthly (P&I) | No       |
| ROBINSON FANS ABILENE, INC.       | DCOA   | ROBFANS06 | Relocation costs (\$40,000), building investment incentive (\$336,000), and equipment investment incentive (\$76,409) for property at 2424 Oak, Abilene, TX. Replaces note dated 8-29-05 in the amt of \$196,450 with a balance of \$40,000.                                  | \$452,409.00      | 10/03/2006  | 12/31/2010    | 0%            | \$291,532.91   | Eqmt, machinery, furniture and fixtures in Abilene, and 2nd lien D/T on 2424 Oak St., Abilene, TX.  | Robinson Industries, Inc. | Annual (PO)   | No       |

3.15

| Borrower                 | Lender | Account   | Purpose  | Original Loan Amt | Origin Date | Maturity Date | DCOA Int Rate | DCOA Balance   | Collateral  | Guarantor        | Payment Type | Past Due |
|--------------------------|--------|-----------|--|-------------------|-------------|---------------|---------------|----------------|---|------------------|--------------|----------|
|                          |        |           |  |                   |             |               |               |                |   |                  | Annual (PO)  | No       |
| SUNOCO PIPELINE, LP      | DCOA   | SUN760    | Permanent financing for costs associated with the relocation of Sunoco's West Texas District Headquarters, including inventory, equipment, furniture, fixtures, and employee moving expenses from Snyder and Denver City to Abilene. Annual pmts are \$40,000 with Sunoco earning \$25,000 each year by maintaining headquarters in Abilene. | \$200,000.00      | 05/13/2004  | 05/13/2009    | 0             | \$80,000.00    | None.   | None.            | Annual (PO)  | No       |
| TAYLOR CO EXPO           | DCOA   | 94EXPO760 | Purchase land from DCOA  | \$192,168.59      | 11/29/1994  | 11/29/2034    | 0             | \$130,915.04   | 1st lien D/T on property - 24,849 acres of land out of Section 52, Blind Asylum Lands, Abilene, Taylor Co., TX - Filed Vol. 2066 Pge 460 Taylor Co.01/30/95. Partial Release of Lien filed 3-20-97 in Book 2219, Page 903, for 2.29 acres for public road | None.            | Monthly (PO) | No       |
| TRANSCEND SERVICES, INC. | DCOA   | TRANS760  | To offset start-up costs, first year operating losses and to support the creation of 104 new jobs in Abilene.  | \$1,000,000.00    | 03/01/2005  | 03/01/2013    | 0.00          | \$719,842.18   | Letter of Credit #68005483 dated 3-15-05 issued by Bank of America for \$150,000 to expire 4-30-06, and any and all equipment, machinery, furniture and fixtures located in Atlanta and Abilene. The L/C was released 10-30-05.                           | None.            | Monthly (PO) | Yes      |
| ZOLTEK                   | DCOA   | 97ZOLTEK  | Purchase 100,000 sf and 40,000 sf shell buildings at 1221 Fulwiler Abilene   | \$3,099,287.00    | 09/29/1998  | 01/31/2008    | 0.00          | \$2,128,994.51 | First lien D/T on 52 acres and buildings located at 1221 Fulwiler Rd, Abilene, Taylor County, Tx  | Zoltek Companies | Annual (PO)  | No       |

\$16,367,752.58

3.16



# Develop Abilene

Abilene Industrial Foundation

Abilene Industrial Foundation, Inc.  
P.O. Box 2281, Abilene, Texas 79604  
174 Cypress Street, Suite 300  
Abilene, Texas 79601  
Tel.: 325/673-7349  
800/299-0005  
Fax: 325/673-9193  
Website: www.developabilene.com



November 7, 2007

Mr. Richard Burdine  
Assistant City Manager  
City of Abilene  
P. O. Box 60  
Abilene, TX 79604

Dear Richard:

In accordance with the terms of the Development Corporation of Abilene contract with the Abilene Industrial Foundation, the following year-end progress report is submitted for the period of October 1, 2006 to September 30, 2007 inclusive.

This report covers all categories listed in the AIF Marketing Plan. A brief summary of the data is as follows:

|                        |              |
|------------------------|--------------|
| Marketing Budget ..... | \$140,000.00 |
| Spent to Date.....     | \$108,270.40 |

|                        | 10/06 thru 3/07 | 4/07 thru 9/07 | 10/06 thru 9/07 |
|------------------------|-----------------|----------------|-----------------|
| Leads Received         | 43              | 53             | 96              |
| Leads AIF Responded to | 27              | 31             | 58              |
| Prospect Files Opened  | 9               | 4              | 13              |
| Retention Visits       | 28              | 53             | 81              |
| Consultant Visits      | 17              | 134            | 151             |

Much of the focus remained on the Site Selection Consultant. Consultant activities such as sporting events and visits continue to be successful in building relationships to foster future leads and prospects. Additional focus on existing industry and business retention will pay dividends with anticipated expansions of several local industries. Funds expended for print advertising were increased to market SPEC 3.

The enclosures are examples of the marketing material produced to date, as well as a sequence of activities conducted.

Mr. Richard Burdine  
November 7, 2007

Page Two

If you have any questions we will address them at the monthly DCOA meeting.

Sincerely,



Gary Robinett  
Director of Marketing and Industrial Recruitment  
Abilene Industrial Foundation

cc: Kim Tarrant  
Bill Ehrie, President, Abilene Industrial Foundation *W/C*

Enclosures

Abilene Industrial Foundation  
FY 06-07 Year-End Marketing Summary  
April 1, 2007 - September 30, 2007

**Publication Advertisements**

- New publication ads produced – 4
- Total publication advertisement submissions – 7
- Total publication advertisement production costs – \$692.50
- Total publication/internet advertisement placement costs – \$15,628.00

**Lead Activity**

- Total received from publications - 3
- Leads received from all sources excluding publications – 50
- Leads AIF responded to (consultants, allies, etc.) – 31
- Total pieces of information given out (General Info Packet, building flyers, etc.) – 89

**Prospect Activity**

- New prospect files opened – 4
- Prospect visits to Abilene – 33

**Website and Electronic Marketing**

- E-Newsletter distributions – 786
- E-Newsletter costs – \$1,736.00
- Website/electronic marketing changes & enhancements – \$229.29

**Trade Show/Conference Activity - 4**

- BEDC Houston – Gary Robinett
- AWEA Wind Power 2007 – Los Angeles, Bill Ehrie/Gary Robinett
- IEDC Annual Conference – Phoenix, Bill Ehrie
- National Manufacturing Week Trade show – Chicago, Gary Robinett

**Consultant/Retention/Expansion Activity - 134**

- Consultant/Prospect visits – 12
- Manufacturers Luncheon – Nov 06 (42)
- Commercial Realtors Luncheon – April 07 (26)
- Ranger Game – May 07 (18)
- Cowboy Game – August 07 (18)
- Dove Hunt – Sept 07 (18)

**Marketing Videos**

- 0

**Existing Business Activity**

- Retention Visits – 53



Abilene Industrial Foundation  
Marketing & Retention Activities  
April 1, 2007 - September 30, 2007

- Monthly updates of all printed marketing/informational materials for Fact Book, Abilene File, and Call Center Book including Labor Market Review; Cost of Living; Building Permits; Wage Surveys, Sales & Use Tax, Living Units Available, etc.
  - Created new General Information Packet – incorporates many of the documents listed above into a more concise format
- Commercial Property Snapshot – updates
- Hosted Manufacturer and Commercial Realtor Luncheons
- Conducted quarterly AACRA Cost of Living Survey
- Development and update of current building inventory materials
- Development and preparation of individual prospect packages
- Hosting of prospect visits to Abilene including tours to specific sites
- Consultant activity
  - Texas Ranger Game – Arlington
  - Dallas Cowboys Game - Irving
  - Annual Dove Hunt - Abilene
- Visits to Site Selection Consultants – Dallas/Ft. Worth
- Trade Show attendance
  - National Manufacturing Week Trade Show – Chicago, Gary Robinett
- Conference attendance
  - BEDC Houston – Gary Robinett
  - AWEA Symposium – San Diego, Bill Ehrie
  - IEDC Annual Conference – Phoenix, Bill Ehrie
- Prospect Visits
  - Los Angeles – Gary Robinett/Bill Ehrie
  - Washington DC – Bill Ehrie

Abilene Industrial Foundation  
Marketing Budget  
October 2006 through September 2007

| Category                  | Allocation           | 10/1/06 to 3/31/07  | 4/1/07 to 9/30/07   | YTD                  |
|---------------------------|----------------------|---------------------|---------------------|----------------------|
| Publications (1)          | \$ 10,000.00         | \$ 5,150.00         | \$ 15,628.00        | \$ 20,778.00         |
| Trade Shows (6,10)        | \$ 15,000.00         | \$ 3,801.53         | \$ 13,787.50        | \$ 17,589.03         |
| Newsletter (13)           | \$ 4,000.00          | \$ 1,030.50         | \$ 1,736.00         | \$ 2,766.50          |
| Dyess/ABL Video Costs (5) |                      | \$ (220.00)         |                     | \$ (220.00)          |
| Material Development (3)  | \$ 36,000.00         | \$ 6,269.33         | \$ 692.50           | \$ 6,961.83          |
| Internet (2,8)            | \$ 10,000.00         | \$ 300.00           | \$ 229.29           | \$ 529.29            |
| Consultant Contacts (12)  | \$ 60,000.00         | \$ 5,200.79         | \$ 44,664.96        | \$ 49,865.75         |
| Contingency               | \$ 5,000.00          |                     | \$ 10,000.00        | \$ 10,000.00         |
| <b>Total</b>              | <b>\$ 140,000.00</b> | <b>\$ 21,532.15</b> | <b>\$ 86,738.25</b> | <b>\$ 108,270.40</b> |

# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: December 18, 2007

**PROJECT:** Expansion Construction of 6450 Five Points Parkway (Spec 2) to Accommodate PWP Industries

**STAFF:** Richard Burdine, CEO

---

### BACKGROUND

PWP began leasing Spec 2 in Five Points Business Park in March 2006. The company began manufacturing operations in the facility in September 2006 and has grown more rapidly than expected. The company has exceeded not only its original employment expectations but also its space needs and would like to expand on-site. During the November 2007 meeting, the board approved a contract with the Tittle-Luther Partnership (TLP) to perform the design work because they designed the original Spec 2 building and were in the best position to fast-track the process.

### THE PROJECT

Discussions with PWP management indicate a need for approximately 125,000 square feet of additional warehouse space which will allow conversion of the existing building to exclusively manufacturing. The DCOA and PWP have executed an agreement that provides an annual lease rate based on 5.25% of total project costs.

### THE REQUEST

Staff worked with Tittle-Luther Partnership (TLP) and Rose Builders Inc. (Rose) to determine the most efficient way to build the expansion. Rose built the original Spec 2 Building and is well-versed in tilt-wall construction and has a reputation of completing projects on time.

As indicated in Rose's proposal (attached), he is willing to construct the building for cost plus a fee of 4.25% with a substantial completion date in late June 2008 to meet PWP's needs. He will establish a guaranteed maximum price once he has bids from the various subcontractors but the early estimate is \$6,000,000, or approximately \$48.00 per square foot. The low bid for the Spec 3 Building shell was approximately \$52.00 per square foot so I believe the cost is reasonable. If the guaranteed maximum price needs to be revised upward after bids come in, a contract change order will be brought back to the board for consideration.

### FISCAL IMPACT

Construction - \$6,000,000

### STAFF RECOMMENDATION

Staff recommends approval of an oral resolution authorizing the CEO to negotiate a contract with Rose Builders, Inc. for construction of the Spec 2 Building expansion in which the basis of compensation is the cost of the work plus a fee of 4.25%, with a negotiated Guaranteed Maximum Price not to exceed \$6,000,000.

### ATTACHMENTS

Rose Builders, Inc. proposal

S:\DCOA\Meeting Memos\FY 2008\Spec 2 expansion construction 121807.doc



**Rose Builders, Inc.  
General Contractors**

104 Pine, Suite 708  
Post Office Box 1598  
Abilene, Texas 79604  
Phone: (325) 673-5194  
FAX: (325) 675-6183

December 11, 2007

Titlle Luther Partnership  
340 Beech Street  
Abilene, Texas 79601

Re: Addition to an existing building  
Development Corporation of Abilene  
Abilene, Texas

Gentlemen:

We are pleased to provide this proposal for construction of a 300 X 420 concrete tilt up building as referenced above. Should we be selected to serve as the General Contractor, the following will occur:

1. Upon receipt of a letter of intent from the owner, we will move to the job site and layout the building.
2. We will obtain competitive bids on all items as the bid packages are supplied to us. Before awarding the subcontracts, they will be reviewed by your firm and the owner.
3. Upon completion of the plans & specifications, we would arrive at a guaranteed maximum amount cost and this would serve as the contract amount. The work would be accomplished on a cost of the work basis plus a fee of 4.25%.
4. Upon completion of the work, and after all bills are paid, should the actual cost be less than the guaranteed maximum amount, all savings shall accrue to the owner. (Our books are open to you and the owner at all times.)

This proposal is based on the following:

1. Insurance will be as per the attached certificate.
2. AIA contract document entitled "cost of the work plus a fee", will be used.
3. Retainage shall be 5%.
4. Since time is critical, all questions to your firm must be answered & responded to within 48 hours.

5. 2

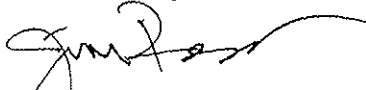


5. We believe this work can be done on a "fast track" basis and we can achieve substantial completion in 185 to 195 calendar days.
6. Liquidated damages are not applicable and we will make every effort to provide a secure area to receive owners equipment by mid June 2008.

We are prepared to begin this work and move to site on Monday December 17, therefore we need the building pad package in our office on December 17. (We will provide existing elevations for the building pad if your surveyor is unavailable.

Again, we appreciate the opportunity to provide this proposal and we are ready to go to work.

Sincerely,



Jim Rose  
Rose Builders, Inc.

# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: December 18, 2007

**PROJECT:** Exchange of Real Estate with Taylor County, Expo Center and City of Abilene and Reimbursement to County for Passage of Freeport Tax Exemption

**STAFF:** Richard Burdine, CEO

---

### BACKGROUND

Tract A land - In May 1994, the DCOA purchased 24.8 acres of undeveloped land located at the southwest corner of Loop 322 and Lytle Way in Abilene (near the Taylor County Expo Center) for \$190,000 (plus closing costs of \$2,243) in order to assist in the further development of the area along Loop 322 directly across from the Airport. The intent was to lease the land to the Expo Center until such time as the land could be developed for industrial use or sold. In September 1994, the board authorized the sale of the land to the Expo Center for \$192,168 to assist in the further expansion of the Expo Center area. The DCOA also authorized a loan to finance the sale at 0% interest for 40 years payable monthly at \$400.35. In February 1997, the DCOA agreed to release 2.29 acres of the land for public dedication of street for the Expo Center Subdivision, reducing the collateral acreage to 22.56. The Expo Center has paid a total of \$62,054.25 on the note through November 2007, leaving an outstanding balance of \$130,114.34. Payments have always been received on time.

Tract B land - In November 2002, the DCOA purchased 326.6 acres of undeveloped land at Hwy 36 and FM 18 across Hwy 36 from the Airport (known as the 18/36 Business Park). Forty acres of that were conveyed to Tigé Boats for construction of its new manufacturing plant. The bulk of the remaining acreage is on the north side of FM 18 and extends northward to the railroad tracks. Just to the west and adjoining the DCOA's land is a section of land of about 25 acres owned by the City of Abilene. The City recently re-acquired a portion of the acreage from TxDOT, which originally acquired the land in the 1950's for Loop 322 right-of-way. The 25-acre tract has the potential of being accessed from Hwy 36 and could enhance the DCOA's ability to develop the 18/36 Business Park.

County Freeport Tax Exemption - A constitutional amendment adopted in 1989 authorizes an exemption from ad valorem taxes on items classified as "Freeport property." Freeport property includes various types of goods that are detained in Texas for a short period of time (175 days or less for storage, processing and the like) before being shipped out of state. This exemption was proposed to enhance the ability to attract warehouse/distribution centers to the state by offering a special property tax exemption for the goods they typically handle. If all three taxing entities (city, county and school district) adopt the Freeport Tax Exemption (Freeport), it is called "Triple Freeport," making the area very attractive to warehouse/distribution and other companies that maintain large inventories (see attached survey of site selection consultants).

A taxing unit is free to choose to exempt Freeport property in order to promote economic development, but once the governing body votes for Freeport, the exemption is permanent. Freeport applies throughout the taxing entity's jurisdiction. Therefore, taxing entities that adopt

Freeport may see an initial drop in taxable value caused by existing businesses applying for the exemption until business expansion and attraction can overcome the loss. However, it is important to note that in certain cases, granting Freeport has little or no effect on state funding to a school district. Both Abilene ISD and Wylie ISD voted to adopt Freeport last summer to be effective in the 2007 tax year.

### **THE PROJECT**

In order to entice the County to pass the Freeport Tax Exemption, staff has devised a transfer of land between the entities involved with a cash reimbursement payment to the County in exchange for the County passing Freeport Tax Exemption. The proposed transaction consists of the following:

1. DCOA will buy back the Tract A land from the Expo Center for \$62,054 and forgive the remaining principal balance of the note.
2. DCOA will deed the Tract A land to City in exchange for the City deeding the Tract B land to the DCOA.
3. City will sell the Tract A land to the County for fair market value, which is equal to the benefit to the City for passage by the County of Freeport Tax Exemption.
4. County will pass Freeport Tax Exemption.
5. DCOA will reimburse the County for any taxes lost from Freeport Tax Exemption over the next 10 years at prorated amounts as follows:
  - a. Years 1 through 5 – 100% reimbursement
  - b. Year 6 – 80% reimbursement
  - c. Year 7 – 60% reimbursement
  - d. Year 8 – 40% reimbursement
  - e. Year 9 – 20% reimbursement
  - f. Year 10 – 10% reimbursement

### **THE REQUEST**

Staff requests the DCOA consider authorizing the CEO to execute the attached draft Memorandum of Understanding between the DCOA, City, County and Expo Center which spells out the sequence of events necessary for the County to adopt Freeport Tax Exemption. A final version of the MOU will be available to the board prior to the meeting.

The estimated amount of funding from the DCOA necessary to reimburse the County for any lost revenue from passage of Freeport is outlined below:

|                   |                               |
|-------------------|-------------------------------|
| Years 1 through 5 | \$ 750,000 (@ \$150,000/year) |
| Year 6            | \$ 120,000                    |
| Year 7            | \$ 90,000                     |
| Year 8            | \$ 60,000                     |
| Year 9            | \$ 30,000                     |
| Year 10           | <u>\$ 15,000</u>              |
| TOTAL             | \$1,065,000                   |

The MOU also stipulates that the County use 25% of the DCOA reimbursement funds for the benefit of the Expo Center. Approval will be subject to approval of the MOU by the Abilene City Council, Taylor County Commissioners and Expo Center board.

### **FISCAL IMPACT**

Estimated reimbursement to County of \$1,065,000 over 10 years

**STAFF RECOMMENDATION**

Staff recommends the board authorize by oral resolution the CEO to negotiate an exchange of real estate with the City of Abilene, Taylor County, and the Taylor County Expo Center, Inc. and reimbursement to Taylor County of tax revenue lost from adoption of Freeport Tax Exemption in substantial conformance with the attached draft Memorandum of Understanding among the parties.

**ATTACHMENTS**

Draft MOU Defining Roles and Responsibilities  
Results of survey from site selection consultants

S:\DCOA\Meeting Memos\FY 2008\RE exchange with Co Expo and City 121807.doc



STATE OF TEXAS

COUNTY OF TAYLOR

**MEMORANDUM OF UNDERSTANDING DEFINING ROLES AND RESPONSIBILITIES OF THE CITY OF ABILENE, TAYLOR COUNTY, THE DEVELOPMENT CORPORATION OF ABILENE INC., AND THE TAYLOR COUNTY EXPO CENTER, INC.**

This Memorandum of Understanding is entered into by and between the City of Abilene, a political subdivision of the State of Texas, hereinafter referred to as the "City", Taylor County, a political subdivision of the State of Texas, hereinafter referred to as the "County", the Development Corporation of Abilene, Inc., hereinafter referred to as the "DCOA", and the Taylor County Expo Center, Inc., hereinafter referred to as the "Expo".

**ARTICLE I. PURPOSE**

The purpose of this Memorandum of Understanding is to define the responsibilities of the City, County, DCOA and Expo in the transfer(s) of the real property depicted as Tract A and Tract B in the attached exhibits.

**ARTICLE II. BACKGROUND**

Currently, Expo controls Tract A which it is purchasing from the DCOA. Currently, the balance of the Note held by DCOA is \$130,114.34 (after November 2007 payment) and the Expo is making monthly payments of \$400.35 principle only. The Expo is willing to sell Tract A back to the DCOA for the amount it has paid to date if the DCOA will accept that offer and relieve the Expo of the outstanding balance on the Note. The DCOA is willing to accept Tract A from Expo and refund their payments if the City is willing to exchange Tract B that it acquired from the State of Texas as excess right-of-way for Tract A. Tract B is located adjacent to a large parcel of property owned by the DCOA. The City is willing to exchange Tract B for Tract A if Taylor County is willing to accept Tract A in exchange for passing Freeport Tax exemption that would allow the City to be marketed as a "Triple Freeport" City.

**ARTICLE III. TERM**

The term of this MOU begins upon the effective date and shall continue until such time the responsibilities of all parties have been fulfilled. The contemplated real estate transactions shall be completed at one closing, on or before March 1, 2008, if reasonably possible.

**ARTICLE IV. DCOA'S RESPONSIBILITIES**

The DCOA agrees to:

1. Purchase Tract A from the Expo for the amount already paid as of the date of the transfer by the Expo toward the Note held by DCOA.
2. Deed Tract A to the City in exchange for the City deeding Tract B to the DCOA.
3. Pay for any surveys or appraisals necessary to complete the sale or transfers of Tract A and Tract B.
4. Reimburse the County for any taxes lost after the passage of Freeport by the County as reported annually by the Taylor County Central Appraisal District. Reimbursement will occur for ten years from the date of the passage of the Freeport Tax exemption provisions. The rate for reimbursement, once approved by the DCOA Board, would be full reimbursement for years 1-5, then decreasing to 80%, 60%, 40%, 20%, 10% of actual tax revenue lost due to the adoption of a Freeport exemption for the years 6-10. Said reimbursement obligation shall survive the dissolution of the DCOA during the 10 year term of said obligation to the extent and in the manner allowed by State law.
5. Assist the City in preparing all Contracts for Sale, Warranty Deeds, and Interlocal Agreements necessary to complete the property transfers.

#### **ARTICLE V. COUNTY'S RESPONSIBILITIES**

The County agrees to:

1. Purchase Tract A from the City for fair market value which has been determined to be equal to the benefit to the City for the County's adoption of the Freeport Tax exemption.
2. Pass the Freeport provision of the tax code within 30 days from the closing date of the purchase of Tract A from the City.
3. Receive reimbursement from the DCOA for lost Freeport taxes for a period of ten years from the date of the passage of the Freeport provisions as set out in Article IV above, and commit to utilizing 25% of the DCOA reimbursement proceeds for the benefit of the Expo in a manner to be determined by the Taylor County Commissioner's Court.
4. Assist the City in preparing all Contracts for Sale, Warranty Deeds, and Interlocal Agreements necessary to complete the property transfers.

#### **ARTICLE VI. CITY'S RESPONSIBILITIES**

The City agrees to:

1. Deed Tract B to the DCOA in exchange for the DCOA deeding Tract A to the City.
2. Sell Tract A to the County for fair market value which has been determined to be equal to the benefit to the City for the passage of Freeport by the County.
3. Prepare all Contracts for Sale, Warranty Deeds, and Interlocal Agreements necessary to complete the described property transfers.

#### **ARTICLE VII. EXPO'S RESPONSIBILITIES**

The Expo agrees to:

1. Deed Tract A to the DCOA for the amount already paid to DCOA by Expo toward satisfaction of the Note held on the property by DCOA.

#### **ARTICLE VIII. TERMINATION AND AMENDMENTS**

1. Termination by any party shall be effected by the conveyance of a written notification thereof to the other parties at least thirty (30) days in advance of the effective date of the termination. Termination of the MOU is prohibited after the first property transaction is completed.
2. Any party can request an amendment to this MOU by giving ten (10) days written notice to all parties. The amendment becomes effective only by the approval and signature of all parties.
3. In the event of termination, all costs and expenses incurred by the non-terminating parties through the date of termination will be paid by the terminating party within thirty (30) days of written request(s) for payment by the non-terminating party.
4. All notices pursuant to this MOU shall be deemed given when, either delivered in person or deposited in the United States mail, postage prepaid, certified mail, return receipt requested addressed to the appropriate party at the following addresses:

If to the City:

The City Manager  
City of Abilene  
P.O. Box 60  
Abilene, TX 79604

If to the DCOA:

Chief Operating Officer  
Development Corporation of Abilene, Inc.  
174 Cypress Street, Suite 301  
Abilene, TX 79601

If to the County: \_\_\_\_\_ Judge George A. Newman  
Taylor County Courthouse  
300 Oak Street  
Abilene, TX 79602

If to the Expo:

#### **ARTICLE IX. GOVERNING LAW**

The laws of the State of Texas shall govern this MOU and all obligations hereunder of the parties are performable in Abilene, Texas. Venue for any legal proceeding is Taylor County, Texas.

#### **ARTICLE X. NON-ASSIGNMENT**

This MOU shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns. A party shall not have the right to assign any right or duty of this MOU without first obtaining the written consent of all other parties.

#### **ARTICLE XI. SEVERABILITY**

Should any provisions of this MOU for any reasons be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof provided such unenforceability, invalidity, or illegality does not prevent the intent of the MOU to effect its stated purposes. If such provision that is determined to be unenforceable, invalid or illegal, prevents all or any part of this transaction from being completed then this MOU and any agreement arising from this MOU shall be voided and all parties thereto released of any liability or obligation to perform hereunder.

#### **ARTICLE XII. ENTIRETY OF MOU**

This is the entire MOU between the parties and no modification of this MOU shall be of any force or effect, unless it is in writing and signed by all parties.

#### **ARTICLE XIII. AGENCY RELATIONSHIP**

This MOU is not, and does not create, any agency relationship, partnership, joint venture or enterprise, or employment between the parties.

**ARTICLE XIV. EFFECTIVE DATE**

The effective date of this MOU is deemed \_\_\_\_\_.

CITY OF ABILENE

TAYLOR COUNTY, TEXAS

\_\_\_\_\_  
Larry Gilley, City Manager

\_\_\_\_\_  
George Newman, County Judge

ATTEST:

ATTEST:

\_\_\_\_\_  
Danette Dunlap, City Secretary

DCOA

EXPO

\_\_\_\_\_  
Richard Burdine, CEO

APPROVED:

\_\_\_\_\_  
T. Daniel Santee, City Attorney

S:\Business\_Srvcs\Freeport Tax Exemption\Expo Land Swap MOU dmf. 3 121407.doc

**Expo Center Land Swap**

**Exhibit A**



# TRIPLE FREEPORT TAX EXEMPTION

## RESULTS - SURVEY OF SITE SELECTION CONSULTANTS

### CONDUCTED BY ABILENE INDUSTRIAL FOUNDATION IN DECEMBER 2007

Site Selection Consultants were asked to rate on a scale of 1 to 5 (1 being most important) the importance of Freeport Tax Exemption in the site selection process.

1. Craig Hughes – Cushman & Wakefield; Rank-1.5  
Comments: Triple Freeport is a very big deal in the DFW Metroplex. Several years ago my focus was the NW corridor of Dallas (Farmers Branch and Carrollton). This area had a 25 million square foot master planned industrial park (one of two in Dallas) and was the premier location for industrial users. The Carrollton/Farmers Branch ISD was reluctant to adopt the Freeport Exemption even while other industrial areas were. As a result there was a mass exodus from this area to competing cities and vacancy grew to unprecedented levels. We led a big push to get Carrollton/Farmers Branch ISD to reconsider. Once they did the tenants came back to the area. The exact same thing occurred with Arlington ISD. Vacancy percentages rose to well over 25% in the industrial areas of Arlington. Again once the ISD adopted Triple Freeport the tenants came back.

What I would want to know is how many of the cities that Abilene competes with have Triple Freeport. It's a lot easier for tenants to move from Arlington to Dallas or Fort Worth to get more favorable property tax treatment and I wouldn't think your industrial users will be packing up to go to Weatherford or Lubbock for triple Freeport. But I do think the new companies considering your area will be placing a lot of emphasis on relative costs of doing business and Triple Freeport will be an important factor of where they decide to locate.

2. Bo Bond, Senior Vice President - The Staubach Company  
Comments: Yes, very important. Every muni(municipality) in Dallas has gone triple free to be competitive.
3. Mike Mullis, J.M. Mullis, Inc.  
Comments: Our firm has completed several new major project establishments in TX; and seldom have we considered any locations that do not offer Triple Freeport Exemption.
4. Allen Gump, Executive Vice President, SIOR; Rank-1  
Comments: Even though there are more times than not when it comes into play, I would still rate it a 1. Many companies won't even look where it's not available. However, don't think you can just offer that and that's all you have to do.
5. Jim Renzas, President, Site Selection Network; Rank-1  
Comments: Based on our experience in Texas, Triple Freeport is critical to the success of any distribution related development.
6. John Castro, Cushman & Wakefield; Rank-1

Comments: I feel it's very beneficial to have Triple Freeport available at a "site of interest" especially for our warehouse/distribution and value-adding projects. We recently completed a project in North Dallas that I feel the city won because they proactively pushed their Triple Freeport capabilities AND offered to assist with the application process necessary to tie the location into the DFW FTZ.

7. David Witcher, Mintax

Comments: Typically Freeport can range in benefit to a company from a four to five on a scale of five. Understand, that the Freeport will benefit a project that is going to ship the goods out of state or country. Triple Freeport will level the playing field for Abilene, understand companies will use other site selection criteria in make a final location decision. Good luck on Freeport. Call me at 214-729-5829 if you have additional questions.

8. David V. Brandon, Senior Vice President, Site Selection Group, LLC

Comments: Freeport is important, especially at the semi-finalist stage of competition. Personal property taxes are distasteful to most manufacturing and distribution companies. So, when we are drawing fine distinctions among semi-finalist locations it's likely that the ones without such taxes will fare better. We recently completed a search for a company that eliminated the entire State of Indiana because of the personal property tax: all this despite extraordinary pressures to keep inventories low.