

PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A special-called meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, May 20, 2008, 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

May 20, 2008
1:30 p.m.

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

1. Call the meeting to order.
2. Approval of the minutes from the April 29, 2008 meeting.
3. Sales Tax report for May 2008
4. Discussion and possible approval of a resolution authorizing assistance for Project PS-TT.
5. 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.

6. Discussion and possible approval of a revised resolution authorizing a contract and funds to repair the roof at 4109 Vine St., Abilene, TX.

7. 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 _____, 2008, 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
APRIL 29, 2008

MEMBERS PRESENT: Joe Crawford
 Stan Lambert

Dee Moore
 Paul Cannon

MEMBER ABSENT: Mike Schweikhard

STAFF PRESENT: Richard Burdine
 A.C. Alrey
 David Wright
 Melissa Murphy

Susan Campbell
 Pat McGinnis
 Don Green
 Dan Santee

GUESTS PRESENT: Bill Ehrie
 Gary Robinette
 Judy Wilhelm
 Kyle Peveto

Abilene Industrial Foundation
 “ “ “
 TTU Small Business Develop. Center
 Abilene Reporter-News

1. **CALL TO ORDER.** Joe Crawford 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 MARCH 25, 2008 MEETING.** Paul Cannon made a motion to approve the minutes from the March 25, 2008 meeting. Stan Lambert seconded and the motion carried.

3. **SALES TAX REPORT FOR APRIL 2008 AND PRELIMINARY STATUS OF FUNDS REPORTS FOR MARCH 2008.** David Wright presented these reports. The sales tax rebate was \$598,138, which was 6.65% less than last year. Some of this is due to prior periods, audit and future payments. Total assets as of March 31, 2008 were approximately \$52.5 million, total liabilities were \$277,519 and the undesignated fund balance was nearly \$7.7 million; \$2,128,994 of that being the Zoltek loan principal payment. Major expenditures for the month included \$102,230 for Teleperformance, \$360,000 for PWP, \$246,753 for Receptor Logic and \$450,702 for the Spec 2 Building Expansion.

4. **PRESENTATION OF SEMI-ANNUAL REPORTS FOR SIX MONTHS ENDED MARCH 31, 2008 BY THE ABILENE INDUSTRIAL FOUNDATION, THE TTU SMALL BUSINESS DEVELOPMENT CENTER AND THE CITY OF ABILENE AIRPORT BUSINESS DEVELOPMENT MANAGEMENT PROGRAM.** Bill Ehrie and Gary Robinett reviewed the semi-annual report from the Abilene Industrial Foundation (AIF). The AIF has spent \$42,877 of its FY 2008 marketing budget of \$140,000. The Develop Abilene website was completely redone last summer, which gives the AIF total in-house control and has cut costs significantly. From the 63 leads received, the AIF responded to 35 and opened five prospect files. The AIF made 57 retention visits and 24 consultant visits. They have hosted two manufacturers’ luncheons this fiscal year, attended four conferences and have given six local presentations.

Judy Wilhelm announced that the Abilene Small Business Development Center (SBDC) received the SBDC of the Year Award for 2007. She credited the DCOA for helping win this award. She then summarized the semi-annual report from the TTU SBDC. For the first half of FY 2008, the SBDC helped a total of 44 businesses open. They helped create 273 jobs with a total capital

investment of \$14.8 million. Ms. Wilhelm attributed much of the success of these high numbers to their extra full-time and rural counselors, which have enabled the SBDC to help more clients. The SBDC offers a weekly entrepreneurial series to help new and existing businesses.

Don Green and Melissa Murphy summarized the semi-annual report from the Abilene Airport Business Development Management Program (BDMP). They are focused on community outreach through speaking engagements to various civic organizations, highlighting the advantages of flying from Abilene versus driving to another airport. The BDMP started a new marketing campaign in November 2007, running testimonial commercials on local television and radio stations. The BDMP updated its website and now offers a fare watcher which constantly features real-time discount fares from Abilene to various destinations. The BDMP has been successful in identifying a need for air service to the Western U.S. through the market analysis and other related market research done by SABRE Airline Consultants. The goal is to create a Request for Proposals to solicit additional airline service from targeted airlines believed to offer the service needed for this market.

- 5. DISCUSSION AND POSSIBLE APPROVAL OF THE DCOA'S SEMI-ANNUAL REPORT OF ACTIVITIES ENDING MARCH 31, 2008.** Richard Burdine presented this report and pointed out some of the highlights. These include the PWP Phase 2 126,000 square-foot expansion (Spec 2 building) currently under construction. The dirt work is in progress for the Spec 3 building construction. The Center for Immunotherapeutic Research at the TTU School of Pharmacy continues to develop. The Biotech team (biotech education) is present at all levels – high school, college, and grad school. They are working together in preparation to train the future workforce that will be in demand through Receptor Logic. Mrs. Baird's is proceeding with their \$2.5 million expansion.

A motion was made by Dee Moore to approve this report as presented by oral resolution. Paul Cannon seconded and the motion passed by unanimous consent.

- 6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ADDITIONAL ASSISTANCE FOR GENESIS NETWORKS SOLUTIONS.** In September 2006, Genesis Networks Solutions (GNS) was established in Abilene. Its primary business is software testing and quality assurance with clientele that includes AT&T and Amdocs, Ltd. GNS has experienced rapid growth and will meet their initial job creation goal of 143 in the next 60 days. GNS is ready to substantially expand their operation and create an additional 150 jobs, with 60% of new hires anticipated to move to Abilene. Subsequent to the board packet distribution, GNS staff discussed with economic development staff a second capital investment incentives option as follows: a provision of up to a \$300,000 3-year, no interest loan using furnishings and equipment as collateral at a loan to value ratio of 50% of the new or depreciated value. First lien and a landlord's waiver on collateral will be required.

Board members suggested language be added to the resolution where any funds advanced under the Job Creation Incentive must be secured by a letter of credit or other acceptable collateral. Staff recommends the DCOA approve total assistance of up to \$2,088,000 for Phase 2 expansion in exchange for the creation of 150 new jobs, all paying in excess of \$35,000/year in salary and non-mandatory benefits, e.g., health insurance including above-mentioned revisions.

2.2

Stan Lambert moved to approve Resolution No. DCOA-2008.13 Revised as presented. The motion was seconded by Paul Cannon and it carried by unanimous consent.

- 7. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING A CONTRACT AND FUNDS TO REPAIR THE ROOF AT 4109 VINE ST., ABILENE, TX.** The DCOA owns the property located at 4109 Vine Street and leases it to Affiliated Food Stores (AFS). For more than a year the roof on the property has leaked in various places. The Dept. of State Health and the City of Abilene Health Dept. have cited AFS numerous times for the unsanitary conditions of the food storage areas due to the roof leaks. The amount of rain received in 2007 forced AFS to vacate the southern portion of the property, resulting in a loss of about 24,000 sq. ft. of warehouse and office space, yet they continue paying expenses on the unused space.

Staff retained the services of Perry Haynes Engineering Services, to develop a plan for repair/replacement that could be bid consistently by all bidders. Several bids were solicited and received on repairing the roof, with American Metals the lowest bidder for a steel roof in the amount of \$512,288. The only bid received for interior repairs was from Spencer Construction in the amount of \$3,950.

Action on this item was tabled until after Executive Session.

- 8. EXECUTIVE SESSION.** I hereby announce we are going into Executive Session pursuant to Texas Government Code Sections 551.071, .072, and .087 to consult with our legal counsel, discuss real property transactions, and discuss economic development negotiations involving a business prospect, as set forth on the agenda. Any vote or action will be taken in open session.

The date is April 29, 2008 and the time is 2:42 p.m. The date is still April 29, 2008 and the time is 3:04 p.m. No vote or action was taken in Executive Session.

- 7. Continuing with Item #7 - Roof Repair at 4109 Vine Street.** Staff recommends the DCOA authorize contracts and funding in the total amount of \$544,550 to repair the roof and interior at 4109 Vine Street as follows: Perry Hanes \$2,500, American Metals \$512,288, Spencer Construction (interior repairs) \$3,950 plus a 5% repair contingency of \$25,812.

Dee Moore moved to approve Resolution No. DCOA-2008.08 as presented. Stan Lambert seconded the motion and it carried.

- 9. ADJOURNMENT.** The next regularly scheduled board meeting is May 27, 2008. There being no further business, the meeting was adjourned.

Joe Crawford, President

MEMORANDUM

May 7, 2008

TO: Larry D. Gilley, City Manager
Evalin E. McClain, Assistant City Manager

FROM: David M. Wright, Director of Finance

SUBJECT: May Sales Tax

The sales tax rebate for May is \$3,296,775.81, which represents March sales. This is 3.20% below last year. The breakdown of the May rebate is \$2,472,581.86 to the General Fund and \$824,193.95 for economic development. Of this rebate, \$54,418 is from prior periods, audit payments, future payments, and unidentified payments. Based on this rebate, sales tax is 1.66% above last year for the period of October through May. The budget was approved utilizing a 5% increase. I have requested the detail from the state.

We are currently reviewing all revenue sources and major expenditures to determine the overall impact of sales tax performance.

Should you have any questions, please contact me.

DMW:ls

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

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

Accounting Period Month	Actual 2006-07	Actual 2007-08	% Change
October	\$650,474	\$676,406	3.99%
November	743,127	764,578	2.89%
December	604,413	644,727	6.67%
January	625,876	626,702	0.13%
February	903,464	977,610	8.21%
March	599,070	599,437	0.06%
April	640,761	598,138	-6.65%
May	851,472	824,194	-3.20%
YTD	\$5,618,657	\$5,711,792	1.66%
June	606,355		
July	662,492		
August	782,947		
September	671,098		
FY TOTAL	\$8,341,549		

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 May '08 represents March '08 sales. Approximately
\$13,605 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.

3.2

**CITY OF ABILENE
SALES TAX COMPARISON**

Accounting Period Month	GENERAL FUND Actual 2006-07	ECONOMIC DEVELOPMENT Actual 2006-07	TOTAL 2006-07	GENERAL FUND Actual 2007-08	ECONOMIC DEVELOPMENT Actual 2007-08	TOTAL 2007-08
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
January	1,877,628.47	625,876.16	2,503,504.63	1,880,105.59	626,701.86	2,506,807.45
February	2,710,392.23	903,464.08	3,613,856.31	2,932,831.13	977,610.37	3,910,441.50
March	1,797,210.64	599,070.21	2,396,280.85	1,798,311.71	599,437.23	2,397,748.94
April	1,922,282.36	640,760.78	2,563,043.14	1,794,413.90	598,137.96	2,392,551.86
May	2,554,414.62	851,471.54	3,405,886.16	2,472,581.86	824,193.95	3,296,775.81
YTD	\$16,855,971.60	\$5,618,657.19	\$22,474,628.79	\$17,135,375.35	\$5,711,791.75	\$22,847,167.10
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	\$25,024,647.23	\$8,341,549.06	\$33,366,196.29			

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.

BOARD AGENDA

MEETING DATE: May 16, 2008

PROJECT: Project PS-TT

STAFF: Richard Burdine, CEO

THE COMPANY

Project PS-TT was acquired by a wind energy manufacturing company last year. The acquiring company appears to be very well funded and has acquired several other companies recently (transport and gear production), working toward a goal of vertical integration and becoming a leader in the wind energy business.

The DCOA recently signed an agreement with Energy Maintenance Service (EMS) to bring them to Abilene. EMS has leased most of the former Lockheed Plant, which is currently being remodeled. Having both of these companies here will establish Abilene as a desirable location for not only wind energy repair and maintenance but also wind-related manufacturing.

THE PROJECT

Project PS-TT will invest \$20+ million to construct and equip a manufacturing plant in the Five Points Business Park on a 40-acre site located north of PWP Industries on Arnold Blvd. The company will be located on all or portion of lots 2, 3, 9 and 10 on the attached map, which have combined acreage of 53.43. The company will need rail service to the site and entry-level welders - the majority of its total projected workforce of 150. As reflected in the chart below, 70% of the jobs are expected to pay from \$40,000 to \$50,000/year. Staff proposes a direct incentive package totaling \$3,816,250, all of which would be paid in arrears to avoid credit risk, as follows:

1. Job Creation Incentive - \$1,816,250 for the creation of 150 new jobs paid out over 5 years according to the chart below:

Annual Salary Level	Projected No. of Jobs	Incentives Per Job	Incentives Total
\$20 to \$30,000	0	0	\$0
\$30 to \$40,000	39	\$10,000	\$390,000
\$40 to \$50,000	105	\$12,000	\$1,260,000
\$50 to \$60,000	0	\$15,000	\$0
Over \$60,000	6	35%	\$166,250
Total Jobs:	150		\$1,816,250

2. Capital Investment Incentive - \$2,000,000 paid in arrears to Company over 5 years at 10% of actual capital costs in an amount not to exceed \$400,000/year upon receipt by the DCOA of invoices evidencing the Company's investment in construction and purchase of equipment.

Staff also proposes the board authorize funding as follows:

1. Training Incentive – \$75,000 to expand the Fast Track Welder Training program through Cisco Junior College to meet Project PS-TT’s needs in the first year of operation. Students trained through the program could work for Project PS-TT or any other company. This amount may be increased to continue the welder training program for a full year.
2. Land and Rail Service Incentives - \$236,250 to extend rail service to the south boundary of the new site via the spur proposed to service Spec 3, and conveyance of 40 acres of land in the Five Points Business Park with an estimated value of \$15,000/acre (\$600,000).

FISCAL IMPACT

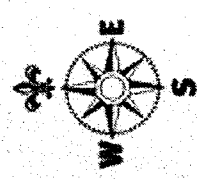
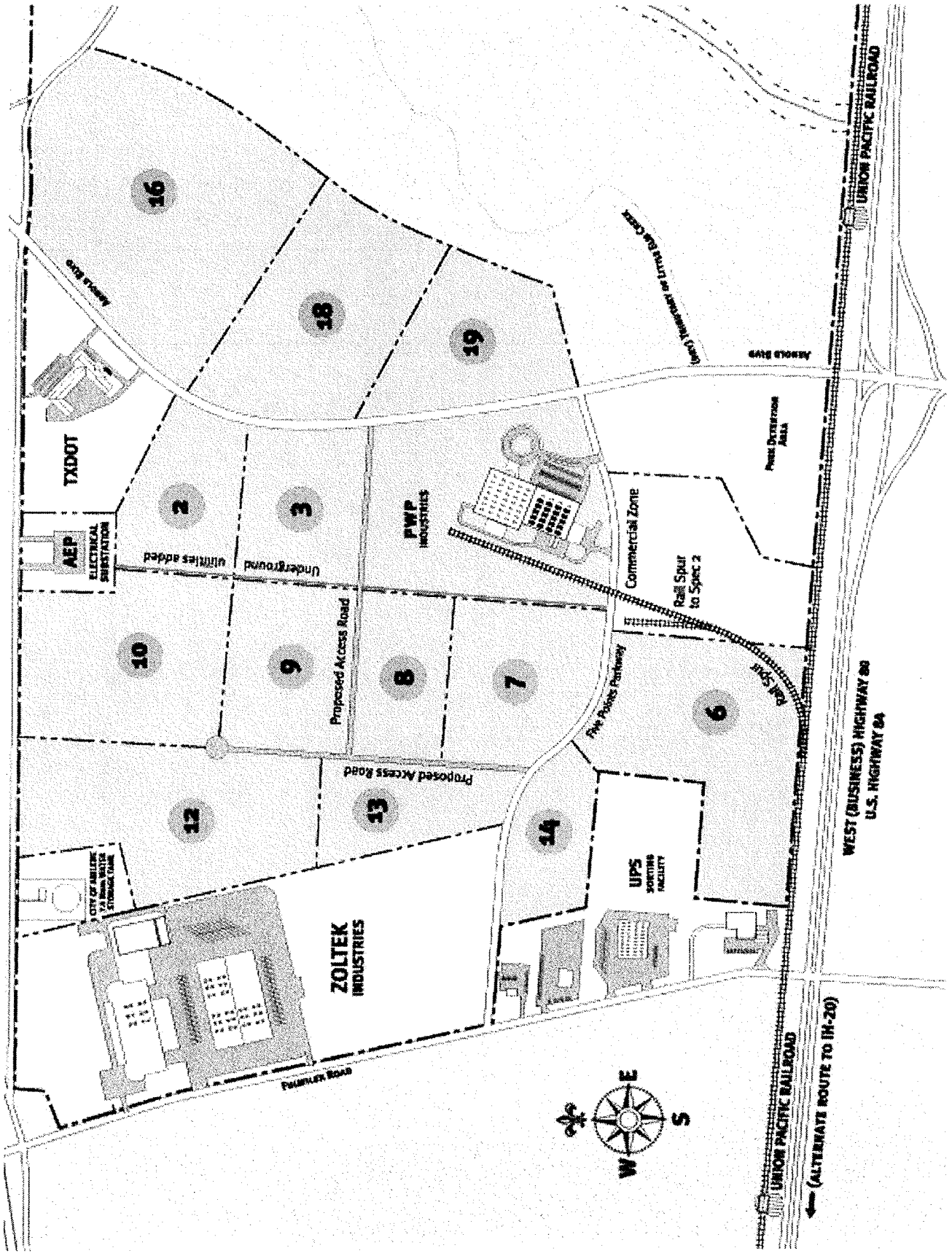
Direct Incentives to Project PS-TT	\$3,816,250
Indirect Incentives (Estimated)	<u>\$ 911,250</u>
TOTAL	\$4,727,250

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2008.14 authorizing an incentive package for Project PS-TT in the amount of \$3,816,250 in direct incentives in exchange for the creation of 150 new manufacturing jobs and capital investment of \$20+ million in the Five Points Business Park. In addition, staff recommends indirect incentives with an estimated value of \$911,250 to provide trained welders and MSSC certified non-welders, to extend the rail spur north from the Spec 3 sight to the new site, and conveyance of 40 acres of land in Five Points Business Park.

ATTACHMENTS

Map of the Five Points Business Park
Resolution DCOA-2008.14



RESOLUTION NO. DCOA-2008.14

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (“DCOA”), ABILENE, TEXAS AUTHORIZING FINANCIAL ASSISTANCE FOR PROJECT PS-TT.

WHEREAS, the purpose of the DCOA is to expand employment opportunities for the citizens of Abilene; and

WHEREAS, Project PS-TT is a wind energy industry manufacturer and is expanding into Abilene with plans to construct a plant in the Five Points Business Park; and,

WHEREAS, the company will create 150 new manufacturing jobs and invest \$20+ million in construction and equipment; and,

WHEREAS, Project PS-TT requests the DCOA consider a funding package to assist with job creation, construction and equipment costs, training, a rail spur and estimated 40 acres of land in the Five Points Business Park; and,

WHEREAS, the DCOA is authorized by the Development Corporation Act of 1979, as amended, to provide financial assistance to private corporations in order to facilitate the creation, retention or expansion of primary employment.

NOW THEREFORE, BE IT RESOLVED BY THE DEVELOPMENT CORPORATION OF ABILENE, INC., ABILENE, TEXAS, THAT:

PART 1. DCOA authorizes an assistance package for Project PS-TT in the total amount of Three Million Eight Hundred Sixteen Thousand Two Hundred Fifty and no/100's Dollars (\$3,816,250) in direct incentives in exchange for the creation of 150 new manufacturing jobs in Abilene, earning salaries of at least \$30,000/year. The assistance shall be structured as follows:

- **Job Creation Incentive** – Funding in an amount not to exceed \$1,816,250 for the creation of 150 jobs. Payments will be made in arrears over 5 years for each new FTE at 1/5 the amount listed below under “Incentives per Job” after receipt of a job certification for the previous 12 months. The incentive shall be extended an additional 2 years to provide Company the opportunity to realize full benefit for jobs created in years 2 and 3.

Annual Salary Level	Projected No. of Jobs	Incentives Per Job	Incentives Total
\$20 to \$30,000	0	0	\$0
\$30 to \$40,000	39	\$10,000	\$390,000
\$40 to \$50,000	105	\$12,000	\$1,260,000
\$50 to \$60,000	0	\$15,000	\$0
Over \$60,000	6	35%	\$166,250
Total Jobs:	150		\$1,816,250

- **Capital Investment Incentive** – Funding up to \$2,000,000 paid at 10% of actual cost for design fees, construction, and equipment purchases to be paid out over 5 years in an amount not to exceed \$400,000/year, upon receipt by the DCOA of invoices evidencing the Company’s investment.

PART 2. DCOA also authorizes the following indirect incentives and corresponding funding:

- Training Incentive – \$75,000 to expand the Fast Track Welder Training program through Cisco Junior College to meet Project PS-TT’s needs in the first year of operation.
- Rail Service Incentive - \$236,250 to extend rail service to the south boundary of the new site via the spur proposed to service Spec 3.
- Land Conveyance - Conveyance to Company of estimated 40 acres of land in the Five Points Business Park with an estimated value of \$15,000/acre (\$600,000).

PART 3. Funding under this resolution is contingent upon execution of all necessary agreements. The funding commitment authorized under this resolution shall expire without notice 180 days from the date of adoption of same unless all required documents and agreements are executed prior to that expiration date or the commitment herein is extended in writing by the DCOA.

PART 4. The Chief Executive Officer of the Development Corporation of Abilene, Inc. is hereby authorized to negotiate, enter into and execute any contract and all other related documents on behalf of the DCOA.

ADOPTED this the 20th day of May, 2008.

ATTEST:

Dee Moore
Secretary/Treasurer

Joe Crawford
President

APPROVED:

T. Daniel Santee, City Attorney

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: April 29, 2008

PROJECT: Vine St. Property Roof Repair

STAFF: Richard Burdine, CEO

BACKGROUND

The DCOA owns the property located at 4109 Vine St. and leases it to Affiliated Food Stores (AFS). AFS is an Oklahoma corporation organized in 1939 as a wholesale grocery distributor selling merchandise to its member-stockholders from the Abilene location. With a recent influx of major supermarkets in the area, small stores have been forced to close, reducing AFS's business. The primary lender forced AFS to file bankruptcy in late 2003, jeopardizing the Abilene operation and the then existing 100 jobs.

The DCOA purchased the property and the warehouse at 4009-4109 Vine in 2004 from AFS for \$1.2 million. AFS occupies approximately 110,000 sq ft of space that includes office and warehouse. The lease amount is \$14,375/month; however, the lease rate was reduced by the DCOA in April of 2007 to \$7,500/month to further assist AFS toward financial stability. The lease amount will return to the original rate in January 2009. The lease expires in June 2009, at which time AFS has the option of renewing the lease for another 5 years at a fair market lease rate. The warehouse at 4009 Vine is currently under lease to Fehr Foods.

For more than a year, the roof on the property has leaked in various places. The State Department of Health and the City of Abilene Health Department have cited AFS numerous times for the unsanitary conditions of the food storage areas due to the roof leaks. AFS has spent around \$20,000 to fix the problem; however, the amount of rain we received in 2007 forced AFS to vacate the southern portion of the property, resulting in a loss of about 24,000 sq ft of warehouse and office space. If the problem is not fixed soon, AFS could be subject to fines of up to \$25,000/day for continued violation. The company's cost of doing business increased because not only are they operating from a much smaller space with reduced inventory, they are paying rent, insurance and taxes on the unusable space. Water has caused the loss of several computers, laser printers and adversely affected the phone system.

THE REQUEST

The largest portion of the roof is relatively new and still in good shape. Smaller areas surrounding the main roof are in severe need of repair due to poor drainage of rain water runoff. Staff consulted with several roofers in town and compiled proposals to repair the roof, which were presented to the DCOA board during the February 26, 2008 meeting. Of the four companies proposing, two proposed replacing some areas and two proposed placing new metal roofing over the same areas. The board requested that staff develop a scope of work for the roof repair and obtain bids that are consistent with the scope of work so that all bids can be objectively compared. Staff retained the services of Haynes & Co. Eaglespan, Inc. Structural Engineering to develop a plan for repair/replacement that could be bid consistently by all bidders. The plan calls for metal roofing over two existing damaged roof areas and minor repairs to the existing conventional roof over the remainder of the structure. About one-half of the roof-top heating and cooling units will be relocated to the ground, and the other half will be covered by the metal roof with adequate ventilation provided for efficiency of the units.

Bids were received by staff and presented to the board at the April 29th meeting. The Board approved a resolution to fund the following project costs:

<u>Company or Item</u>	<u>As Approved</u>	<u>Revised Price</u>
Perry Haynes Engineering Services	\$ 2,500.00	\$ 2,500.00
American Metals Roof Repairs	\$512,288.00	\$408,347.00
Spencer Construction Interior Repairs	\$ 3,950.00	\$ 3,950.00
<u>5% repair contingency</u>	<u>\$ 25,812.00</u>	<u>\$ 20,417.00</u>
TOTAL	\$544,550.00	\$435,214.00

Since then I asked the consulting engineer and the contractor to explore ways to reduce the cost. They developed an alternative construction method for the framing that eliminates rental of a crane and allows for use of lighter gauge steel framing with no compromise in quality. American Metals' price for the alternative is \$408,347.00, a 20% price reduction.

We also went back to the two asphalt roof bidders and asked them to refresh their bids for use of a 3-ply membrane with a 5-year warranty, and include an alternative for a 5-ply roof membrane with a 20-year manufacturer's warranty. I expect the alternative materials bid from Lydick-Hooks by Monday afternoon so the alternative prices from Barr Roofing and Lydick-Hooks Roofing will be provided at the meeting for discussion.

Barr Roofing – standard materials	\$167,982.00
Barr Roofing – alternative materials	Will report price at Board meeting
Lydick-Hooks – standard materials	\$147,500.00
Lydick-Hooks – alternative materials	Will report price at Board meeting

The actual cost of the repairs will be added to the total sales price of the property of \$1.2 million as stated in the Lease Agreement executed April 26, 2004, between the DCOA and Affiliated Food Stores, Inc., page 4, Section V. *Purchase Option*, should AFS choose to exercise its option to purchase. The purchase price also increases by 4% per annum calculated on \$1.2 million from the Effective Date of May 19, 2004, to June 15, 2008, at which time the calculation of 4% begins on the purchase option price of \$1.2 million plus the actual cost of the repairs described above up to the date of purchase.

The Board may wish to consider other changes to the Lease Agreement in light of the substantial expense being borne by the DCOA rather than by Affiliated Foods under their triple net lease.

FISCAL IMPACT

Will depend on the roofing method chosen by the Board.

STAFF RECOMMENDATION

Staff recommends approval of a resolution authorizing a contract and funding to repair the roof and interior at 4109 Vine.

ATTACHMENTS

Resolution DCOA-2008.08 Revised

S:\DCOA\Meeting Memos\FY 2008\Vine roof repair 3 0508.DOC

6.2

RESOLUTION NO. DCOA-2008.08 REVISED

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. ("DCOA"), ABILENE, TEXAS RESCENDING RESOLUTION NO. DCOA-2008.08 AND AUTHORIZING A CONTRACT AND FUNDING TO REPAIR THE ROOF AND INTERIOR WATER DAMAGE AT 4109 VINE ST., ABILENE, TEXAS.

WHEREAS, the DCOA is authorized by the Development Corporation Act of 1979, as amended, to provide financial assistance in order to facilitate the creation, retention or expansion of primary employment; and,

WHEREAS, the DCOA purchased the property located at 4109 Vine in 2004 and leases it to Affiliated Food Stores; and,

WHEREAS, the property is experiencing significant roof leaks resulting in damage and loss in the interior of the facility; and,

WHEREAS, during the February 26, 2008 meeting, the DCOA requested that staff develop a scope of work and have the project re-bid based on the plan in order to obtain comparable bids; and,

WHEREAS, Resolution staff hired a structural engineer to develop a plan for the roof repair project and the plan was provided to bidders with bids being submitted no later than Monday, April 28, 2008; and,

WHEREAS, on April 29, 2008 the DCOA Board approved Resolution No. DCOA-2008.08 in the total amount of \$544,550.00, which no longer reflects the anticipated cost of the roof repairs in light of new information now available to the DCOA Board and staff.

NOW THEREFORE, BE IT RESOLVED BY THE DEVELOPMENT CORPORATION OF ABILENE, INC., ABILENE, TEXAS, THAT:

PART 1. DCOA Board Resolution No. DCOA-2008.08 is hereby rescinded.

PART 2. DCOA authorizes contracts with _____ and Spencer Construction to repair the roof and repair interior water damage, respectively, at 4109 Vine St., and funding in the total amount of _____ and no/100's Dollars (\$ _____) to make needed repairs to the roof and interior water damage as follows:

Perry Haynes Engineering Services	\$ 2,500.00
_____	\$ _____
Spencer Construction Interior Repairs	\$ 3,950.00
<u>5% repair contingency</u>	<u>\$ _____</u>
TOTAL	\$.00

The actual cost of the improvements described above shall be added to the total sales price of the property of \$1.2 million as stated in the Lease Agreement executed April 26, 2004, between the DCOA and Affiliated Food Stores, Inc., page 4, Section V. *Purchase Option*, should AFS choose to exercise its option to purchase. The purchase price also increases by 4% per annum calculated on \$1.2 million from the Effective Date of May 19, 2004, to June 15, 2008, at which time the calculation of 4% begins on the purchase option price of \$1.2 million plus the actual cost of the repairs described above up to the date of purchase.

PART 3. The Chief Executive Officer of the Development Corporation of Abilene, Inc. is hereby authorized to negotiate, enter into and execute any contract and all other related documents on behalf of the DCOA.

ADOPTED this the 20th day of May, 2008.

ATTEST:

Dee Moore
Secretary/Treasurer

Joe Crawford
President

APPROVED:

T. Daniel Santee, City Attorney

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