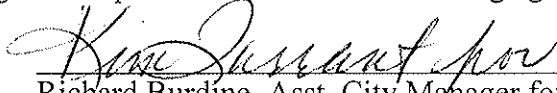


PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, August 19, 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

August 19, 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 July 22, 2008 meeting.
3. Sales Tax report for August 2008.
4. Presentation and possible approval of report from the *Project Evaluation Committee* on Fiscal Year ("FY") 08 contract performance for:
 - a. Texas Tech Small Business Development Center
 - b. Abilene Industrial Foundation and Chamber of Commerce Military Affairs Committee
 - c. City of Abilene: Airport Business Development Management
 - d. City of Abilene: Business Services and Property Maintenance divisions of the Department of Economic Development
5. Presentation and possible approval of report from the *Budget & Finance Committee* concerning funding proposals for FY 2009:
 - a. Texas Tech Small Business Development Center
 - b. Abilene Chamber of Commerce – Military Affairs Committee
 - c. Abilene Industrial Foundation, Inc.
 - d. City of Abilene: Airport Business Development Management
 - e. City of Abilene: Business Services and Property Maintenance divisions of the Department of Economic Development
6. Public hearing: funding proposals and proposed budget for FY 2009.
7. Discussion and possible approval of funding requests and proposed budget for FY 2009.
8. Presentation of annual report by Thelen, Reid, Brown, Raysman & Steiner and Team Concepts.

9. Discussion and possible approval of a resolution authorizing additional assistance for Texas Metals & Recycling (BMWT Leasing).
10. 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.
11. Discussion and possible approval of a resolution authorizing assistance for Project DG.
12. 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.

MEMORANDUM

August 6, 2008

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

FROM: Mindy Patterson, Interim Director of Finance

SUBJECT: August Sales Tax

The sales tax rebate for August is \$3,457,243.80, which represents June sales. This is 10.39% above last year. The breakdown of the August rebate is \$2,592,932.85 to the General Fund and \$864,310.95 for economic development. Of this rebate, \$29,401 is from prior periods, audit payments, future payments, and unidentified payments. Based on this rebate, sales tax is 3.22% above last year for the period of October through August. I have requested the detail from the state.

Should you have any questions, please contact me.

MP:ls

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

**CITY OF ABILENE
SALES TAX COMPARISON**

Accounting Period Month	GENERAL FUND	ECONOMIC DEVELOPMENT	TOTAL	GENERAL FUND	ECONOMIC DEVELOPMENT	TOTAL
	Actual 2006-07	Actual 2006-07		Actual 2007-08	Actual 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
June	1,819,065.78	606,355.26	2,425,421.04	1,970,650.71	656,883.57	2,627,534.28
July	1,987,476.01	662,492.00	2,649,968.01	2,054,110.32	684,703.44	2,738,813.76
August	2,348,841.11	782,947.03	3,131,788.14	2,592,932.85	864,310.95	3,457,243.80
YTD	<u>\$23,011,354.50</u>	<u>\$7,670,451.48</u>	<u>\$30,681,805.98</u>	<u>\$23,753,069.23</u>	<u>\$7,917,689.71</u>	<u>\$31,670,758.94</u>
September	<u>2,013,292.73</u>	<u>671,097.58</u>	<u>2,684,390.31</u>			
FY TOTAL	<u><u>\$25,024,647.23</u></u>	<u><u>\$8,341,549.06</u></u>	<u><u>\$33,366,196.29</u></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

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%
June	606,355	656,884	8.33%
July	662,492	684,703	3.35%
August	782,947	864,311	10.39%
YTD	\$7,670,451	\$7,917,690	3.22%
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 August '08 represents June '08 sales. Approximately
\$7,350 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.

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: August 19, 2008

PROJECT: Recommendations from Project Evaluation Committee

FROM: Richard Burdine, CEO

GENERAL INFORMATION:

The Project Evaluation Committee of the DCOA met on August 11, 2008, to consider monitoring/audit reports prepared by staff on the agencies currently under contract with the DCOA. Staff visited the Texas Tech Small Business Development Center and the Abilene Industrial Foundation to determine compliance with contract performance objectives. The City's Finance Dept. conducted a review of performance objectives for the City's Department of Economic Development (Business Services Division) as staff to the DCOA and the Airport's Business Development program. A visit to the Chamber to review compliance by the Military Affairs Committee was not conducted because all requests for reimbursement are accompanied by copies of related invoices.

SPECIAL CONSIDERATIONS:

Members of the Project Evaluation Committee that attended the 8-11-08 meeting are Mike Schweikhard, Paul Cannon, Marelyn Shedd, and Charlie Black. Attached are minutes from the Committee meeting, which include recommendations concerning renewal of existing contracts for Fiscal Year 2009. Charlie Black was elected Chairman, and he will present the Committee's recommendations to the board during the meeting.

FUNDING/FISCAL IMPACT:

None.

STAFF RECOMMENDATION:

Staff recommends the Board receive the attached minutes from the Project Evaluation Committee, which include recommendations for contract renewals for FY09.

ATTACHMENT:

Minutes of Project Evaluation Committee meeting dated 8-11-08.

DCOA PROJECT EVALUATION COMMITTEE MEETING

August 11, 2008

MEMBERS PRESENT: Paul Cannon
Marelyn Shedd
Charlie Black
Mike Schweikhard

MEMBERS ABSENT: Tucker Bridwell
Dani Ramsay
John Stearns
Ray Ferguson

STAFF PRESENT: Richard Burdine, Asst. City Mgr.
Kim Tarrant, Contracts Admin.
Don Green, Director of Aviation
Melissa Murphy, Airport Business Development Mgr.

GUESTS PRESENT: Judy Wilhelm, SBDC
Bill Ehrie, Abilene Industrial Foundation
Cheri Drysdale, Abilene Chamber of Commerce

The meeting was opened at 10:10 a.m. in the Develop Abilene Conference Room, 174 Cypress, 3rd floor, and Charlie Black was elected Chairman.

Kim Tarrant-Contracts Administrator visited the Texas Tech Small Business Development Center (SBDC) and Abilene Industrial Foundation (AIF) during July and August 2008.

Alice Jackson, Accountant III with the City's Finance Dept., conducted an audit of the Department of Economic Development Business Services Division, and Pam McComas, Accountant III with the City's Finance Dept., conducted an audit of the Abilene Regional Airport Business Development program. A physical audit of records of the Abilene Chamber of Commerce Military Affairs Committee was not conducted because reimbursement is based on actual invoices, which are submitted with each request for reimbursement.

The audits were conducted to determine compliance with contract performance objectives. Based on the reports submitted to the Committee, the AIF, SBDC, Chamber of Commerce for Military Affairs, Airport Business Development, and City of Abilene for Business Services appear to be in substantial compliance with all performance objectives as stated in the respective contracts.

A representative from each of the contracting agencies was available to answer questions.

The Committee reviewed the monitoring reports submitted by Mrs. Tarrant, Mrs. Jackson and Mrs. McComas. The Committee concurred with the reports that all of the contract agencies are in substantial compliance with the contracts. The Committee also expressed satisfaction with performance under the contracts as follows:

1. Abilene Industrial Foundation/Abilene Chamber of Commerce Military Affairs Committee

Comments: The AIF concentrates its marketing efforts on establishing and maintaining relationships with site selection consultants. The AIF has a booth at the AWEA Windpower 2008 trade show in Houston in June 2008, and reported positive name recognition for Abilene among trade show attendees. A new initiative for the AIF is a relationship with Melissa Boisvert to prepare and follow-through with a Census 2010 Complete Count Plan, whereby she will determine ways to better promote the 2010 Census to ensure Abilene is fully represented in the census.

The military consultants, Thelen, Reid, Brown, Raysman & Steiner and Team Concepts are contracted with each year to ensure Dyess is not overlooked in Federal funding appropriations and other gains. Both consultants will present a report to the DCOA board during the August 19, 2008 meeting.

Again in FY08, the two contracts for Abilene Industrial Foundation and Chamber Military Affairs Committee were combined into one, which will be the case again in FY09. Though combined, the contract stipulates the amount of funding allocated to each agency for specific activities.

For the third year in a row, the Military Affairs Committee was provided the opportunity to host a social event on the lawn of the home of the Chief of Staff of the Air Force. The event is dubbed "A West Texas Cowboy Cookin" held on Friday, August 8, 2008, and was well attended by current and future Air Force leaders. They have already been asked to host the event again in 2009.

Recommendation: Renew a combined contract for one-year period.

2. TTU Small Business Development Center

Comments: The contract is strictly performance-based in that the DCOA only reimburses for actual counseling hours spent with Abilene-based clients. The DCOA reimburses the SBDC at the rate of \$75/counseling hour. There are currently 2 full-time and 1 part-time counselors on staff, along with 1 administrative coordinator, 1 student-worker, and the Director. One full-time counselor position is currently vacant. Each week, staff conducts various workshops which are limited to a small number of attendees.

Staff assists with administration of the SBIR/STTR and Texas Emerging Technology Fund programs and continues to co-host the monthly Reinvent Abilene events held at the Grant Building in downtown (occupied by the TTU Center for Excellence). Staff is currently involved in the Angel Network, a proposed program designed to organize a group of investors (Angels) to invest in non-bankable projects and provide advice but not be directly involved in the business.

Mrs. Tarrant recommends the removal from the FY09 contract (if approved) Performance Objective No. 3 regarding ... "assistance to clients pursuing loan funding through the Grow Abilene Fund, once established by the National Development Council (NDC) and DCOA, to include but not be limited to reviewing applications" because the SBDC already provides the services needed to help the NDC with the Grow Abilene Fund, when established.

Recommendation: Renew contract for one-year period with the removal of Performance Objective No. 3 as stated above.

4. City of Abilene-Airport Business Development Management

Comments: The FY08 contract in the amount of \$94,420 (\$59,420 for operating support and \$32,000 for professional services provided by SABRE Airline Solutions to develop an RFP to solicit additional airline service at the airport). The West Central Texas Air Service Advisory Council has been meeting quarterly. A new marketing campaign began in late 2007 whereby well-known Abilenians give testimonials which ran on KRBC, KTAB and KTXS. The Business Development Manager met with Continental Airlines and Delta Airlines to make presentations.

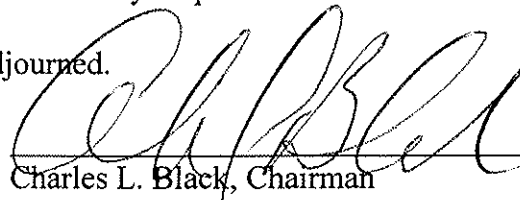
Recommendation: Renew contract for one-year period.

5. City of Abilene for Business Services

Comments: The DCOA has no staff of its own; therefore, it contracts with the City of Abilene to provide staff and specific services necessary for daily operations of the DCOA's business. The Department of Economic Development is made up of 5 full-time City employees that provide the staffing services to the DCOA. Other City services such as Finance/Accounting and Legal are used extensively by the Eco. Dev. Staff to track project expenditures and ensure adequate documentation of the DCOA's commitments. Current major projects include the construction of a 125,000 sf expansion of the Spec 2 building, occupied by PWP Industries, and the construction of the 100,000 sf Spec 3 building located adjacent to Spec 2.

Recommendation: Renew contract for one-year period.

There being no further business, the meeting was adjourned.


Charles L. Black, Chairman

DEVELOPMENT CORPORATION OF ABILENE, INC.
BOARD AGENDA
MEETING DATE: August 19, 2008

PROJECT: Recommendations from the Budget & Finance Committee

FROM: Richard Burdine, CEO

GENERAL INFORMATION:

On August 11, 2008, the DCOA's Budget & Finance Committee met to hear funding proposals for the coming fiscal year from the Abilene Industrial Foundation, Inc. (AIF), Texas Tech Small Business Development Center (SBDC), Chamber of Commerce Military Affairs Committee, City of Abilene Airport Business Development Management Program, and City of Abilene Business Services.

SPECIAL CONSIDERATIONS:

Members of the Budget & Finance Committee that attended the 8-11-08 meeting are Mike Schweikhard, Marelyn Shedd, Charlie Black and Paul Cannon. Attached are minutes from the Committee meeting, which include recommendations concerning funding for Fiscal Year 2009. Charlie Black was elected chairman and will present a report from the Committee during the meeting.

For FY09, Economic Development staff requests the board again authorize \$150,000 for property maintenance issues related to DCOA-owned assets. Also, \$31,750 is needed to pay property insurance premiums for DCOA-owned real estate covered under the City's self-insurance plan. The deductible for each occurrence is \$250,000. These two budget items are standard and are requested each year. An additional request of \$15,840 is presented for approval for the Business Services division of the City to carry the program through the remainder of FY08, the current fiscal year.

FUNDING/FISCAL IMPACT:

Fiscal Year 2009 Contractual Relationships:

AIF	\$ 770,409
SBDC	\$ 195,000
Military Affairs	\$ 70,000
City-Airport Business Dev Mgr	\$ 131,800
City-Business Services	<u>\$ 623,500</u>
TOTAL	\$1,790,709

Other:

DCOA Property Maint.	\$150,000
Property Ins. Premium	<u>\$ 31,750</u>
TOTAL	\$181,750

STAFF RECOMMENDATION:

Staff recommends the Board receive the minutes from the Budget & Finance Committee, which include recommendations for FY09 funding and additional funding for FY08.

ATTACHMENT:

Minutes from Budget & Finance Committee meeting on 8-11-08.
Proposed Budget for FY09, including projected revenues.

DCOA BUDGET & FINANCE COMMITTEE MEETING
August 11, 2008

MEMBERS PRESENT:

Charlie Black
Marelyn Shedd
Paul Cannon
Mike Schweikhard

MEMBERS ABSENT:

Tucker Bridwell
Dani Ramsay
John Stearns
Ray Ferguson

STAFF PRESENT:

Richard Burdine, Eco. Dev.
Kim Tarrant, Eco. Dev.
Don Green, Airport
Melissa Murphy, Airport

GUESTS PRESENT:

Bill Ehrie– AIF
Cheri Drysdale – Abilene Chamber of Commerce
Judy Wilhelm – SBDC

Kim Tarrant opened the meeting at approximately 10:45 a.m. in the Develop Abilene Conference Room at 174 Cypress, 3rd Floor. Charlie Black was elected Chairman. The following agencies have requested funding for Fiscal Year 2009 beginning 10-1-08 and ending 9-30-09.

1. ABILENE INDUSTRIAL FOUNDATION (operations, marketing and Dyess consultants)

Comments: Bill Ehrie, President of the Abilene Industrial Foundation (AIF), explained the budget for FY09. The final funding amount being requested is still unknown. The Dyess consultant contracts are still being discussed and the amount of funding may increase. A final amount should be known by the DCOA board meeting on August 19, 2008, during which Thelen, Reid, Brown, Raysman & Steiner and Team Concepts will present their annual progress report. Operating funds request decreased by \$1,741 to \$419,709. The marketing ad campaign request remains at the current rate of \$140,000. The request for Dyess marketing (Military Consultants) is proposed to remain at \$170,500. A new contract with Melissa Boisvert for the Census 2010 Complete Count Plan is an increase to the FY09 budget of \$40,200.

The budget request for FY09 in the amount of \$770,409 includes \$419,709 for operating expenses, \$140,000 for marketing, \$40,200 for the Census 2010 contract, and \$170,500 for subcontracts with Thelen, Reid, Brown, Raysman & Steiner and Team Concepts.

Recommendation: The Committee **recommends approval** of funding for FY09 in the amount of \$770,409.

2. MILITARY AFFAIRS COMMITTEE (reimbursement for actual expenses)

Comments: Cheri Drysdale, Abilene Chamber of Commerce, gave a brief overview of the Committee's activities, which includes travel to various locations to visit with Pentagon, Congressional, and Air Force officials. The funds provided by the DCOA allowed the Committee to participate for the third year in a row in a unique opportunity to host the *West Texas Cowboy Cookin'* at the home of the Air Force Chief of Staff for all DC-based General Officers and many DoD civilian leaders. The event was again a huge success and Abilene has been invited to host the event again next year. The FY08 contract also includes reimbursement for some day-to-day operating expenses, including local mileage, meals and copies.

The Chamber is again requesting funding of \$70,000 for FY09 in order to fully support the 4th event in 2009, some administrative costs and travel expenses.

Recommendation: The committee **recommends approval** of funding in the amount of \$70,000 for FY 2009.

3. TEXAS TECH UNIVERSITY SMALL BUSINESS DEVELOPMENT CENTER (counseling reimbursement):

Comments: Judy Wilhelm, Director of the SBDC, explained the basis for a request for funding in the amount of \$195,000 to support operations of the Center in conjunction with state and federal funding. Though the SBDC services a 16-county area, the DCOA reimburses for only those hours spent with Abilene-based clients. Reimbursement is made to the SBDC only after the services have been performed. The new request is for reimbursement at the current rate of \$75/counseling hour.

Recommendation: The committee **recommends approval** of funding in the amount of \$195,000 for FY 2009.

4. CITY OF ABILENE – AIRPORT BUSINESS DEVELOPMENT MANAGEMENT

Comments: Don Green, Director of Aviation, explained the basis for a request for funding in the amount of \$131,800, an increase of \$37,380 over the current FY08 contract amount. The breakdown includes \$61,800 for salaries and benefits for the Business Development Manager, \$40,000 for air service consulting services, and \$30,000 for an advertising campaign using a variety of medium.

Recommendation: The committee **recommends approval** of funding in the amount of \$131,800 for FY2009.

5. CITY OF ABILENE - BUSINESS SERVICES

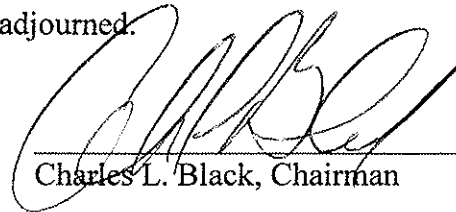
Comments: Kim Tarrant explained the proposed FY09 budget amount for the Business Services division (2760) of the City of Abilene in the total amount of \$623,500 represents an increase of \$6,430 over the budget for FY08 due to increased administrative costs. The DCOA contracts with the City of Abilene to provide staff support and other services, (i.e. legal, financial, administrative). Each year, staff requests funding to maintain the DCOA's properties, and the FY09 request is down \$25,000 to \$150,000. Another \$31,750 is being requested to insure the DCOA's properties under the City's self-insurance program.

Because there have been some unexpected expenses in FY08, staff requests additional funding of \$15,840 to carry them through the remainder of the fiscal year. There were unexpected expenses for retirement of one employee as well as equipment purchases needed for the employment of a new person. There is also a new contract expense with Lee Ann Woods dba Sierra Strategies, whom was hired to prepare an application for Texas Emerging Technology grant funds to benefit the new TTU Center for Immunotherapeutic Research.

Recommendation: The Committee **recommends approval** of funding in the amount of \$623,500 for FY09 operating expenses of the Business Services Division of the City of Abilene. Also recommended is \$150,000 to maintain the DCOA's properties and \$31,750 to insure those properties.

Also recommended is additional funding of \$15,840 to finish out FY08.

There being no further business, the meeting was adjourned.



Charles L. Black, Chairman

**DEVELOPMENT CORPORATION OF ABILENE, INC.
PROPOSED BUDGET FOR FY 2009**

CASH & INVESTMENTS BALANCE at 6-30-08		\$16,803,950
<u>PLUS: Projected Revenue (remainder '08)</u>		
1/2 Cent Sales Tax	\$2,223,115	
Investment Pool Revenue-earnings on cash invested	126,203	
Interest Income-outstanding loans	6,538	
Principal Recovery-outstanding loans	4,308	
Building/Land Rental-DCOA properties	129,530	
Misc. Income	0	
TOTAL		2,489,693
<u>LESS: Estimated Expenditures (remainder '08)</u>		
Current Encumbrances @ 33%	9,209,108	
Projects Pending Contracts @ 33%	603,557	
TOTAL		9,812,665
<u>FY08 Revised Budget Increase</u>		
City of Abilene - Business Services		15,840
UNENCUMBERED CASH BALANCE at 10-1-08 (est.):		\$9,465,138
Projected Revenue FY09		
1/2 Cent Sales Tax	8,849,030	
Investment Pool Revenue-earnings on cash invested	615,000	
Interest Income-outstanding loans	23,500	
Principal Recovery-outstanding loans	429,730	
Building Rental-DCOA owned properties	933,010	
Land Leases-Ag. lease on DCOA-owned land	1,520	
Misc. Income	200	
TOTAL REVENUE		\$10,851,990
Projected expenditures FY09		
Property Mgmt. Exp.-DCOA properties	150,000	
Property Damage Ins. Prem.-DCOA properties	31,750	
Obligations - Current projects @ 33%	9,209,108	
Projects Pending Contracts @ 33%	603,557	
TOTAL		9,994,415
Contractual Relationships FY09		
City of Abilene - Business Services	623,500	
Abilene Industrial Foundation-ops., mrktg., contracts	770,409	
Small Business Development Cntr-Abilene hours	195,000	
Chamber Military Affairs Committee-travel expenses	70,000	
Airport Business Development Mgmt	131,800	
TOTAL		1,790,709
TOTAL EXPENDITURES		\$11,785,124
PROJECTED UNOBLIGATED CASH BALANCE AT 9-30-09		\$8,532,004

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: August 19, 2008

PROJECT: Texas Metals and Recycling (BMWT Leasing)

STAFF: Richard Burdine, CEO

THE COMPANY

Texas Metals and Recycling (Texas Metals) has been in business since 1909 and gathers recyclable metals to sell to area mills, and also sells new metals on a retail basis. Wayne and Terri Lanham purchased the company in 1991 and are located at 2989 Pine Street in a facility built in 2002 with help from the DCOA. The Lanhams also own BMWT Leasing, Inc. (BMWT) and RWL Recycling, Inc. (RWL). BMWT is an entity that was established for the purpose of owning the hard assets that are leased to the other two companies. RWL was established in 1987 for the purpose of gathering, baling, and selling recyclable paper products and higher value metals.

In 12/01, the DCOA approved a 40% participation up to \$184,000 in a \$460,000 loan with First Financial Bank for construction of the warehouse at 2989 Pine. Also approved was a \$15,000 grant to help pay architectural and engineering fees, which has been fully earned. The DCOA's current participation balance is \$125,788 and is secured by a shared lien on the real estate and all equipment. Texas Metals was to retain 7 FTE's for 5 years, and as of 7-31-08 had a total of 12 FTEs.

THE REQUEST

The Lanhams plan to purchase an additional scrap processing shear and hire and train two more employees to operate the new machinery as well as some other related duties. The purchase price of the shear is estimated to be \$1.6 million and includes installation and construction of a new rail spur (about \$100,000), for which they have already purchased a set of axle scales at a cost of \$20,000. The spur will accommodate marketing of their products throughout the U.S. The shear will be located at 2989 Pine and the two additional jobs will be for the Texas Metals operation.

The Lanhams have requested help with equipment and rail spur purchase/installation and training costs. Staff proposes a total incentive package of \$168,000 in exchange for a \$1.6 million capital investment, the retention of 12 FTE's and the creation of 2 additional FTE's for a total of 14 FTE's in the Texas Metals operation. The assistance will be structured as a loan forgiven over 3 years at a rate of \$56,000/year upon receipt of evidence the Lanhams have invested capital of at least \$560,000 in the project for each year of reduction, and the project is proceeding as planned. Collateral for the loan shall be a second lien on 2989 Pine and equipment. Disbursements shall be as follows:

1. **Capital Investment Incentive:** 10% of actual cost up to \$160,000 for the purchase and installation of the scrap processing shear and installation of the rail spur at a total cost of \$1.6 million. Staff proposes to convert the \$125,788 outstanding balance on the existing loan to a forgivable loan on a 3 year earn down, taking a second lien position behind the primary lender. Therefore, new investment by the DCOA is limited to **\$34,212** (\$160,000 - \$125,788) and shall be disbursed upon receipt of copies of paid invoices showing actual capital investment. The company will be required to report the new capital investment to the Central Appraisal District.

2. **Training Costs:** Funds to train two additional employees on the new shear and other related duties at a cost of \$4,000/each for total funding of \$8,000. Funds will be disbursed upon certification by the company that the employee has completed training.

FISCAL IMPACT

Forgivable Loan as follows:

1.	Capital Investment Incentive	\$160,000	
	Less Current Loan Balance	<u>\$125,788</u> (converted to forgivable)	
	Amount to be disbursed		\$ 34,212
2.	Training Costs		<u>\$ 8,000</u>
	Total Cash Outlay		\$ 42,212

STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2008.17 authorizing total assistance of \$168,000 to help with the purchase and installation of a scrap processing shear and a new rail spur as well as training costs for 2 additional employees in exchange for the retention of 12 FTE's and creation of 2 additional for a total of 14 FTE's in the Texas Metals Recycling operation.

ATTACHMENTS

Resolution DCOA-2008.17

RESOLUTION NO. DCOA-2008.17

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING FINANCIAL ASSISTANCE FOR TEXAS METALS AND RECYCLING, INC. / BMWT LEASING, INC. ("TMRI").

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

WHEREAS, TMRI, located at 2989 Pine, gathers recyclable metals to sell to area mills, and also sells new metals on a retail basis and is owned by Wayne and Terri Lanham; and,

WHEREAS, the Lanhams also own RWL Recycling, located at 3125 Pine, which was established to gather, bale, and sell recyclable paper products and higher value metals; and,

WHEREAS, BMWT Leasing, Inc. was established for the purpose of owning the hard assets that are leased to TMRI and RWL Recycling and,

WHEREAS, in 12/01, the DCOA approved funding of \$184,000 to participate in a loan from First Financial Bank to BMWT Leasing to construct the facility at 2989 Pine, which has a current outstanding balance of \$125,788. Also approved was \$15,000 for A/E fees, which was earned back through the retention of 7 TMRI jobs; and,

WHEREAS, the Lanhams plan to purchase an additional scrap processing shear for TMRS and install a rail spur at a total cost of \$1.6 million, plus train two more employees to operate the new machinery as well as some other related duties; and,

WHEREAS, staff proposes financial assistance for the purchase of the new machinery and installation of the rail spur as well as training costs; 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 assistance for Texas Metals Recycling/BMWT Leasing in an amount not to exceed One Hundred Sixty-Eight Thousand and no/100's Dollars (\$168,000) to assist with the purchase of equipment and rail spur purchase/installation as well as training costs. The assistance will be structured as a loan forgiven over 3 years at a rate of \$56,000/year upon receipt of evidence the Lanhams have invested capital of at least \$560,000 in the project for each year of reduction, and the project is proceeding as planned. Collateral for the loan shall be a second lien on 2989 Pine and equipment behind the primary lender. Disbursements shall be as follows:

1. **Capital Investment Incentive:** 10% of actual cost up to \$160,000 for the purchase and installation of the scrap processing shear and installation of the rail spur at a

total cost of \$1.6 million. Staff proposes to convert the \$125,788 outstanding balance on the existing loan to a forgivable loan on a 3 year earn down, taking a second lien position behind the primary lender. Therefore, new investment by the DCOA is limited to **\$34,212** (\$160,000 - \$125,788) and shall be disbursed upon receipt of copies of paid invoices showing actual capital investment. The company will be required to report the new capital investment to the Central Appraisal District.

2. **Training Costs:** Funds to train two additional employees on the new shear and other related duties at a cost of \$4,000/each for total funding of \$8,000. Funds will be disbursed upon certification by the company that the employee has completed training.

The total actual cash outlay for this project by the DCOA will be \$42,212.

PART 2. 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 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 19th day of August, 2008.

ATTEST:

Dee Moore
Secretary/Treasurer

Joe Crawford
President

APPROVED:

T. Daniel Santee, City Attorney

ITEM NO. 11

**INFORMATION FOR THIS ITEM WILL BE
AVAILABLE AT THE BOARD MEETING.**