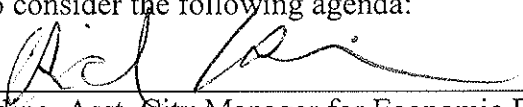


## PUBLIC NOTICE

### DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Thursday, May 13, 2010, 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 13, 2010  
1:30 p.m.

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

1. Call the meeting to order.
2. Approval of minutes from the April 15, 2010, board meeting.
3. Status of Funds report for March 2010.
4. Presentation of semi-annual reports for 6 months ended March 31, 2010 by:
  - Abilene Industrial Foundation
  - TTU Small Business Development Center
  - City of Abilene Airport Business Development Management Program
5. Discussion and possible approval of the DCOA's Semi-Annual Report of Activities ending March 31, 2010.
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 a resolution authorizing assistance for Texas Metals & Recycling (BMW T Leasing).
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 \_\_\_\_\_, 2010, 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 15, 2010**

<b>MEMBERS PRESENT:</b>	Paul Cannon Scott Senter Dani Ramsay	Mike Schweikhard Marelyn Shedd
<b>STAFF PRESENT:</b>	Richard Burdine Mindy Patterson	Kim Tarrant Dan Santee
<b>GUESTS PRESENT:</b>	Diane Terrell Bill Ehrie Gary Robinett Jocelyn Tovar Carl P. Kieke	Davis Kinard (auditor) Abilene Industrial Foundation Abilene Industrial Foundation KTXS TV Abilene Reporter-News

- 1. CALL TO ORDER.** Paul Cannon called the meeting to order in the Develop Abilene conference room located at 174 Cypress Street, 3rd floor, Abilene, TX.
- 2. APPROVAL OF MINUTES FROM THE MARCH 23, 2010 BOARD MEETING.** Scott Senter moved to approve the minutes from the March 23, 2010 board meeting. Mike Schweikhard seconded and the motion carried.
- 3. PRELIMINARY STATUS OF FUNDS REPORT FOR FEBRUARY 2010 AND EXPLANATION OF FINANCIAL REPORTS PREPARED FOR THE DCOA BOARD.** The total sales tax rebate for April is \$2,405,638.71 which represents February sales. This is 2.46% below last year at this time. Based on this rebate, sales tax is 7.67% below last year for the cumulative period of October through April. For economic development, the rebate is \$601,409.68. Total DCOA assets as of February 28, 2010 were slightly over \$60 million and the undesignated fund balance was almost \$9.7 million. There was a brief review of how contractual obligations are tracked and budgeted.
- 4. PRESENTATION OF THE FY09 AUDIT PERFORMED BY DAVIS KINARD & CO., P.C.** The DCOA is audited as part of the City of Abilene's annual audit. As of September 30, 2009, total assets for the DCOA totaled \$59.8 million. Nineteen percent of assets are in cash and investments. Notes receivable were \$17.1 million and nearly \$29.5 million represents investment in capital assets net of related debt. \$17.4 million was restricted for contractual obligations, leaving \$12.1 million unrestricted, designated for future projects.

From FY08 to FY09, the DCOA experienced an increase in net assets of \$1.3 million representing a return on equity of 2.3%. Sales tax revenues decreased 3.7%. For FY09, there was a deficit of \$279,293 of expenditures over revenues.

- 5. 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.

President Paul Cannon announced the date is April 15, 2010, and the time is 1:59 p.m. Mr. Cannon left the room so as not to participate in the discussion of Agenda items no. 6 and 7 due to a conflict of interest. Mr. Cannon was called back into the room after discussion of those items concluded.

Mr. Cannon then announced the date is still April 15, 2010, and the time is 3:44 p.m. No vote or action was taken in Executive Session.

Paul Cannon then recused himself to abstain from voting on the next two agenda items and left the meeting, leaving Vice President Mike Schweikhard to conduct the remainder of the meeting.

- 6. DISCUSSION & POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT JD.** Project JD is a local company that assembles and distributes a seasonal product across the U.S, selling directly or indirectly to large retailers and numerous regional wholesalers. Because the product is seasonal, the company had to employ people seasonally as well. As of September 2009, Project JD acquired a patent for another seasonal product which they also assemble and distribute across the U.S., giving them a product to sell during the off-season times of the original product.

To facilitate the new operation, Project JD needs to renovate a 10,000-15,000 sq. ft. space in its existing warehouse into a climate-controlled assembly area. Improvements include fire sprinklers, HVAC system, electrical work, and construction & engineering fees for a total of \$275,000. With its recent expansion the company can convert 20 seasonal and part-time jobs to 8 permanent, full-time equivalents, and create 3 new full-time jobs for total FTE employment of 11.

Staff recommends a total assistance package of \$105,250 as follows: up to \$64,000 for the creation of 11 full-time jobs paid out in arrears over three years and up to \$41,250 for capital equipment and improvements to the facility paid at 15% of actual cost paid out over three years, with annual payments not to exceed \$13,750.

Scott Senter moved to approve Resolution No. DCOA-2010.14 as presented. Marelyn Shedd seconded. The motion carried, with Paul Cannon abstaining from voting.

- 7. DISCUSSION & POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT DJ.** Project DJ is a world leader in wind turbine blade manufacturing since the 1970s with customers all over the world. However, the operation

proposed for Abilene will focus on wind blade repair. The technicians that repair blades are highly trained with salaries ranging from \$40,000 to \$50,000/year. Project DJ anticipates creating 31 new jobs in this salary range, 1 job in the \$50,000-\$60,000/year range and 1 job over \$60,000/year. The company also estimates capital investment of \$800,000.

Staff recommends a total assistance package not to exceed \$566,250 as follows: up to \$416,750 for the creation of 33 new jobs paid in arrears over three years; up to \$80,000 for capital equipment purchases paid at 10% of actual costs over three years; up to \$16,500 paid at 50% of actual training costs limited to \$500/employee; and up to \$53,000 relocation assistance paid at 50% of actual costs limited to \$1,500 for 32 employees and \$5,000 for one employee.

A motion was made by Dani Ramsay to approve Resolution No. DCOA-2010.15 as presented. The motion was seconded by Scott Senter. The motion carried with Paul Cannon abstaining from voting.

- 8. ADJOURNMENT.** Staff will let board members know if it is necessary to have the April 27<sup>th</sup> board meeting. After that, the next scheduled board meetings are May 11<sup>th</sup> and May 25<sup>th</sup>; however, Mr. Burdine is not available to meet on May 11<sup>th</sup>. The members discussed changing the first May meeting date to Thursday, May 13<sup>th</sup> instead. There being no further business, the meeting was adjourned.

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Paul Cannon, President

**CITY OF ABILENE, TEXAS**

**DEVELOPMENT CORPORATION OF ABILENE, INC.**

Balance Sheet  
*March 31, 2010*

**ASSETS:**

Cash and Investments	\$12,488,933
Notes receivable	16,233,628
Accounts receivable	34,586
Due from other governments	1,421,391
Total Current Assets	<u>\$30,178,538</u>

**OTHER ASSETS:**

Fixed assets	\$34,167,977
Accumulated depreciation	(4,349,765)
Total Other Assets	<u>29,818,212</u>

**TOTAL ASSETS** \$59,996,750

**LIABILITIES:**

Vouchers payable	\$324,298
Deferred revenues	176,174
Notes Payable	321,082
Total Liabilities	<u>\$821,554</u>

**FUND BALANCES:**

Investment in general fixed assets	\$29,818,212
Reserved for contractual obligations(external)	17,583,056
Reserved for obligated programs(internal)	438,391
Undesignated Balance	11,335,537
Total Fund Balance	<u>\$59,175,196</u>

**TOTAL LIABILITIES AND FUND BALANCES** \$59,996,750

**FIXED ASSETS:**

	<u>Original Cost</u>	<u>Improvements</u>	<u>Depreciation</u>	<u>Total</u>
Land:				
473.405 acres - Five Pts Bus Park	\$507,681			\$507,681
303.53 acres Hwy 36 & FM 18	449,238			449,238
122 acres - N Five Pts	482,238			482,238
5.6 acres UPS	69,217			69,217
Buildings and Improvements:				
2601 Airport Blvd.	1,563,210	540,633	366,662	1,737,181
2809 Airport Blvd.	396,519	444,583	327,102	514,000
2841 Airport Blvd.	456,736	62,923	283,048	236,611
4002 Loop 322	1,290,916	2,384,892	1,352,552	2,323,256
Five Pts Bus Park	0	8,227,561	399,534	7,828,027
6450 Five Points Parkway	5,809,354	7,016,797	1,018,399	11,807,752
Grant Bldg 341 Pine	147,194	405,726	203,996	348,924
2742 Lance Dr. (EASI Storage)	2,527,408	9,987	253,174	2,284,221
4109 Vine St	583,524	180,855	66,986	697,393
4009 Vine St	583,524	0	58,353	525,171
Equipment	9,250	0	5,550	3,700
Vehicle: 2005 Dodge Caravan	18,011	0	14,409	3,602
<b>TOTAL FIXED ASSETS</b>	<u><u>\$14,894,020</u></u>	<u><u>\$19,273,957</u></u>	<u><u>\$4,349,765</u></u>	<u><u>\$29,818,212</u></u>

DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ MARCH 31, 2010

		Beginning I-T-D	Current Month	Current FY	(MARCH, 1990)
	Object	Revenues	Revenues	Revenues	Ending I-T-D
					Revenues
<b>REVENUE-TO-DATE</b>					
City Sales Tax	3131	\$ 119,897,206.99	614,346.12	\$ 4,117,632.90	\$ 124,014,839.89
Sales Tax Retained	3132	345,869.34	4,313.27	26,393.89	372,263.23
Other Services Charges	3731	25.00	-	-	25.00
Princ. - Loans & Assess	3775	3,087,911.90	-	4,442.42	3,092,354.32
Int. - Loans & Assess	3802	2,095,195.57	838.48	3,302.74	2,098,498.31
Interest	3803	6,661,950.13	842.71	18,703.52	6,680,653.65
Land Lease	3810	13,835.41	-	852.00	14,687.41
Building/Space Rent	3816	4,411,178.77	76,440.85	439,774.35	4,850,953.12
City Pay Phones	3890	9,170.58	-	-	9,170.58
Miscellaneous Revenue	3892	30,238.49	-	6,062.25	36,300.74
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	1,916,652.91	-	-	1,916,652.91
Miscellaneous Prior Year	3840	16,464.88	-	10,276.00	26,740.88
DCOA Admin	3847	7,070.55	-	-	7,070.55
Other Contributions	3860	96,866.60	-	-	96,866.60
Donation	3869	43,846.00	-	-	43,846.00
Sale of Land	3870	273,554.84	-	-	273,554.84
Sale of Buildings	3871	3,367,443.31	-	-	3,367,443.31
Sale of Equipment	3872	608,882.88	-	-	608,882.88
Gain (loss) Sale of Asset	3873	555,393.43	-	-	555,393.43
Miscellaneous Damage Claims	3889	1,173.04	-	-	1,173.04
Miscellaneous Revenue	3892	767,389.00	-	-	767,389.00
GASB 22 Restatement		355,634.89	-	-	355,634.89
GASB 34 FY 03 Adjustment		523,718.93	-	-	523,718.93
GASB 34 FY 08 Adjustment		44,606.57	-	-	44,606.57
GASB 34 FY 09 Adjustment		1,150,003.47	-	-	1,150,003.47
		<u>\$ 149,211,302.08</u>	<u>\$ 696,781.43</u>	<u>\$ 4,627,440.07</u>	<u>\$ 153,838,742.15</u>

DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ MARCH 31, 2010

Project	Beginning I-T-D Expenditures	Current Month Expenditures	Current FY Expenditures	Ending I-T-D Expenditures	Outstanding Contracts
<b>CONTRACTS ENCUMBERED/ EXPENDITURES-TO-DATE</b>					
Prior Years Programs	\$ 69,771,751.71	\$ -	\$ -	\$ 69,771,751.71	
Business Services Division Div 2760	7,300,492.68	62,904.71	285,573.80	7,586,066.48	24,225.01
Life Sciences Property - Pine Div 2765	43,089.08	12,091.79	244,082.99	287,172.07	4,495.02
DCOA Annual Contracts Div 2775	2,058,373.84	12,472.98	133,100.01	2,191,473.85	2,200.00
Abilene Industrial Foundation 2775-4950	11,896,940.09	67,266.46	351,661.97	12,248,602.06	418,299.93
TTU Small Business Dev Cntr 2775-4951	2,435,621.05	-	68,493.75	2,504,114.80	126,506.25
Chamber Military Affairs 2775-4952	1,150,052.19	-	7,047.15	1,157,099.34	62,952.85
Airport Business Dev Mgr 2775-4953	503,260.66	13,454.94	35,696.77	538,957.43	97,339.23
Murf Systems 4998	151,665.00	-	-	151,665.00	-
Bandag Training 5203	724,485.20	-	-	724,485.20	117,734.80
Sunoco Logistics 5208	227,000.00	-	-	227,000.00	-
EASI 04 5213	1,592,489.23	-	221,644.95	1,814,134.18	662,803.48
Fehr Food 5220	2,089,560.00	-	-	2,089,560.00	-
Bandag Building Improv 5228	-	-	-	-	44,259.24
Glazers Ph III 5229	65,620.00	-	-	65,620.00	25,380.00
Robinson Fan 5237	352,408.98	-	76,402.98	428,811.96	311,800.00
CBER Website 5240	7,067.07	-	-	7,067.07	1,249.93
TTU Pharmacy School 5242	328,464.00	-	-	328,464.00	-
Teleperformance USA 5247	274,530.00	-	95,750.00	370,280.00	386,720.00
PWP (Project LF) 5251	1,556,842.70	-	360,000.00	1,916,842.70	2,010,620.30
Integrated Clinic Research 5253	7,440.00	-	-	7,440.00	688,062.00
Genesis Network 5258	1,375,333.81	-	-	1,375,333.81	6,957.81
Carter Burgess 5260	323,815.00	-	-	323,815.00	25,505.00
Fehr Foods 5261	118,091.53	-	-	118,091.53	-
TMAC 5262	60,000.00	-	-	60,000.00	-
SBIR/STTR 5263	127,159.85	95.00	(48,223.35)	78,936.50	192,368.85
EASI 7th Doc 5265	239,175.14	-	-	239,175.14	34,081.10
BMWT Leasing 5266	50,000.00	-	25,000.00	75,000.00	-
ABTEX Beverage 5267	634,339.80	26,682.00	346,150.00	980,489.80	-
MSSC Training 5269	71,762.03	-	-	71,762.03	-
WTCIC 5272	16,582.00	-	25,000.00	41,582.00	-
TTU HSC Research 5273	679,455.00	137,743.00	(51,712.00)	627,743.00	2,372,257.00
Spec 2 Expansion A/E 5275	7,075,849.57	-	-	7,075,849.57	-
Spec 3 Construction 5276	5,429,725.65	-	2,595.00	5,432,320.65	304,179.35
Energy Maintenance Service 5282	-	-	155,456.39	155,456.39	1,262,543.61
Genesis Network Phase II 5284	-	-	-	-	872,433.90
Tower Tech 5285	846,499.60	-	342,466.78	1,188,966.38	3,758,533.62
Texas Metal 08 5288	-	-	41,628.67	41,628.67	15,770.07
TMAC 09 5289	15,000.00	-	7,500.00	22,500.00	37,500.00
Project BG 5295	-	-	-	-	748,000.00
Coca Cola Abilene 5296	-	-	-	-	900,000.00
ACU 09 Springboard 5297	5,000.00	-	-	5,000.00	-
Land 122 Acres N 5 Pts 5302	171,558.71	-	-	171,558.71	339,409.79
ETI Contract 5304	-	-	207,759.12	207,759.12	1,172,420.88
Life Sciences Accelerator- Ph 2 5305	-	732,005.72	1,286,651.74	1,286,651.74	172,573.26
EASI floor re-painting A/E 5306	-	3,824.45	10,238.95	10,238.95	241,475.05
TTU 842 Pine 5308	-	-	71,101.06	71,101.06	142,398.94
TTU Energy Contract 5309	-	-	50,000.00	50,000.00	-
Springboard 10 5311	-	-	-	-	-
Miscellaneous Activities 2785	354,189.86	-	-	354,189.86	-
<b>TOTAL ENCUMB. / EXPENDITURES</b>	<b>\$ 120,130,691.03</b>	<b>\$ 1,068,541.05</b>	<b>\$ 4,351,066.73</b>	<b>\$ 124,481,757.76</b>	<b>\$ 17,583,056.27</b>
<b>TOTAL FUND BALANCE</b>				<b>\$ 29,356,984.39</b>	
<b>UNENCUMBERED FUND BALANCE</b>					<b>\$ 11,773,928.12</b>



**DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ MARCH 31, 2010**

	Project	Amount Obligated	Prior Years Disbursed	Current Month Disbursed	Current Year Disbursed	Amount Encumbered	Balance
<b>BALANCE OF OBLIGATED PROGRAMS</b>							
Business Services Division	Div 2760	\$ 640,370.00	\$ -	\$ 62,904.71	\$ 285,573.80	\$ 24,225.01	\$ 330,571.19
Life Sciences Property -Pine	Div 2765	233,810.00	-	12,091.79	244,082.99	4,495.02	(14,768.01)
DCOA Annual Contracts	Div 2775	252,785.20	-	12,472.98	133,100.01	2,200.00	117,485.19
Abilene Industrial Foundation	2775-4950	769,962.00	-	67,266.46	351,661.97	418,299.93	0.10
TTU Small Business Dev Cntr	2775-4951	195,000.00	-	-	68,493.75	126,506.25	-
Chamber Military Affairs	2775-4952	70,000.00	-	-	7,047.15	62,952.85	-
Airport Business Dev Mgr	2775-4953	133,040.00	-	13,454.94	35,696.77	97,339.23	4.00
Murf Systems	4998	151,665.00	151,665.00	-	-	-	-
Bandag Training	5203	842,220.00	724,485.20	-	-	117,734.80	-
Sunoco Logistics	5208	227,000.00	227,000.00	-	-	-	-
EASI 04	5213	2,476,938.00	1,592,489.23	-	221,644.95	662,803.48	0.34
Fehr Food	5220	2,089,560.00	2,089,560.00	-	-	-	-
Bandag Building Improv	5228	44,260.00	-	-	-	44,259.24	0.76
Glazers Ph III	5229	91,000.00	65,620.00	-	-	25,380.00	-
Robinson Fan	5237	740,612.00	352,408.98	-	76,402.98	311,800.00	0.04
CBER Website	5240	8,317.00	7,067.07	-	-	1,249.93	-
TTU Pharmacy School	5242	328,464.00	328,464.00	-	-	-	-
Teleperformance USA	5247	757,000.00	274,530.00	-	95,750.00	386,720.00	-
PWP (Project LF)	5251	3,927,463.00	1,556,842.70	-	360,000.00	2,010,620.30	-
Integrated Clinic Research	5253	695,502.00	7,440.00	-	-	688,062.00	-
Genesis Network	5258	1,382,293.00	1,375,333.81	-	-	6,957.81	1.38
Carter Burgess	5260	349,320.00	323,815.00	-	-	25,505.00	-
Fehr Foods	5261	118,092.00	118,091.53	-	-	-	0.47
TMAC	5262	60,000.00	60,000.00	-	-	-	-
SBIR/STTR	5263	271,400.00	127,159.85	95.00	(48,223.35)	192,368.85	94.65
EASI 7th Doc	5265	273,257.00	239,175.14	-	-	34,081.10	0.76
BMWT Leasing	5266	75,000.00	50,000.00	-	25,000.00	-	-
ABTEX Beverage	5267	980,490.00	634,339.80	26,682.00	346,150.00	-	0.20
MSSC Training	5269	71,762.00	71,762.03	-	-	-	(0.03)
WTCIC	5272	41,582.00	16,582.00	-	25,000.00	-	-
TTU HSC Research	5273	3,000,000.00	679,455.00	137,743.00	(51,712.00)	2,372,257.00	-
Spec 2 Expansion A/E	5275	7,075,850.00	7,075,849.57	-	-	-	0.43
Spec 3 Construction	5276	5,736,500.00	5,429,725.65	-	2,595.00	304,179.35	(0.00)
Energy Maintenance Service	5282	1,418,000.00	-	-	155,456.39	1,262,543.61	-
Genesis Network Phase II	5284	872,434.00	-	-	-	872,433.90	0.10
Tower Tech	5285	4,947,500.00	846,499.60	-	342,466.78	3,758,533.62	-
Texas Metal 08	5288	57,399.00	-	-	41,628.67	15,770.07	0.26
TMAC 09	5289	60,000.00	15,000.00	-	7,500.00	37,500.00	-
Run Energy	5295	748,000.00	-	-	-	748,000.00	-
Coca Cola Abilene	5296	900,000.00	-	-	-	900,000.00	-
ACU 09 Springboard	5297	5,000.00	5,000.00	-	-	-	-
Land 122 Acres N 5 Pts	5302	510,968.00	171,558.71	-	-	339,409.79	(0.50)
ETI Contract	5304	1,380,180.00	-	-	207,759.12	1,172,420.88	-
Life Sciences Accelerator- Ph 2	5305	1,459,225.00	-	732,005.72	1,286,651.74	172,573.26	-
EASI floor re-painting A/E	5306	251,714.00	-	3,824.45	10,238.95	241,475.05	-
TTU 842 Pine	5308	213,500.00	-	-	71,101.06	142,398.94	-
TTU Energy Contract	5309	50,000.00	-	-	50,000.00	-	-
Springboard 10	5311	5,000.00	-	-	-	-	5,000.00
Miscellaneous Activities	2785	354,189.86	354,189.86	-	-	-	-
<b>BALANCE OF OBLIGATED PROGRAMS</b>		<b>\$ 47,343,624.06</b>	<b>\$ 24,971,109.73</b>	<b>\$ 1,068,541.05</b>	<b>\$ 4,351,066.73</b>	<b>\$ 17,583,056.27</b>	<b>\$ 438,391.33</b>

**UNDESIGNATED FUND BALANCE**

(unencumbered balance less obligated programs and contingent liabilities)

\$ 11,335,536.79

DCOA Board approved projects waiting for signed contracts

Expiration Date

Long Performance Advisors	5307	8,000.00	05/24/2010
Project RC	5310	15,000.00	06/17/2010
AIC Equipment Lease/Purchase	5312	165,000.00	08/23/2010
		<u>188,000.00</u>	

3.4

**DEVELOPMENT CORPORATION OF ABILENE, INC.**

**BOARD AGENDA**

**MEETING DATE: May 13, 2010**

**PROJECT: Semi-Annual Reports for FY10**

**STAFF: Richard Burdine, CEO**

---

**GENERAL INFORMATION**

Since 1990, the DCOA has contracted with the Abilene Industrial Foundation (AIF) for promotion and marketing services for Abilene and the immediate vicinity. The AIF administers a marketing program which includes magazine advertisements, e-newsletters, promotional videos, web-site management, trade shows, visits to consultants and/or prospects, retention visits to existing Abilene businesses, and hosting visits to Abilene by consultants and/or prospects.

The Texas Tech University Small Business Development Center (SBDC) has also contracted with the DCOA since 1990, providing business counseling services to clients in a 17-county region, free-of-charge. The DCOA began partial funding of the Airport Business Development Management Program in FY02. The Airport Master Plan recommends pursuit of a marketing program that will help the airport build activity within its business segments.

**SPECIAL CONSIDERATIONS**

The FY10 contracts expire 9-30-10. Attached are reports covering activities during the first one-half of the fiscal year, primarily from 10-1-09 through 3-31-10.

**FUNDING/FISCAL IMPACT**

None.

**STAFF RECOMMENDATION**

None.

**ATTACHMENT**

Abilene Industrial Foundation FY10 Mid-Year Progress Report, 10/09 through 3/10

Abilene Regional Airport FY10 Semi-Annual Report

Small Business Development Center Semi-Annual Report



# 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



April 15, 2010

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 progress report is submitted for the period of October 1, 2009 to March 31, 2010 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 .....	\$68,506.30
Leads Received.....	50
Leads AIF Responded to .....	30
Prospect Visits to Abilene.....	12
New Prospect Files Opened.....	4
Retention Visits .....	31
Retention/Expansion Luncheon (November).....	50
Visits to Consultant/Prospects.....	37

The attachments reflect mid-year marketing summary, marketing and retention activities, and the marketing budget report for this period.

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

Sincerely,

  
William J. Ehrie, CEcD  
President

cc: Kim Tarrant ✓  
Gary Robinett

Enclosures

**Abilene Industrial Foundation  
FY 09-10 Mid-Year Marketing Summary  
October 1, 2009 – March 31, 2010**

**ADVERTISEMENTS PLACEMENT**

- Total advertisement submissions – 15
- Total advertisement placement costs – \$24,686.05

**LEAD ACTIVITY**

- Leads received from all sources – 50
- Leads AIF responded to – 30

**PROSPECT ACTIVITY**

- Prospects visits to Abilene – 12
- New prospect files opened – 4

**WEBSITE & ELECTRONIC MARKETING**

- E-Newsletter distributions – 1,982
- E-Newsletter costs – \$480.64
- Website/electronic marketing changes & enhancements – \$825.00

**TRADE SHOW / CONFERENCE ACTIVITY**

- Site Selection Network Annual Conference
- Texas Economic Development Summit
- TMCN Economic Development Alliance Meeting
- WINDPOWER 2010 Exhibitor Meeting
- Renewable Energy World Conference, Austin TX
- IEDC Leadership Conference

**CONSULTANT / RETENTION / EXPANSION ACTIVITY**

- Visits to Consultant/Prospect – 37
- Manufacturers Luncheon (11/09) – 50

**EXISTING BUSINESS ACTIVITY**

- Retention Visits – 31

**Abilene Industrial Foundation**  
Marketing & Retention Activities  
October 1, 2009 – March 31, 2010

- Monthly updates of all printed marketing/informational materials for Abilene General Information File, including Economic Indicators, Labor Market Review, Cost of Living, Building Permits, Wage Surveys, Sales & Use Tax, Living Units Available, etc.
- Commercial Property Snapshot – updates
- Hosted Manufacturer Luncheon
- 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
- Visits to Site Selection Consultants – Dallas/Ft. Worth, Austin
- Trade Show attendance
  - WINDPOWER 2010 Exhibitor Meeting (Dallas)
  - Renewable Energy World Conference (Austin)
- Conference attendance
  - Site Selection Network Annual Conference
  - Texas Economic Development Summit
  - TMCN Economic Development Alliance meetings
  - IEDC Leadership Conference
  - West Texas Wind Energy Consortium meetings

Attachment 3

Category	Allocation	10/1/09 to 3/31/10	4/1/10 to 9/30/10	YTD
Advertisements (1)	\$ 32,000.00	\$ 24,686.05	\$ -	\$ 24,686.05
Internet (2)	\$ 4,000.00	\$ 825.00	\$ -	\$ 825.00
Marketing Material (3)	\$ 10,000.00	\$ 5,098.53	\$ -	\$ 5,098.53
Trade Show/Conferences (10)	\$ 40,000.00	\$ 14,508.75	\$ -	\$ 14,508.75
Site Consultant Activity (12)	\$ 35,000.00	\$ 13,406.39	\$ -	\$ 13,406.39
Newsletter Mailings(13)	\$ 1,000.00	\$ 480.64	\$ -	\$ 480.64
Existing Business Activity (14)	\$ 4,000.00	\$ 1,459.96	\$ -	\$ 1,459.96
Contingency	\$ 2,000.00	\$ -	\$ -	\$ -
Census Marketing (6)	\$ 10,000.00	\$ 7,104.98	\$ -	\$ 7,104.98
Public Awareness Campaign (8)	\$ 2,000.00	\$ 936.00	\$ -	\$ 936.00
<b>Total</b>	<b>\$ 140,000.00</b>	<b>\$ 68,506.30</b>	<b>\$ -</b>	<b>\$ 68,506.30</b>

**Abilene Regional Airport's  
FY 10 Semi-Annual Report  
To  
Development Corporation of Abilene**

The Business Development Management program continues to work to increase airline passenger enplanements, improve air carrier service and encourage economic growth for the airport. As the national recession has deepened and wind farm construction has decreased, the airport has seen a drop in passenger activity and, therefore, a drop in activities associated with serving passengers. We believe the more visible marketing campaign, including TV and radio ads, is having its intended effect of getting people to consider Abilene Regional Airport first when making flight reservations.

Abilene Regional Airport appreciates the continued assistance received from DCOA, supporting our goal of improving air service and growing our customer base.

**FY10 YTD Business Development Activity**

Business Development activities have been and will continue to make community outreach through speaking engagements to various civic organizations a priority, focusing on the advantages of flying from Abilene versus driving to another airport. Presentations made during these engagements highlight the operations of the airport, construction updates, air service needs and fare comparisons.

**Presentations made this year include:**

October 8 – Dyess Air Force Base Military Officers Association of America  
November 5 – Cisco Rotary Club

We will continue to stay in contact with our regional community leaders and make ourselves available to speak at various events.

March 24, ABI participated with a booth in the Business Expo with Abilene Chamber of Commerce highlighting

April 8, sponsored ArtWalk and had a booth on Cypress Street featuring the ABI-VIP Passenger Rewards Program.

**Marketing the Airport**

**Television**

We have continued to reach out to our catchment area with television and radio advertising. We have aired commercials comparing the cost of driving to DFW to flying

out of Abilene and also started promoting the ABI-VIP Passenger Rewards Program in November.

Commercials aired with KRBC, KTAB, KTXS, FOX, and Suddenlink in programs that have high viewership in our target demographics.

### **Radio**

Radio stations running audio spots include Gap Broadcasts: KEAN 105, KULL 92.5 the Mix, KEYJ Rock 108, KFGL True Oldies, KSLI Talk Abilene, and KYYW Classic Country; Cumulus Broadcasts: KBCY The Best Country, KHXS The Bear, KCDD Power 103, and KTLT 98X as well as ACU's KACU.

### **Sponsorships**

We have made efforts to connect with the community and increase top of mind awareness by sponsoring various events last year and will continue to do so this year as follows:

Center for Contemporary Arts – ArtWalk Sponsor  
The Grace Museum – Exhibit Sponsor  
Buffalo Gap Historic Village – Erinshire Festival Sponsor  
Abilene Philharmonic Association – Program Sponsor  
Abilene Zoo – Boo at the Zoo Sponsor

### **Internet**

Our website is being updated and now offers a fare watcher which constantly features real-time discount fares from Abilene to various destinations. This year we will focus on driving passengers to our website for information. We have a database of 415 email recipients from the ABI-VIP Passenger Rewards Program and send out press releases and great fares offered out of Abilene on American Eagle.

We have also utilized this database to survey our most frequently flying passengers to determine destinations and flight preferences.

The airport now has a presence on Twitter That is primarily used for flight diversion updates, but may have future marketing/promotional applications.

### **Print Ads**

Advertisements have been placed periodically in the Abilene Reporter News.

### **Special Programs**

The **ABI-VIP Passenger Rewards Program** started January 1, 2009. Rewards are donated by local businesses and are mailed to passengers after flying out of Abilene Regional Airport 2 times. Currently, there are 778 passengers registered in the program. The local businesses have been very responsive in donating rewards and we have received positive feedback from our passengers. The program's objectives are to grow customer loyalty and develop a database of passenger information, giving them the opportunity to subscribe to email communications.



**Passenger Appreciation Day** was held on November 2, December 10 and May 7 from 5:00 a.m. – 10 a.m. Passengers are met at the gate with free coffee and donuts which are donated from local businesses.

**Enplanements:**

Enplanements YTD are down 14%. 2009 enplanements were down 7% from 2008.

**Revenues:**

Major revenue sources to the airport are the car rental concessions and the parking lot.

Rental Cars Revenue is down 12% YTD. Parking lot revenue is down 8% YTD.

**Business Development Outlook:**

The effects of a slowing national economy and high fuel prices are going to contribute to an expected reduction airline passenger enplanements in Abilene and across the country. As we had projected, there has been a downturn in enplanements in Abilene this year. The overall economic situation will make expanding air service difficult, but not impossible. While airlines spent much of 2008 and 2009 cutting service, they are still looking for opportunities for future growth. We want to be positioned to take advantage of that opportunity when it comes.

We are looking at the most effective use of the Small Community Air Service Development Grant to attract new service to the west from Abilene Regional Airport. This grant expired end of August 2009, but we requested and were awarded an extension of one year by DOT.

**Texas Tech University  
Small Business Development Center  
Mid Year Report FY 10**

	<b>FY09</b>	<b>FY10</b>
<b>Clients New/Return</b>	400	373
<b>Businesses Opened</b>	54	40
<b>Job Creation</b>	235.5	121.5
<b>Capital Formation</b>	13,510,307	4,341,256
<b>Hours Billed DCOA</b>	1599.25	1412.25

The Texas Tech University Small Business Development (TUSBDC) is currently engaged in a performance based contract with Development Corporation of Abilene (DCOA) counselii for counseling services to current and potential entrepreneurs in the extra territorial jurisdiction of Taylor County.

Additional Assistance:

- Life Science Accelerator - David Sougstad
- Springboard Competition - Business Plan Competition
- Completed two audits/reviews (SBA- Washington DC and Lubbock)
- Hosted General Services Administration - Selling to the Government
- Texas Tech review committee for women CEO's interested in Tech businesses
- Emerging Technology - Reviewing applications/meeting with potential clients

**DEVELOPMENT CORPORATION OF ABILENE, INC.**

BOARD AGENDA

MEETING DATE: May 13, 2010

**SUBJECT: DCOA Report of Activities Through 3-31-10**

**FROM: Richard Burdine, CEO**

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**GENERAL INFORMATION:**

As required in the by-laws of the corporation, a report of activities for the first one-half of the current fiscal year has been prepared. The report covers the 6-month period beginning 10-1-09 and ended 3-31-10.

**SPECIAL CONSIDERATIONS:**

None.

**FISCAL IMPACT:**

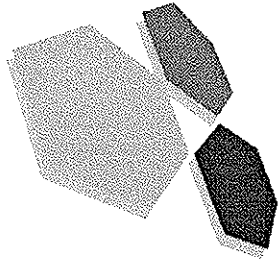
None.

**STAFF RECOMMENDATION:**

Staff recommends the Board approve by oral resolution the attached report of activities for the 6-month period ended 3-31-10.

**ATTACHMENT:**

Development Corporation of Abilene, Inc.  
Report of Activities for period ended 3-31-10



**Develop** Abilene

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Development Corporation of Abilene

**SEMI-ANNUAL REPORT  
OF ACTIVITIES**

**MARCH 2010**

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**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**SEMI-ANNUAL REPORT OF ACTIVITIES**  
**OCTOBER 2009 – MARCH 2010**

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# **DEVELOPMENT CORPORATION OF ABILENE, INC.**

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## **Mission Statement:**

The mission of the Development Corporation of Abilene, Inc. is to use sales tax revenue to effectively stimulate Abilene's economic growth. This is done by assessing the community's economic development needs, developing a plan to meet those needs, coordinating community economic development efforts, and supporting targeted activities that enhance the quality of life in the community and maximize the public's return on invested tax dollars.

## **Board of Directors:**

President:

**Paul Cannon**

Vice President:

**Mike Schweikhard**

Secretary/Treasurer:

**Marelyn Shedd**

Members:

**Scott Senter**

**Dani Ramsay**

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## **Goals:**

The Board has identified six key goals in the City's economic development efforts.

1. To make Abilene competitive in the attraction of business and industry in order to create new, sustainable jobs.
2. To create new jobs and retain existing jobs by providing assistance to existing and emerging businesses.
3. To strengthen and expand the skills of the Abilene labor force.
4. To strengthen and revitalize downtown Abilene.
5. To increase the number and size of minority-owned, woman-owned, small and entrepreneurial businesses in Abilene.
6. To effectively administer the sales tax revenue.

---

## **Organization:**

The DCOA is a non-profit corporation established under Section 4A of the Development Corporation Act of 1979, as amended. The DCOA consists of a five-member board, which is appointed by the Mayor and City Council, with terms of three years each. The fiscal year for the DCOA begins October 1<sup>st</sup> and ends September 30<sup>th</sup>.



## Progress Made Toward Goals

---

1. To make Abilene competitive in the attraction of business and industry in order to create new, sustainable jobs.

The DCOA continues to work toward competitiveness with other communities by funding the marketing efforts of the Abilene Industrial Foundation and by contracting with Emergent Technologies, Inc. to market and operate the Abilene Life Sciences Accelerator.

---

2. To create new jobs and retain existing jobs by providing assistance to existing and emerging businesses.

The DCOA approved assistance for one company: Project RC will retain 20 jobs.

---

3. To strengthen and expand the skills of the Abilene labor force.

The DCOA revised its assistance for Genesis Networks Solutions to include job training money for three different training initiatives designed to improve the skills of existing employees. Also approved was funding to help establish a job training program in the T&P Freight Warehouse located in downtown Abilene.

---

4. To strengthen and revitalize downtown Abilene.

The DCOA authorized funds to purchase equipment and a lease/purchase agreement with the Abilene Improvement Corporation for the equipment, to establish a job training program in the T&P Freight Warehouse, located at 901 North 1<sup>st</sup> St. Genesis Networks Solutions is also located in downtown Abilene.

---

5. To increase the number and size of minority-owned, woman-owned, small and entrepreneurial businesses in Abilene.

The DCOA provides \$195,000 annually to the Small Business Development Center (SBDC) for counseling services provided free of charge to Abilene residents and businesses. In addition, the SBDC can assist businesses desiring to sell products or services to any level of government. The DCOA re-authorized existing encumbrances for the SBIR/STTR programs through FY11. For the third year in a row, the DCOA approved a sponsorship of ACU's Springboard Idea Challenge competition designed to promote entrepreneurial drive and spirit in Abilene.

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6. To effectively administer the sales tax revenue.

During the report period (10-01-09 through 03-31-10), the DCOA approved \$15,000 in funding to assist companies with growth and retention in Abilene, anticipating retained employment of 20 positions. Also approved was approximately \$1.46 million to build-out 10,148 sq. ft. of shell space at the north and south ends of the Abilene Life Sciences Accelerator. The Phase 2 assistance package for Genesis Networks Solutions was revised downward to better reflect the current needs of the company.

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# Project Summaries

## Project RC

Project RC has served cattle buyers and sellers for many years in Abilene. The company is considering making capital improvements to update the 50+ year old facilities. Project RC consistently employs 20 – 25 people year round with additional seasonal staff. It is anticipated that all work will cost no more than \$100,000. In December 2009, the DCOA approved reimbursing Project RC 15% of their actual capital expenditures up to a maximum of \$15,000 paid over two years. The company will be required to provide receipts of actual capital investment expenditures and certify the retention of at least 20 FTEs during that time frame.

*Goals addressed: 2. To create new jobs and retain existing jobs by providing assistance to existing and emerging businesses; 5. To increase the number and size of minority-owned, woman-owned, small and entrepreneurial businesses in Abilene; and 6. To effectively administer the sales tax revenue.*

## Genesis Networks Solutions, Inc.

Genesis Networks Solutions, Inc. (GNS) is an Abilene high-tech firm formed in 2006 that delivers proven, end-to-end IT solutions for companies in need of software testing and development. The DCOA approved an assistance package in 2006 totaling \$1,929,000 in exchange for the creation of 143 new, well-paying jobs. GNS experienced rapid growth and needed to expand its operation and create 150 additional jobs; therefore, in April 2008 the DCOA approved another assistance package totaling \$2,349,000 for Phase 2 expansion.

The economic downturn affected operations, and GNS lost 42 jobs over the past year to “off shore” companies, leaving 100 currently employed. In an attempt to diversify its client base, GNS is picking up call center contracts and securing more complex projects with long-term contracts. In March 2010, the DCOA approved revising the Phase 1 assistance package and reducing the Phase 2 assistance package from \$2,349,000 to \$1,117,739 as follows: 1) Phase 1 job creation target reduced from 143 to 115 FTEs; 2) Phase 2 job creation begins with 116<sup>th</sup> new job and includes the creation of 75 new; 3) Phase 2 job training grant of \$38,739 for three different training programs; 4) Phase 2 relocation grant of \$24,000 for costs of up to \$600/new employee for 40 new hires in excess of 115; and 5) The original \$300,000 capital investment loan was funded at \$245,305 and GNS has made monthly payments totaling \$150,000, leaving an unpaid principal balance of \$95,305. This loan will be “reset” with an outstanding balance of \$245,305 and a new maturity date of February 2013, GNS will be allowed to draw down the remaining \$54,695, and the principal payments totaling \$150,000 will be applied instead to the outstanding principal balance of the Phase 1 job creation incentive loan.





To ensure both Phase 1 and Phase 2 loans are either fully earned or paid by maturity, GNS will continue to make monthly payments on the Phase 2 capital investment loan and begin monthly payments on the Phase 1 job creation incentive loan after one year.

**Goals addressed:** *2. To create new jobs and retain existing jobs by providing assistance to existing and emerging businesses; 3. To strengthen and expand the skills of the Abilene labor force; 4. To strengthen and revitalize downtown Abilene; and 6. To effectively administer the sales tax revenue.*

**Project School**

The T&P Freight Warehouse, located at 901 N. 1<sup>st</sup> Street, is currently owned by the Abilene Improvement Corporation (AIC). The AIC Board has favored a proposal to establish a job training program that will benefit the local and area service sector. Project School, the job training entity, anticipates an ongoing enrollment of 100 students within 3 years and 4 to 8 full-time employees with an annual payroll of \$195,000 - \$400,000.

In February 2010, the DCOA approved funding of up to \$165,000 to purchase equipment to outfit the Warehouse for the job training program. Also approved was a lease/purchase agreement with the AIC for the equipment, whereby the equipment purchase price would be reduced annually at the rate of \$2,000 per graduate of the job training program. Title to the equipment would transfer from the DCOA to the AIC once the purchase price is reduced to zero or upon payment of the purchase price less any reductions received for program graduates. The initial training class will be held in fall 2010.

**Goals addressed:** *3. To strengthen and expand the skills of the Abilene labor force; 4. To strengthen and revitalize downtown Abilene; and 6. To effectively administer the sales tax revenue.*

Summary of Projects – FY 2010			
Company	Assistance Amount	Committed Job Retention	Committed Job Creation
<b>Project RC</b>	<b>\$ 15,000.00</b>	<b>20</b>	<b>0</b>
TOTAL	\$ 15,000.00	20	0
<b>% to Abilene companies</b> (names in bold)	<b>100%</b>		



## Administrative / Other

### **Abilene Life Sciences Accelerator**

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With Phase 1 construction of the Abilene Life Sciences Accelerator (ALSA) underway at 1325 Pine, the DCOA decided in 2009 that any future tenant build-out would be disruptive to the existing tenants, likely more expensive per square foot for construction, impractical to have two different contractors working in the same structure at the same time, and confuse warranty responsibilities for contractors. By not having ready-to-lease space available, the ALSA could be at a competitive disadvantage.

The Tittle Luther Partnership (TLP) developed plans and specifications for the build-out of 7,450 sq ft of lab/office/meeting space in the north end and 2,698 sq ft of lab space in the sound end of the ALSA. Based on TLP's specifications, Jeff Luther Construction submitted cost proposals to build out both the north and south ends, and in October 2009, the DCOA approved the full build-out construction (10,148 additional sq ft), additional architectural fees and contingency totaling \$1,459,225.

In November 2009, the DCOA authorized the reallocation of \$8,000 previously approved to hire a grant writer to instead be used to employ the services of Mark Long with Long Performance Advisors to assist with the ALSA operations. Mr. Long assisted with the development of build-out plans for the shell space and projection of annual operating costs for ALSA. He has over 30 years experience in the medical device/diagnostics/biotechnology industry.

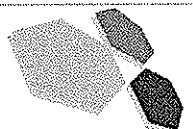
In July 2009, representatives from Emergent Technologies, Inc. (ETI) presented a description of the services their team can offer to help ensure the success of the ALSA. In October 2009, the DCOA authorized a three-year contract with ETI and total funding of \$1,380,180 payable over three years, whereby they will provide personnel, business recruitment and business acceleration and development services for ALSA clients and assist the DCOA with ALSA marketing, strategic planning and operations. This includes staffing of one director and one administrative assistant.

### **SBIR/STTR Programs**

---

One of the recommendations of the Wadley-Donovan Study is to "reinvent" our local and regional economy by encouraging growth of research and development. The largest source of venture capital funds is the federal government through the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs.

The DCOA first approved funds for these programs in March 2006. In September 2006, the board approved \$271,400 through FY07 and reauthorized the same funds in February 2008 through FY09. As of September 2009, \$78,461.50 had been spent, leaving \$192,938.50 unspent. In November 2009, the DCOA reauthorized the remaining unspent funds of \$192,938.50 through September 30, 2011 for the different phases of the application process.



## **Texas Tech University – Wind Energy Research (Project DM)**

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Texas Tech University Office of Technology Commercialization in Lubbock formed the National Wind Resource Center (NWRC) and National Institute for Renewable Energy (NIRE), both of which will capitalize R&D wind farms, provide a full suite of services for the wind energy sector nationally, and allow for collaborative R&D between the federal government, universities and the private sector.

Many millions of dollars have already been committed to the project, and the Texas Emerging Technology Fund (TETF) is considering substantial funding for the project. In December 2009, the DCOA approved \$50,000 to assist with the establishment of the NWRC and NIRE entities which will be used in coordination with other resources to form the entities and provide start-up capital until TETF money is available. The benefits to Abilene include representation in the leadership of the NWRC, access to unique research and development services, access to additional world class researchers in the sector, and state-of-the-art research and forecasting equipment and processes.

## **West Texas Coalition for Innovation and Commercialization (WTCIC)**

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The WTCIC is one of eight regional centers supporting 83 counties that review applications to the Texas Emerging Technology Fund (TETF). TETF is a multi-million dollar fund established several years ago to encourage research and commercialization of technology. However, no funds were allocated for the cost of operating the regional review committees. The DCOA previously approved funding to help in this endeavor and \$16,582 remains available and still encumbered.

To help with the necessary match to state funds, the WTCIC has asked the Economic Development Corporations which are members of the WTCIC for funding in the amount of \$25,000 each for operation from September 2009 through August 2010. In return, each community can apply for a development grant up to \$20,000 to promote entrepreneurship, technology business development and the TETF. In January 2010, the DCOA approved funding of \$8,418 to be combined with the still encumbered \$16,582 for a total of \$25,000 to support the WTCIC through August 2010.

## **Affiliated Food Stores – Lease Addendum**

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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. The most recent lease addendum provided for AFS' rent to increase in January 2010 from \$8,500/month to \$10,000/month. With the economic downturn, sales are down by 25-30% with the closing of member stores. The age of the facility is a constant concern and requires ongoing repairs. The scheduled rent increase in January 2010 would make it difficult for the company to meet all of its financial obligations.



In January 2010, the DCOA approved another revision to the lease payment schedule as follows: January 2010 through December 2010 - \$9,000/month; January 2011 through December 2011 - \$9,500/month; and January 2012 through May 2014 - \$10,000/month.

## **Officer Elections**

---

In February 2010, the following officers were elected for 2010: President – Paul Cannon, Vice President – Mike Schweikhard, and Secretary/Treasurer – Marelyn Shedd. In March 2010, the DCOA welcomed new board member Dani Ramsay.

## **Texas Tech University – Lease of Grant Building**

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In early 2009, the DCOA approved a one-year sublease of the first floor of the Grant Building (302 Pine St.) by Texas Tech University (TTU) to the Abilene Independent School District (AISD) to establish a Science, Technology, Engineering and Math (STEM) high school. At that time the second and third floors of the building were occupied by the TTU Software Engineering Graduate Program. Since then, the AISD has outgrown the Grant Building and TTU has discontinued the software engineering program in Abilene. The DCOA did not charge rent to TTU as long as the software engineering program was housed there as a DCOA-assisted project.

In March 2010, the DCOA approved an amended lease with TTU to allow them to use the second and third floors of the building to deliver classes remotely, using the teleconferencing equipment installed there. TTU will also sublease space to the TTU Health Sciences Center School of Nursing for administrative offices and classrooms. Because these programs are ineligible for DCOA assistance, the DCOA will charge TTU market rate rent of \$6.00/sq.ft./year.

## **Springboard Ideas Challenge 2010**

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The Springboard Ideas Challenge is a mini-business plan competition for the Abilene community and institutions of higher learning, with the mission of increasing the entrepreneurial spirit in the Abilene community. Springboard is the brainchild of James R. Porter, Entrepreneur-in-Residence at Abilene Christian University (ACU). The College of Business Administration at ACU has hosted Springboard since 2008. This year Springboard will award \$50,000 in prize money to assist entrepreneurs in the start-up process. The DCOA has granted a platinum level sponsorship of \$5,000 in each of the last two years. In March 2010, the DCOA approved a platinum level sponsorship of \$5,000 for the 2010 Springboard Ideas Challenge.

## **Eagle Aviation Services, Inc.**

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The floors of Hangars 1 and 0 occupied by Eagle Aviation Services, Inc. (EASI) need to be refinished due to peeling paint, which presents a potential safety hazard for employees not to mention an unattractive work environment. In September 2009, the DCOA authorized an agreement with Tittle Luther Partnership and funding of \$8,000 to develop cost estimates, specifications and bid documents for refinishing the floors.



Bids were received from 6 different vendors, and in March 2010, the DCOA approved a contract with DecoCrete, Inc. from Grand Prairie, Texas, plus total funding of \$243,475 for construction, a 15% contingency, and additional funding for the Tittle Luther Partnership for the bidding and construction phases of the project (including reimbursables).

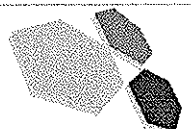
**STAFF:**

Chief Executive Officer	<b>Richard Burdine</b>
Business Services Mgr.	<b>Kim Tarrant</b>
Contracts Administrator	<b>Kim Tarrant</b>
Construction Project Mgr.	<b>Pat McGinnis</b>
Sec. to Assist. City Mgr.	<b>Susan Campbell</b>

**FOR MORE INFORMATION CONTACT:**

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[www.developabilene.com](http://www.developabilene.com)

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# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: May 13, 2010

**PROJECT:** Texas Metals & Recycling (BMWT Leasing)

**STAFF:** Richard Burdine, CEO

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### 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.

In August 2008, the DCOA approved additional assistance for purchase of another scrap processing shear and installation of a rail spur as well as training funds for creation of 2 additional jobs in the Texas Metals operation. The board authorized taking the participation balance left owing at First Financial Bank of \$125,788 back in-house and converting the balance into a \$160,000 capital investment forgivable loan on a 3-year earn-down, secured by a 2<sup>nd</sup> lien on 2989 Pine and personal guaranties from Wayne and Terri Lanham. That limited the DCOA's new capital investment in the project to \$34,212 (\$160,000-\$125,788). The current loan balance is \$102,602 with \$15,770 remaining available to the company to draw down for other capital expenses. Texas Metals was to retain 12 FTE's and create 2 new FTE's for a total of 14 FTEs. As of 7-31-09, the company certified 11.8 FTE's and there are currently 13 employees on the payroll. None of the \$8,000 training money has been requested.

### THE REQUEST

The new scrap processing shear was installed in 2008, but the unit has been operating lately at only 65% of available run time. Scrap iron prices have risen dramatically since the beginning of 2010, creating increased business, which in turn has put tremendous pressure on the existing material handlers to keep the processing shear fed. The rail spur installation recently began and will allow them to move up to four times more scrap per month and open up the marketing area because of the efficiency of rail transport vs. truck transport. With the installation of rail scales, the company will improve weighing efficiency and reduce costs. The company plans to submit a request for reimbursement of the remaining \$15,770 available under the capital investment loan and the unfunded training funds.

The Lanhams purchased a Liebherr Model A934 C material handler at a cost of \$440,500 to increase the scrap processing shear run time to 90%+ of available, and request the DCOA assist with the purchase. They anticipate creating another position within 3-6 months of purchase.

Staff proposes additional capital investment incentives of \$44,050 at 10% of the purchase cost of the additional material handler. The assistance will be structured as a 0% interest loan to BMWT Leasing, Inc. forgiven over 3 years at a rate of 1/3 per year and secured by a subordinate lien on equipment or the real estate and guaranties from the Lanhams and Texas Metals & Recycling Co. Disbursements will be made upon receipt of evidence of invested capital.

**FISCAL IMPACT**

Forgivable Loan as follows:

Capital Investment Incentive                      \$44,050

**STAFF RECOMMENDATION**

Staff recommends approval of resolution DCOA-2010.16 authorizing total assistance of \$44,050 to help with the purchase of a material handler.

**ATTACHMENTS**

Resolution DCOA-2010.16

**RESOLUTION NO. DCOA-2010.16**

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

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

WHEREAS, TMR, 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 to assist with the construction of the facility at 2989 Pine and A/E fees; and,

WHEREAS, in 08/08, the DCOA approved additional assistance for purchase of another scrap processing shear and installation of a rail spur as well as training funds for creation of 2 additional jobs in the Texas Metals operation; and,

WHEREAS, to improve efficiency of the scrap processing shear, the Lanhams recently purchased an additional material handler at a cost of \$440,500; and,

WHEREAS, staff proposes financial assistance for the purchase of the new material handler; 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 Co./BMWT Leasing, Inc. in an amount not to exceed Forty-Four Thousand Fifty and no/100's Dollars (\$44,050) to assist with the purchase of a material handler to feed the new scrap processing shear purchased in 2008. The assistance will be structured as a 0% interest loan to BMWT Leasing, Inc. forgiven over 3 years at a rate of 1/3 per year and secured by a subordinate lien on equipment or the real estate and guaranties from the Lanhams and Texas Metals & Recycling Co. Note disbursements will be made upon receipt of evidence of invested capital.

**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 13<sup>th</sup> day of May, 2010.

ATTEST:

\_\_\_\_\_  
Marelyn Shedd  
Secretary/Treasurer

\_\_\_\_\_  
Paul Cannon  
President

APPROVED:

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