

**PUBLIC NOTICE**

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, March 29, 2011, in the Abilene Life Sciences Accelerator, 1325 Pine St., Abilene, Texas, commencing at 1:30 p.m. to consider the following agenda:

SIGNED:

  
Richard Burdine, Asst. City Manager for Economic Development

**AGENDA**

March 29, 2011  
1:30 p.m.

Abilene Life Sciences Accelerator  
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the February 22, 2011, board meeting.
3. March 2011 sales tax report and January 2011 and February 2011 financial status reports.
4. 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.
5. Discussion and possible approval of a resolution authorizing a second revision to the Phase 2 expansion assistance for Genesis Networks Solutions.
6. Discussion and possible approval of a resolution authorizing a revision to the assistance

approved for Enavail, LLC.

7. Adjournment.

**CERTIFICATE**

I hereby certify that the above notice of meeting was posted on the bulletin board at the City Hall of Abilene, Texas, on the \_\_\_\_\_ day of \_\_\_\_\_, 2011, 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  
FEBRUARY 22, 2011**

<b>MEMBERS PRESENT:</b>	Paul Cannon Scott Senter	Mike Schweikhard
<b>MEMBERS ABSENT:</b>	Marelyn Shedd	Dani Ramsay
<b>STAFF PRESENT:</b>	Richard Burdine	Kim Tarrant
<b>GUESTS PRESENT:</b>	Jack Harkins Dan Symonds	Tittle Luther Partnership Resident

- 1. CALL TO ORDER.** Paul Cannon called the meeting to order in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
- 2. APPROVAL OF MINUTES FROM THE FEBRUARY 8, 2011 BOARD MEETING.** Scott Senter moved to approve the minutes from the February 8, 2011 board meeting. Mike Schweikhard seconded and the motion carried.
- 3. FEBRUARY 2011 SALES TAX REPORT AND DECEMBER 2010 FINANCIAL STATUS REPORT.** The sales tax rebate for February 2011 for economic development was \$978,890, which represents December 2010 sales. This is nearly 9% above February 2010 and 6.54% year-to-date (October 2010 through February 2011) from this same period last year. Paul Cannon requested a sales tax comparison of 2009, 2010 and 2011.
- 4. 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 February 22, 2011, and the time is 1:45 p.m. Mr. Cannon later announced the date is still February 22, 2011, and the time is 3:00 p.m. No vote or action was taken in Executive Session.
- 5. ADJOURNMENT.** The next board meeting is March 8<sup>th</sup>.

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Paul Cannon, President

**MEMORANDUM**

March 9, 2011

**TO:** Larry D. Gilley, City Manager  
**FROM:** Mike Rains, Assistant Director of Finance  
**SUBJECT:** March Sales Tax

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The sales tax rebate for March is \$2,585,232.25 which represents January sales. This is 4.47% above last year. The breakdown of the March rebate is \$1,938,924.19 to the General Fund and \$646,308.06 for economic development. Of this rebate, \$132,184 is from prior periods, audit payments, future payments, and unidentified payments. Based on this rebate, sales tax is 6.23% above last year for the period of October through March. I have requested the detail from the state.

Should you have any questions, please contact me.

MR:ls

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

**CITY OF ABILENE  
SALES TAX COMPARISION**

Accounting Period Month	GENERAL FUND	ECONOMIC DEVELOPMENT	TOTAL 2009-10	GENERAL FUND	ECONOMIC DEVELOPMENT	TOTAL 2010-11
	Actual 2009-10	Actual 2009-10		Actual 2010-11	Actual 2010-11	
October	\$2,015,713.10	\$671,904.36	\$2,687,617.46	\$1,985,576.13	\$661,858.71	\$2,647,434.84
November	2,274,694.28	758,231.42	3,032,925.70	2,324,513.46	774,837.82	3,099,351.28
December	1,806,689.71	602,229.90	2,408,919.61	1,941,356.20	647,118.73	2,588,474.93
January	1,784,282.81	594,760.94	2,379,043.75	2,079,342.18	693,114.06	2,772,456.24
February	2,694,722.33	898,240.78	3,592,963.11	2,936,669.76	978,889.92	3,915,559.68
March	1,855,978.16	618,659.39	2,474,637.55	1,938,924.19	646,308.06	2,585,232.25
<b>YTD</b>	<b>\$12,432,080.39</b>	<b>\$4,144,026.79</b>	<b>\$16,576,107.18</b>	<b>\$13,206,381.92</b>	<b>\$4,402,127.30</b>	<b>\$17,608,509.22</b>
April	1,804,229.03	601,409.68	2,405,638.71			
May	2,444,890.66	814,963.55	3,259,854.21			
June	1,838,890.30	612,963.43	2,451,853.73			
July	1,982,419.12	660,806.37	2,643,225.49			
August	2,487,563.00	829,187.67	3,316,750.67			
September	1,948,172.67	649,390.89	2,597,563.56			
<b>FY TOTAL</b>	<b>\$24,938,245.17</b>	<b>\$8,312,748.38</b>	<b>\$33,250,993.55</b>			

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

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

3.2

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

<b>Accounting Period Month</b>	<b>Actual 2009-10</b>	<b>Actual 2010-11</b>	<b>% Change</b>
October	\$671,904	\$661,859	-1.50%
November	758,231	774,838	2.19%
December	602,230	647,119	7.45%
January	594,761	693,114	16.54%
February	898,241	978,890	8.98%
March	618,659	646,308	4.47%
<b>YTD</b>	<u>\$4,144,027</u>	<b>\$4,402,127</b>	<b>6.23%</b>
April	601,410		
May	814,964		
June	612,963		
July	660,806		
August	829,188		
September	649,391		
<b>FY TOTAL</b>	<u><u>\$8,312,748</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.

Revenue for March '11 represents January '11 sales. Approximately  
\$33,045 of the rebate is from prior periods, audit, and future payments.

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

CITY OF ABILENE, TEXAS

DEVELOPMENT CORPORATION OF ABILENE, INC.

Balance Sheet

January 31, 2011

**ASSETS:**

Cash and Investments	\$14,259,041
Notes receivable	15,966,491
Accounts receivable	30,086
Due from other governments	1,427,749
Total Current Assets	<u>\$31,683,367</u>

**OTHER ASSETS:**

Fixed assets	\$35,612,459
Accumulated depreciation	<u>(5,251,972)</u>
Total Other Assets	<u>30,360,487</u>

TOTAL ASSETS \$62,043,854

**LIABILITIES:**

Vouchers payable	\$39,283
Deferred revenues	162,679
Notes Payable	<u>160,541</u>
Total Liabilities	<u>\$362,503</u>

**FUND BALANCES:**

Investment in general fixed assets	\$30,360,487
Reserved for contractual obligations(external)	14,560,220
Reserved for obligated programs(internal)	1,678,427
Undesignated Balance	<u>14,921,676</u>
Total Fund Balance	<u>\$61,681,351</u>

TOTAL LIABILITIES AND FUND BALANCES \$62,043,854

**FIXED ASSETS:**

	<u>Original Cost</u>	<u>Improvements</u>	<u>Depreciation</u>	<u>Total</u>
Land:				
456.458 acres - Five Pts Bus Park	\$489,507			\$489,507
303.53 acres Hwy 36 & FM 18	449,238			449,238
122 acres - N Five Pts	482,239			482,239
5.6 acres UPS	69,217			69,217
Buildings and Improvements:				
2601 Airport Blvd.	1,563,210	540,633	429,777	1,674,066
2809 Airport Blvd.	396,519	444,583	352,336	488,766
2841 Airport Blvd.	456,736	62,923	298,637	221,022
4002 Loop 322	1,290,916	2,384,892	1,462,826	2,212,982
Five Pts Bus Park	0	8,227,561	589,744	7,637,817
6450 Five Points Parkway	5,809,354	7,016,797	1,338,825	11,487,326
Grant Bldg 341 Pine	147,194	405,726	216,168	336,752
2742 Lance Dr. (EASI Storage)	2,527,408	9,987	329,096	2,208,299
4109 Vine St	583,524	180,855	90,521	673,858
4009 Vine St	583,524	0	75,858	507,666
Leasehold improvements	1,366,201		37,950	1,328,251
Equipment	105,704	0	12,223	93,481
Vehicle: 2005 Dodge Caravan	18,011	0	18,011	0
TOTAL FIXED ASSETS	<u>\$16,338,502</u>	<u>\$19,273,957</u>	<u>\$5,251,972</u>	<u>\$30,360,487</u>

3.4

DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ JANUARY 31, 2011

(MARCH, 1990)

Object	Beginning I-T-D Revenues	Current Month Revenues	Current FY Revenues	Ending I-T-D Revenues
<b>REVENUE-TO-DATE</b>				
City Sales Tax	\$ 128,163,486.38	\$ 688,729.06	\$ 2,758,912.09	\$ 130,922,398.47
Sales Tax Retained	398,696.33	4,385.00	18,017.23	416,713.56
Other Services Charges	25.00	-	-	25.00
Princ. - Loans & Assess	3,101,322.79	4,526.42	4,526.42	3,105,849.21
Int. - Loans & Assess	2,166,827.25	722.09	1,548.17	2,168,375.42
Interest	6,710,308.04	5,033.76	24,125.03	6,734,433.07
Land Lease	14,687.41	-	838.00	15,525.41
Building/Space Rent	5,347,343.09	114,295.79	362,498.16	5,709,841.25
City Pay Phones	9,170.58	-	-	9,170.58
Miscellaneous Revenue	56,730.54	10,470.43	40,627.93	97,358.47
EDA Grant	242,100.00	-	-	242,100.00
Miscellaneous State Grants	41690	26,500.00	-	26,500.00
Miscellaneous Federal	41490	937,926.00	-	937,926.00
Interest on Investments	46001	176,263.67	-	176,263.67
Other Interest	46006	32,252.85	-	32,252.85
Interfund Recovery	47217	1,534,976.08	-	1,534,976.08
Miscellaneous Recovery	47219	1,916,652.91	-	2,176,501.50
Miscellaneous Prior Year	47241	27,720.38	-	27,720.38
DCOA Admin	7,070.55	-	-	7,070.55
Other Contributions	47105	96,866.60	-	96,866.60
Donation	47105	43,846.00	-	43,846.00
Sale of Land	48201	392,446.27	-	392,446.27
Sale of Buildings	48203	3,367,443.31	-	3,367,443.31
Sale of Equipment	48203	608,882.88	-	608,882.88
Gain (loss) Sale of Asset	48204	555,393.43	-	555,393.43
Miscellaneous Damage Claims	47233	1,173.04	-	1,173.04
Miscellaneous Revenue	47244	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
	<b>\$ 158,777,464.24</b>	<b>\$ 828,162.55</b>	<b>\$ 3,470,941.62</b>	<b>\$ 162,248,405.86</b>



DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ JANUARY 31, 2011

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	\$ 80,244,141.54		\$ -	\$ 80,244,141.54	
Business Services Division Div 2760	7,858,024.24	60,108.56	199,709.82	8,057,734.06	26,666.68
Life Sciences Property - Pine Div 2765	565,448.70	65,334.30	154,362.29	719,810.99	9,020.16
DCOA Annual Contracts Div 2775	2,229,877.84	87,334.79	108,002.70	2,337,880.54	-
Abilene Industrial Foundation 2775-62571	12,574,610.54	106,609.20	212,658.76	12,787,269.30	527,191.24
TTU Small Business Dev Cntr 2775-62572	2,630,621.05	14,006.25	52,462.50	2,683,083.55	197,537.50
Chamber Military Affairs 2775-62573	1,206,511.16	-	-	1,206,511.16	60,000.00
Airport Business Dev Mgr 2775-62574	605,052.74	-	29,363.88	634,416.62	134,466.12
Murf Systems 4998	151,665.00	-	-	151,665.00	-
Bandag Training 5203	724,485.20	-	-	724,485.20	117,734.80
EASI 04 5213	1,814,134.18	-	225,406.34	2,039,540.52	437,397.14
Fehr Food 5220	2,634,630.00	-	-	2,634,630.00	-
Bandag Building Improv 5228	-	-	-	-	44,259.24
Robinson Fan 5237	469,611.96	76,402.95	76,402.95	546,014.91	100,000.00
CBER Website 5240	7,067.07	-	-	7,067.07	1,249.93
TTU Pharmacy School 5242	492,696.00	-	-	492,696.00	-
Teleperformance USA 5247	370,280.00	99,830.00	99,830.00	470,110.00	36,890.00
PWP (Project LF) 5251	2,019,317.02	-	-	2,019,317.02	1,908,145.98
Integrated Clinic Research 5253	7,440.00	-	-	7,440.00	-
Genesis Network 5258	1,375,333.81	-	-	1,375,333.81	-
Fehr Foods 5261	118,091.53	-	-	118,091.53	-
SBIR/STTR 5263	84,578.48	197.38	482.38	85,060.86	186,144.49
EASI 7th Doc 5265	239,175.14	-	-	239,175.14	34,081.10
TTU HSC Research 5273	992,009.66	-	631,712.00	1,623,721.66	1,376,278.34
Spec 3 Construction 5276	5,432,320.65	-	-	5,432,320.65	304,179.35
Energy Maintenance Service 5282	185,246.60	-	-	185,246.60	684,647.00
Genesis Network Phase II 5284	7,725.00	-	15,199.00	22,924.00	794,815.01
Tower Tech 5285	1,728,966.38	-	354,006.99	2,082,973.37	2,979,752.23
Texas Metal 08 5288	106,666.66	-	-	106,666.66	-
TMAC 09 5289	26,000.00	-	-	26,000.00	34,000.00
Project BG 5295	-	-	-	-	748,000.00
Coca Cola Abilene 5296	-	-	-	-	900,000.00
Land 122 Acres N 5 Pts 5302	341,732.35	-	-	341,732.35	169,236.15
ETI Contract 5304	411,752.75	-	196,292.31	608,045.06	772,134.94
EASI floor re-painting A/E 5306	200,907.36	-	9,452.50	210,359.86	41,354.14
TTU 842 Pine 5308	121,679.89	-	-	121,679.89	91,820.11
AIC Eq Lease 5312	49,466.28	3,628.56	17,515.68	66,981.96	76,404.69
Nation Wide Prod 5313	-	-	31,150.00	31,150.00	74,100.00
LM Wind Power 5314	-	-	-	-	566,250.00
Texas Healthcare Linen 5315	-	-	-	-	118,891.00
Enavail, LLC 5316	-	2,040.00	3,340.00	3,340.00	618,426.00
Cisco College Biotech Training 5318	-	-	-	-	67,650.00
Energy Maintenance Serv-Gearbox 5319	-	(700,000.00)	-	-	202,500.00
EASI Hanger Design 5320	-	1,446.18	284,275.47	284,275.47	118,996.53
West Texas Coalition 5322	-	5,000.00	5,000.00	5,000.00	-
Miscellaneous Activities 2785	354,189.86	-	-	354,189.86	-
<b>TOTAL ENCUMB. / EXPENDITURES</b>	<b>\$ 128,381,456.64</b>	<b>\$ (178,061.83)</b>	<b>\$ 2,706,625.57</b>	<b>\$ 131,088,082.21</b>	<b>\$ 14,560,219.87</b>
<b>TOTAL FUND BALANCE</b>				<b>\$ 31,160,323.65</b>	
<b>UNENCUMBERED FUND BALANCE</b>					<b>\$ 16,600,103.78</b>

3.6

DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ JANUARY 31, 2011

	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	\$ 650,085.00	\$ -	\$ 60,108.56	\$ 199,709.82	\$ 26,666.68	\$ 423,708.50
Life Sciences Property -Pine	Div 2765	707,000.00	-	65,334.30	154,362.29	9,020.16	543,617.55
DCOA Annual Contracts	Div 2775	232,590.00	-	87,334.79	108,002.70	-	124,587.30
Abilene Industrial Foundation	2775-4950	739,850.00	-	106,609.20	212,658.76	527,191.24	-
TTU Small Business Dev Cntr	2775-4951	250,000.00	-	14,006.25	52,462.50	197,537.50	-
Chamber Military Affairs	2775-4952	60,000.00	-	-	-	60,000.00	-
Airport Business Dev Mgr	2775-4953	163,830.00	-	-	29,363.88	134,466.12	-
Murf Systems	4998	151,665.00	151,665.00	-	-	-	-
Bandag Training	5203	842,220.00	724,485.20	-	-	117,734.80	-
EASI 04	5213	2,476,938.00	1,814,134.18	-	225,406.34	437,397.14	0.34
Fehr Food	5220	2,634,630.00	2,634,630.00	-	-	-	-
Bandag Building Improv	5228	44,260.00	-	-	-	44,259.24	0.76
Robinson Fan	5237	646,015.00	469,611.96	76,402.95	76,402.95	100,000.00	0.09
CBER Website	5240	8,317.00	7,067.07	-	-	1,249.93	-
TTU Pharmacy School	5242	492,696.00	492,696.00	-	-	-	-
Teleperformance USA	5247	757,000.00	370,280.00	99,830.00	99,830.00	36,890.00	250,000.00
PWP (Project LF)	5251	3,927,463.00	2,019,317.02	-	-	1,908,145.98	-
Integrated Clinic Research	5253	7,440.00	7,440.00	-	-	-	-
Genesis Network	5258	1,615,417.00	1,375,333.81	-	-	-	240,083.19
Fehr Foods	5261	118,092.00	118,091.53	-	-	-	0.47
SBIR/STTR	5263	271,400.00	84,578.48	197.38	482.38	186,144.49	194.65
EASI 7th Doc	5265	273,257.00	239,175.14	-	-	34,081.10	0.76
TTU HSC Research	5273	3,000,000.00	992,009.66	-	631,712.00	1,376,278.34	-
Spec 3 Construction	5276	5,736,500.00	5,432,320.65	-	-	304,179.35	(0.00)
Energy Maintenance Service	5282	869,894.00	185,246.60	-	-	684,647.00	0.40
Genesis Network Phase II	5284	817,740.00	7,725.00	-	15,199.00	794,815.01	0.99
Tower Tech	5285	5,062,726.00	1,728,966.38	-	354,006.99	2,979,752.23	0.40
Texas Metal 08	5288	106,667.00	106,666.66	-	-	-	0.34
TMAC 09	5289	60,000.00	26,000.00	-	-	34,000.00	-
Run Energy	5295	748,000.00	-	-	-	748,000.00	-
Coca Cola Abilene	5296	900,000.00	-	-	-	900,000.00	-
Land 122 Acres N 5 Pts	5302	510,968.00	341,732.35	-	-	169,236.15	(0.50)
ETI Contract	5304	1,380,180.00	411,752.75	-	196,292.31	772,134.94	-
EASI floor re-painting A/E	5306	251,714.00	200,907.36	-	9,452.50	41,354.14	-
TTU 842 Pine	5308	213,500.00	121,679.89	-	-	91,820.11	-
AIC Equipment Lease/Purchase	5312	165,000.00	49,466.28	3,628.56	17,515.68	76,404.69	21,613.35
Nation Wide Products	5313	105,250.00	-	-	31,150.00	74,100.00	-
LM Wind Power	5314	566,250.00	-	-	-	566,250.00	-
Texas Healthcare Linen	5315	118,891.00	-	-	-	118,891.00	-
Enavail, LLC	5316	696,385.00	-	2,040.00	3,340.00	618,426.00	74,619.00
Cisco College Biotech Training	5318	67,650.00	-	-	-	67,650.00	-
Energy Maintenance Serv-Gearbox	5319	202,500.00	-	(700,000.00)	-	202,500.00	-
EASI Hanger Design	5320	403,272.00	-	1,446.18	284,275.47	118,996.53	-
West Texas Coalition	5322	5,000.00	-	5,000.00	5,000.00	-	-
Miscellaneous Activities	2785	354,189.86	354,189.86	-	-	-	-
<b>BALANCE OF OBLIGATED PROGRAMS</b>		<b>\$ 39,412,441.86</b>	<b>\$ 20,467,168.83</b>	<b>\$ (178,061.83)</b>	<b>\$ 2,706,625.57</b>	<b>\$ 14,560,219.87</b>	<b>\$ 1,678,427.59</b>

**UNDESIGNATED FUND BALANCE** (unencumbered balance less obligated programs and contingent liabilities) \$ 14,921,676.19

DCOA Board approved projects waiting for signed contracts	Expiration Date
Pepsi Beverage Co. 5321	350,000.00 4/4/2011
EASI Hanger Construction 5320	4,770,000.00 5/23/2011
Cooperative Response Center 5324	296,500.00 7/11/2011
922 N 13th purchase 5325	50,000.00 7/11/2011
<u>5,120,000.00</u>	

3.7

CITY OF ABILENE, TEXAS

DEVELOPMENT CORPORATION OF ABILENE, INC.

Balance Sheet  
February 28, 2011

**ASSETS:**

Cash and Investments	\$14,730,385
Notes receivable	15,821,401
Accounts receivable	172,586
Due from other governments	1,427,749
Total Current Assets	<u>\$32,152,121</u>

**OTHER ASSETS:**

Fixed assets	\$35,612,459
Accumulated depreciation	<u>(5,251,972)</u>
Total Other Assets	<u>30,360,487</u>

TOTAL ASSETS

\$62,512,608

**LIABILITIES:**

Vouchers payable	\$39,283
Deferred revenues	162,679
Notes Payable	160,541
Total Liabilities	<u>\$362,503</u>

**FUND BALANCES:**

Investment in general fixed assets	\$30,360,487
Reserved for contractual obligations(external)	14,614,974
Reserved for obligated programs(internal)	5,718,650
Undesignated Balance	11,295,453
Total Fund Balance	<u>\$62,150,105</u>

TOTAL LIABILITIES AND FUND BALANCES

\$62,512,608

**FIXED ASSETS:**

	<u>Original Cost</u>	<u>Improvements</u>	<u>Depreciation</u>	<u>Total</u>
Land:				
456.458 acres - Five Pts Bus Park	\$489,507			\$489,507
303.53 acres Hwy 36 & FM 18	449,238			449,238
122 acres - N Five Pts	482,239			482,239
5.6 acres UPS	69,217			69,217
Buildings and Improvements:				
2601 Airport Blvd.	1,563,210	540,633	429,777	1,674,066
2809 Airport Blvd.	396,519	444,583	352,336	488,766
2841 Airport Blvd.	456,736	62,923	298,637	221,022
4002 Loop 322	1,290,916	2,384,892	1,462,826	2,212,982
Five Pts Bus Park	0	8,227,561	589,744	7,637,817
6450 Five Points Parkway	5,809,354	7,016,797	1,338,825	11,487,326
Grant Bldg 341 Pine	147,194	405,726	216,168	336,752
2742 Lance Dr. (EASI Storage)	2,527,408	9,987	329,096	2,208,299
4109 Vine St	583,524	180,855	90,521	673,858
4009 Vine St	583,524	0	75,858	507,666
Leasehold improvements	1,366,201		37,950	1,328,251
Equipment	105,704	0	12,223	93,481
Vehicle: 2005 Dodge Caravan	18,011	0	18,011	0
TOTAL FIXED ASSETS	<u>\$16,338,502</u>	<u>\$19,273,957</u>	<u>\$5,251,972</u>	<u>\$30,360,487</u>

DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ FEBRUARY 28, 2011

(MARCH, 1990)

Object	Beginning I-T-D Revenues	Current Month Revenues	Current FY Revenues	Ending I-T-D Revenues
<b>REVENUE-TO-DATE</b>				
City Sales Tax	\$ 128,163,486.38	\$ 974,342.78	\$ 3,733,254.87	\$ 131,896,741.25
Sales Tax Retained	398,896.33	4,547.14	22,564.37	421,260.70
Other Services Charges	25.00	-	-	25.00
Princ. - Loans & Assess	3,101,322.79	-	4,526.42	3,105,849.21
Int. - Loans & Assess	2,166,827.25	-	1,548.17	2,168,375.42
Interest	6,710,308.04	4,387.58	28,512.61	6,738,820.65
Land Lease	14,887.41	-	838.00	15,525.41
Building/Space Rent	5,347,343.09	72,787.79	435,285.95	5,782,629.04
City Pay Phones	9,170.58	-	-	9,170.58
Miscellaneous Revenue	56,730.54	9,822.93	50,450.86	107,181.40
EDA Grant	242,100.00	-	-	242,100.00
Miscellaneous State Grants	41690	26,500.00	-	26,500.00
Miscellaneous Federal	41490	937,926.00	142,500.00	1,080,426.00
Interest on Investments	46001	176,263.67	-	176,263.67
Other Interest	46006	32,252.85	-	32,252.85
Interfund Recovery	47217	1,534,976.08	-	1,534,976.08
Miscellaneous Recovery	47219	1,916,652.91	-	2,176,501.50
Miscellaneous Prior Year	47241	27,720.38	-	27,720.38
DCOA Admin	7,070.55	-	-	7,070.55
Other Contributions	47105	96,866.60	-	96,866.60
Donation	47105	43,846.00	-	43,846.00
Sale of Land	48201	392,446.27	-	392,446.27
Sale of Buildings	48203	3,367,443.31	-	3,367,443.31
Sale of Equipment	48203	608,882.88	-	608,882.88
Gain (loss) Sale of Asset	48204	555,393.43	-	555,393.43
Miscellaneous Damage Claims	47233	1,173.04	-	1,173.04
Miscellaneous Revenue	47244	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
	<b>\$ 158,777,464.24</b>	<b>\$ 1,208,388.22</b>	<b>\$ 4,679,329.84</b>	<b>\$ 163,456,794.08</b>

DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ FEBRUARY 28, 2011

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	\$ 80,244,141.54		\$ -	\$ 80,244,141.54	
Business Services Division Div 2760	7,858,024.24	44,318.74	244,028.56	8,102,052.80	26,666.68
Life Sciences Property - Pine Div 2765	565,448.70	55,963.99	210,326.28	775,774.98	10,307.16
DCOA Annual Contracts Div 2775	2,229,877.84	955.24	108,957.94	2,338,835.78	-
Abilene Industrial Foundation 2775-62571	12,574,610.54	58,163.38	270,822.14	12,845,432.68	469,027.86
TTU Small Business Dev Cntr 2775-62572	2,630,621.05	13,012.50	65,475.00	2,696,096.05	184,525.00
Chamber Military Affairs 2775-62573	1,206,511.16			1,206,511.16	60,000.00
Airport Business Dev Mgr 2775-62574	605,052.74	13,875.75	43,239.63	648,292.37	120,590.37
Murf Systems 4998	151,665.00	-	-	151,665.00	-
Bandag Training 5203	724,485.20	-	-	724,485.20	117,734.80
EASI 04 5213	1,814,134.18	-	225,406.34	2,039,540.52	437,397.14
Fehr Food 5220	2,634,630.00	-	-	2,634,630.00	-
Bandag Building Improv 5228	-	-	-	-	44,259.24
Robinson Fan 5237	469,611.96	-	76,402.95	546,014.91	100,000.00
CBER Website 5240	7,067.07	-	-	7,067.07	1,249.93
TTU Pharmacy School 5242	492,696.00	-	-	492,696.00	-
Teleperformance USA 5247	370,280.00	-	99,830.00	470,110.00	-
PWP (Project LF) 5251	2,019,317.02	-	-	2,019,317.02	1,908,145.98
Integrated Clinic Research 5253	7,440.00	-	-	7,440.00	-
Genesis Network 5258	1,375,333.81	240,082.88	240,082.88	1,615,416.69	-
Fehr Foods 5261	118,091.53	-	-	118,091.53	-
SBIR/STTR 5263	84,578.48	95.00	577.38	85,155.86	186,049.49
EASI 7th Doc 5265	239,175.14	-	-	239,175.14	34,081.10
TTU HSC Research 5273	992,009.66	-	631,712.00	1,623,721.66	1,376,278.34
Spec 3 Construction 5276	5,432,320.65	-	-	5,432,320.65	304,179.35
Energy Maintenance Service 5282	185,246.60	-	-	185,246.60	684,647.00
Genesis Network Phase II 5284	7,725.00	-	15,199.00	22,924.00	794,815.01
Tower Tech 5285	1,728,966.38	-	354,006.99	2,082,973.37	2,979,752.23
Texas Metal 08 5288	106,666.66	-	-	106,666.66	-
TMAC 09 5289	26,000.00	-	-	26,000.00	34,000.00
Project BG 5295	-	-	-	-	748,000.00
Coca Cola Abilene 5296	-	-	-	-	900,000.00
Land 122 Acres N 5 Pts 5302	341,732.35	-	-	341,732.35	169,236.15
ETI Contract 5304	411,752.75	-	196,292.31	608,045.06	772,134.94
EASI floor re-painting A/E 5306	200,907.36	10,259.74	19,712.24	220,619.60	31,094.40
TTU 842 Pine 5308	121,679.89	-	-	121,679.89	91,820.11
AIC Eq Lease 5312	49,466.28	46,943.41	64,459.09	113,925.37	44,568.83
Nation Wide Prod 5313	-	-	31,150.00	31,150.00	74,100.00
LM Wind Power 5314	-	-	-	-	566,250.00
Texas Healthcare Linen 5315	-	118,891.00	118,891.00	118,891.00	-
Enavail, LLC 5316	-	1,090.00	4,430.00	4,430.00	618,426.00
Cisco College Biotech Training 5318	-	-	-	-	67,650.00
Energy Maintenance Serv-Gearbox 5319	-	-	-	-	202,500.00
EASI Hanger Design 5320.1	-	-	284,275.47	284,275.47	118,996.53
EASI Hanger Construction 5320.2	-	130,972.41	130,972.41	130,972.41	-
West Texas Coalition 5322	-	-	5,000.00	5,000.00	-
Springboard Sponsorship 2011 5323	-	5,000.00	5,000.00	5,000.00	-
Cooperative Response Center 5324	-	-	-	-	296,500.00
Land 922 N 13th Street 5325	-	10.00	10.00	10.00	39,990.00
Miscellaneous Activities 2785	354,189.86	-	-	354,189.86	-
<b>TOTAL ENCUMB. / EXPENDITURES</b>	<b>\$ 128,381,456.64</b>	<b>\$ 739,634.04</b>	<b>\$ 3,446,259.61</b>	<b>\$ 131,827,716.25</b>	<b>\$ 14,614,973.64</b>
<b>TOTAL FUND BALANCE</b>				<b>\$ 31,629,077.83</b>	
<b>UNENCUMBERED FUND BALANCE</b>					<b>\$ 17,014,104.19</b>

3.10

**DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ FEBRUARY 28, 2011**

	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	\$ 650,085.00	\$ -	\$ 44,318.74	\$ 244,028.56	\$ 26,666.68	\$ 379,389.76
Life Sciences Property -Pine	Div 2765	707,000.00	-	55,963.99	210,326.28	10,307.16	486,366.56
DCOA Annual Contracts	Div 2775	232,590.00	-	955.24	108,957.94	-	123,632.06
Abilene Industrial Foundation	2775-4950	739,850.00	-	58,163.38	270,822.14	469,027.86	-
TTU Small Business Dev Cntr	2775-4951	250,000.00	-	13,012.50	65,475.00	184,525.00	-
Chamber Military Affairs	2775-4952	60,000.00	-	-	-	60,000.00	-
Airport Business Dev Mgr	2775-4953	163,830.00	-	13,875.75	43,239.63	120,590.37	-
Murf Systems	4998	151,665.00	151,665.00	-	-	-	-
Bandag Training	5203	842,220.00	724,485.20	-	-	117,734.80	-
EASI 04	5213	2,476,938.00	1,814,134.18	-	225,406.34	437,397.14	0.34
Fehr Food	5220	2,634,630.00	2,634,630.00	-	-	-	-
Bandag Building Improv	5228	44,260.00	-	-	-	44,259.24	0.76
Robinson Fan	5237	646,015.00	469,611.96	-	76,402.95	100,000.00	0.09
CBER Website	5240	8,317.00	7,067.07	-	-	1,249.93	-
TTU Pharmacy School	5242	492,696.00	492,696.00	-	-	-	-
Teleperformance USA	5247	470,110.00	370,280.00	-	99,830.00	-	-
PWP (Project LF)	5251	3,927,463.00	2,019,317.02	-	-	1,908,145.98	-
Integrated Clinic Research	5253	7,440.00	7,440.00	-	-	-	-
Genesis Network	5258	1,615,417.00	1,375,333.81	240,082.88	240,082.88	-	0.31
Fehr Foods	5261	118,092.00	118,091.53	-	-	-	0.47
SBIR/STTR	5263	271,400.00	84,578.48	95.00	577.38	186,049.49	194.65
EASI 7th Doc	5265	273,257.00	239,175.14	-	-	34,081.10	0.76
TTU HSC Research	5273	3,000,000.00	992,009.66	-	631,712.00	1,376,278.34	-
Spec 3 Construction	5276	5,736,500.00	5,432,320.65	-	-	304,179.35	(0.00)
Energy Maintenance Service	5282	869,894.00	185,246.60	-	-	684,647.00	0.40
Genesis Network Phase II	5284	817,740.00	7,725.00	-	15,199.00	794,815.01	0.99
Tower Tech	5285	5,062,726.00	1,728,966.38	-	354,006.99	2,979,752.23	0.40
Texas Metal 08	5288	106,667.00	106,666.66	-	-	-	0.34
TMAC 09	5289	60,000.00	26,000.00	-	-	34,000.00	-
Run Energy	5295	748,000.00	-	-	-	748,000.00	-
Coca Cola Abilene	5296	900,000.00	-	-	-	900,000.00	-
Land 122 Acres N 5 Pts	5302	510,968.00	341,732.35	-	-	169,236.15	(0.50)
ETI Contract	5304	1,380,180.00	411,752.75	-	196,292.31	772,134.94	-
EASI floor re-painting A/E	5306	251,714.00	200,907.36	10,259.74	19,712.24	31,094.40	0.00
TTU 842 Pine	5308	213,500.00	121,679.89	-	-	91,820.11	-
AIC Equipment Lease/Purchase	5312	165,000.00	49,466.28	46,943.41	64,459.09	44,568.83	6,505.80
Nation Wide Products	5313	105,250.00	-	-	31,150.00	74,100.00	-
LM Wind Power	5314	566,250.00	-	-	-	566,250.00	-
Texas Healthcare Linen	5315	118,891.00	-	118,891.00	118,891.00	-	-
Enavail, LLC	5316	696,385.00	-	1,090.00	4,430.00	618,426.00	73,529.00
Cisco College Biotech Training	5318	67,650.00	-	-	-	67,650.00	-
Energy Maintenance Serv-Gearbox	5319	202,500.00	-	-	-	202,500.00	-
EASI Hanger Design	5320.1	403,272.00	-	-	284,275.47	118,996.53	-
EASI Hanger Construction	5320.2	4,770,000.00	-	130,972.41	130,972.41	-	4,639,027.59
West Texas Coalition	5322	5,000.00	-	-	5,000.00	-	-
Springboard Sponsorship 2011	5323	5,000.00	-	5,000.00	5,000.00	-	-
Cooperative Response Center	5324	296,500.00	-	-	-	296,500.00	-
Land 922 N 13th Street	5325	50,000.00	-	10.00	10.00	39,990.00	10,000.00
Miscellaneous Activities	2785	354,189.86	354,189.86	-	-	-	-
<b>BALANCE OF OBLIGATED PROGRAMS</b>		<b>\$ 44,247,051.86</b>	<b>\$ 20,467,168.83</b>	<b>\$ 739,634.04</b>	<b>\$ 3,446,259.61</b>	<b>\$ 14,614,973.64</b>	<b>\$ 5,718,649.78</b>

**UNDESIGNATED FUND BALANCE**

(unencumbered balance less obligated programs and contingent liabilities)

**\$ 11,295,454.41**

DCOA Board approved projects waiting for signed contracts

Expiration Date

Pepsi Beverage Co.	5321	350,000.00	04/04/2011
Teleperformance USA	5326	375,000.00	07/11/2011
		<u>725,000.00</u>	

3.11

**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**BOARD AGENDA**  
**MEETING DATE: March 29, 2011**

**PROJECT: Genesis Networks Solutions, Inc. – Phase 2 Revision 2**

**STAFF: Richard Burdine, CEO**

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**THE COMPANY**

Genesis Networks Enterprises (GNE) ([www.genesisnet.com](http://www.genesisnet.com)) is a privately-held provider of network, IT and supply chain solutions to the communications industry. Headquartered in San Antonio, Texas, the company provides solutions through more than 700 employees in subsidiaries and offices operating in four countries serving more than 120 customers worldwide. GNE serves and partners with communications service providers, network equipment providers, device manufacturers and other enterprises to power the communications value chain.

Through an affiliation of Abilene Christian University, Genesis Networks Enterprises, and Rain Dance Capital, Genesis Networks Solutions, Inc. of Abilene (GNS) was formed in 2006. GNS ([www.gns-abilene.com](http://www.gns-abilene.com)) has been a fast-growing high tech firm in West Texas that delivers proven, end-to-end IT solutions for companies in need of software testing and development. With over 570,000 hours of testing experience, GNS has demonstrated its ability to successfully meet the demands of its clients' business. GNS works on a direct or sub-contracting basis for an expanding client base of successful companies, including Fortune 15 companies. GNS is located on the 2<sup>nd</sup> floor of the Enterprise Building at 500 Chestnut Street and currently employs 117. The last job certification through July 2010 indicated employment during the previous 12 months of 103 FTE's.

**PHASE 1 (as approved)**

On August 15, 2006, the DCOA approved a total assistance package for Phase 1 of \$1,929,000 for the creation of 143 new jobs earning at least \$30,000/year, including non-mandatory benefits:

- 1) Job Creation Incentive - \$1,740,000 funded as a 0% interest, earnable loan secured by a letter of credit. *All but \$5,683 was drawn down.* Over the last 4 years, principal reductions were earned totaling \$1,426,417, resulting in an unearned outstanding balance of \$307,900. The final job certification will be due for the 12 months ending July 31, 2011, and the job creation earnings are not expected to fully earn down the balance.
- 2) Job Training Grant - \$171,600 paid at \$1,200/new employee for the cost of a testing certification exam, upon GNS's certification that the employee passed the exam and received certification. *All of this funding was disbursed.*
- 3) Relocation Grant - \$17,400 to offset part of relocation expenses at \$600/employee for 29 employees. *All of this funding was disbursed.*

**PHASE 2 (as approved)**

GNS experienced rapid growth and needed to expand their operation and create additional jobs. In April 2008, the DCOA approved resolution DCOA-2008.13 (Revised) authorizing \$2,349,000 for Phase 2 expansion in exchange for the creation of 150 additional jobs as follows:

- 1) Job Creation Incentive - \$1,815,000 for the creation of 150 additional jobs paid out over 3 years. *None of this funding has been disbursed.*

2) Job Training Grant - \$180,000 paid at \$1,200/new employee for the cost of a testing certification exam, upon GNS's certification that the employee passed the exam and received certification. ***\$22,924 of this funding has been disbursed.***

3) Relocation Grant - \$54,000 to offset part of relocation expenses at \$600/employee for 90 employees. ***None of this funding has been disbursed.***

4) Capital Investment Loan - \$300,000 paid at 50% of actual cost for computers, phone system, furnishings, security system and leasehold improvements. The loan is 0% interest secured by all equipment and furniture located in Abilene. Payments are made monthly in the amount of \$8,333.33 for 36 months with a maturity of August 31, 2011. Before the Phase 2 assistance was revised in 2010, ***GNS had only drawn down \$245,305, leaving \$54,695 unfunded.***

### **PHASE 1 (as revised in 2010)**

Because the Phase 1 job creation incentive loan has not earned down as expected, the DCOA approved in March 2010 that principal payments totaling \$150,000 already received toward the Phase 2 capital investment loan (\$8,333.33/mo for 18 mos) be applied instead to the outstanding balance of the Phase 1 job creation incentive loan, thereby reducing the outstanding balance to \$157,900 (thru 2/11). The remainder of the outstanding balance will be partially earned via the final job certification due as of July 31, 2011, and repaid at \$1,666.67/month starting in March 2011 for 24 months until the Phase 2 capital investment loan is paid off in February 2013, at which time monthly payments will increase to \$10,000/month until the loan is fully repaid. The job creation target for Phase 1 was lowered from 143 to 115 FTE's.

### **PHASE 2 (as revised in 2010)**

In March 2010, the economic downturn affected operations and some customers moved projects to India to save money, resulting in a loss "off shore" of 42 jobs. The company worked to diversify its client base by picking up call center contracts and securing more complex projects with long-term contracts. The company provided employees with training opportunities to improve skills, thereby improving the value of each employee and resulting in increased revenue potential. The Phase 2 assistance package was adjusted down from \$2,349,000 to \$1,117,739, and the goal for Phase 2 job creation was lowered from 150 to 75, beginning with the 116<sup>th</sup> FTE. for total FTE employment of 190. Revised assistance is as follows:

1) Job Creation Incentive – Up to \$755,000 for creation of 75 new FTE's in excess of the 115 FTE's required in revised Phase 1 paid out in arrears over 3 years. The job creation period began August 1, 2010. ***None of this funding has been disbursed.***

2) Job Training Grant – Up to \$38,739 for the following:

- a. SequenceL training – 50% of salaries for a 4-week training period for 5 employees up to \$7,725,
- b. Call Center Manager training – 50% of salaries for a 1-week training period for 2 employees up to \$1,014,
- c. Software Testing Certification classes – 50% of salaries (up to \$750/employee) not to exceed \$30,000 for 40 employees to attend 9 work days of training.

***\$22,924 of this funding has been disbursed.***

3) Relocation Grant – Up to \$24,000 to cover relocation expenses up to \$600/new employee for 40 persons hired to fill employment positions in excess of the 115 required to trigger Phase 2 funding. ***None of this funding has been disbursed.***

4) Capital Investment Loan – Allow additional draws up to \$54,695 against the existing \$300,000 capital investment loan for purchase of call center items including hardware, software, warranties, licenses, installation and training. This loan was "reset" with a new date of March 1, 2010, a principal amount of \$300,000, and a new maturity date of February 28, 2013. Payments received of \$150,000



were transferred and applied instead to the balance of the Phase 1 job creation incentive loan, resulting in a new outstanding principal balance of \$245,305. This loan is currently collateralized by a lien on equipment and is partially covered by the same letter of credit covering the Phase 1 job creation incentive loan. Monthly payments of \$8,333.33 continued and Genesis drew down the remaining \$54,695 at 50% of actual costs for setting up the call center and other capital expenses. *All of this funding has been disbursed.* The principal balance of \$300,000 has been reduced to \$200,000 as of 02/28/11.

**THE REQUEST**

Recently, Genesis secured a major contract with Amdocs after Amdocs cancelled a contract with a company in India due to a large turnover rate. All of the call center contracts were cancelled and the SequenceL-trained employees have been absorbed into other areas. The new project, called Oslo, is for software testing, production development, and support under a 6-year contract. Of the 225 employees needed by September 2011 to fulfill the contract, GNS has hired 24, which are included in the current employee count of 117. All Oslo project employees will be required to have a higher skills set and will earn \$55,000/year, plus non-mandatory benefits.

In addition, GNS is in final negotiation on several new 3-year contracts, which will require 50 more employees earning \$40-\$42,000/year, including non-mandatory benefits. The new projects must be staffed this year.

GNS is now requesting that the Phase 2 assistance package be revised a second time to reflect the new projects and provide much needed cash for up-front expenses. The Phase 1 job threshold is 115 FTEs. Therefore, Phase 2 funding becomes available when employment reaches at least 116 jobs. Staff proposes the Phase 2 assistance be revised a second time as outlined below.

**PHASE 2 (Revision 2)**

1) Job Creation Incentive – Up to \$3,645,000 for the creation of 253 new FTE’s in excess of the 115 FTE’s required in revised Phase 1. When GNS certifies a current staffing level of 116, an earnable loan of \$1,200,000 (80 employees at \$15,000/job) at 0% interest will be advanced against the job creation incentives budget below. A new irrevocable letter of credit of \$1,200,000 or some other acceptable form of collateral will be pledged for this loan.

A second advance of \$1,200,000 will be available to GNS after their job certification for the period ending July 31, 2011, subject to achieving a staffing level of 195 (threshold of 115 + 80 new positions). A new irrevocable letter of credit of \$1,200,000 will be pledged or if a letter of credit exists already, it will be increased to \$2,400,000, unless some other acceptable form of collateral is pledged.

Annual Salary Including Non-Mandatory Benefits	Projected Jobs	Incentives	Total
\$20 to \$30,000	0	\$4,000	\$0
\$30 to \$40,000	0	\$10,000	\$0
\$40 to \$50,000	50	\$12,000	\$600,000
\$50,000 and above	203	\$15,000	\$3,045,000
Total Jobs:	253		\$3,645,000

The remaining \$1,245,000 of the incentives budget will be paid in arrears after GNS has fully earned the two advances of \$1,200,000 = \$2,400,000 and provided certification of FTE's for years 2 (through July 2012) and 3 (through July 2013).

2) Job Training Grant – This incentive is reduced to the actual amount already drawn of \$22,924. No additional funding is available for job training.

3) Relocation Grant - (No change) Up to \$24,000 to cover relocation expenses up to \$600/new employee for 40 persons hired to fill employment positions in excess of the 115 required to trigger Phase 2 funding.

4) Capital Investment Loan – (No change) \$300,000 note for hardware, software, warranties, licenses, installation and training purchases is fully funded and paying as required.

**FISCAL IMPACT**

Phase 2 funding will be increased from \$1,117,739 to \$3,991,924 as follows:

<u>Funding Category</u>	<u>Revision 1 Amount</u>	<u>Revision 2 Amount</u>	<u>Difference</u>
Job Creation Incentive	\$ 755,000	\$3,645,000	\$2,890,000
Job Training Grant	\$ 38,739	\$ 22,924	\$ (15,815)
Relocation Grant	\$ 24,000	\$ 24,000	\$ 0
Capital Investment Loan	\$ 300,000	\$ 300,000	\$ 0
<b>TOTAL</b>	<b>\$1,117,739</b>	<b>\$3,991,924</b>	<b>\$2,874,185</b>

**STAFF RECOMMENDATION**

Staff recommends approval of resolution DCOA-2011.11 authorizing the proposed funding for the Phase 2-Revision 2 for Genesis Networks Solutions for the creation of 253 jobs, the majority of which will earn in excess of \$50,000/year.

**ATTACHMENTS**

Resolution DCOA-2011.11

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**RESOLUTION NO. DCOA-2011.11**

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING A SECOND REVISION TO ASSISTANCE ORIGINALLY APPROVED IN APRIL 2008 AND INITIALLY AMENDED IN MARCH 2010 FOR GENESIS NETWORKS SOLUTIONS, INC. FOR PHASE 2 EXPANSION OF THE ABILENE OPERATION (“GENESIS”).

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

WHEREAS, Genesis is a fast-growing high tech firm in West Texas that delivers proven, end-to-end IT solutions for companies in need of software testing and development and was established in Abilene in the Enterprise Building in 2006; and,

WHEREAS, the DCOA approved resolution DCOA-2006.20 on 08-15-06 authorizing an assistance package for Genesis totaling \$1,929,000 in exchange for 143 new jobs; and,

WHEREAS, in 2008, Genesis was experiencing rapid growth and was ready to expand operations so in April 2008, the DCOA approved resolution DCOA-2008.13 (Revised) authorizing \$2,349,000 for Phase 2 expansion in exchange for the creation of 150 additional jobs to earn at least \$35,000/year; and,

WHEREAS, the economic downturn affected operations and Genesis was forced to diversify its client base by pursuing call center contracts, so the DCOA approved resolution DCOA-2010.11 in March 2010 reducing the Phase 2 assistance package to \$1,117,739; and,

WHEREAS, Genesis currently employs 117 and was recently awarded a major contract that will require a significant number of new employees with a higher skills set that will earn at least \$55,000/year plus non-mandatory benefits; and,

WHEREAS, other projects are pending that could further boost employment and capital expenditures, therefore Genesis requests and staff proposes the Phase 2 assistance package be revised a second time and increased from \$1,117,739 to \$3,991,924; 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 a second revision to the assistance package originally approved for Phase 2 expansion of Genesis Networks Solutions, Inc. The original Phase 2 assistance package approved in April 2008 in the total amount of \$2,349,000 was reduced in March 2010 to \$1,117,739. The second revision authorized herein shall increase the total assistance package for Phase 2 expansion to Three Million Nine Hundred Ninety-One Thousand Nine Hundred Twenty-Four and no/100's Dollars (\$3,991,924), a difference of \$2,874,185, as described below.

<u>Incentive Category</u>	<u>Phase 2 Rev #1</u>	<u>Phase 2 Rev #2</u>	<u>Difference</u>
Job Creation Incentive	\$ 755,000	<b>\$3,645,000</b>	\$2,890,000
Job Training Grant	\$ 38,739	<b>\$ 22,924</b>	\$ (15,815)
Relocation Grant	\$ 24,000	<b>\$ 24,000</b>	\$ 0
<u>Capital Investment Loan</u>	<u>\$ 300,000</u>	<u><b>\$ 300,000</b></u>	<u>\$ 0</u>
TOTAL	\$1,117,739	<b>\$3,991,924</b>	\$2,874,185 (increase)

The assistance shall be structured as follows:

**PHASE 2 (Revision 2)**

Job Creation Incentive – Up to \$3,645,000 for the creation of 253 new FTE’s in excess of the 115 FTE’s required in revised Phase 1. When Genesis certifies a current staffing level of 116, an earnable loan of \$1,200,000 (80 employees at \$15,000/job) at 0% interest will be advanced against the job creation incentives budget below. A new irrevocable letter of credit of \$1,200,000 or some other acceptable form of collateral will be pledged for this loan.

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Total Jobs:	253		\$3,645,000

The remaining \$1,245,000 of the incentives budget will be paid in arrears after Genesis has fully earned the two advances of \$1,200,000 = \$2,400,000 and provided certification of FTE’s for years 2 (through July 2012) and 3 (through July 2013).

Job Training Grant – This incentive is reduced to the actual amount already drawn of \$22,924. No additional funding is available for training..

Relocation Grant – (No change) Up to \$24,000 to cover relocation expenses up to \$600/new employee for 40 persons hired to fill employment positions in excess of the 115 required to trigger Phase 2 funding.

Capital Investment Loan – (No change) \$300,000 capital investment loan for purchase of call center items including hardware, software, warranties, licenses, installation and training purchases is fully funded and paying as required.

**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 29th day of March, 2011.

ATTEST:

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

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

APPROVED:

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

Item 6.

Information will be available during the meeting.

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