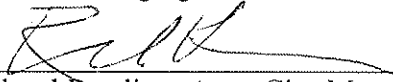


PUBLIC NOTICE

DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, April 26, 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

April 26, 2011
1:30 p.m.

Abilene Life Sciences Accelerator
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the April 12, 2011, board meeting.
3. Presentation of semi-annual reports for 6 months ended March 31, 2011 by:
 - Abilene Industrial Foundation
 - TTU Small Business Development Center
 - City of Abilene Airport Business Development Management Program
4. Discussion and possible approval of the DCOA's Semi-Annual Report of Activities ending March 31, 2011.
5. Executive Session: Pursuant to Tex. Gov't Code Sec. 551.087, an executive session may be held (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1). After discussion in executive session, any action or vote will be taken in public.

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

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

clearly conflicts with Chapter 551 of the Government Code. After discussion of the contemplated legal matters in executive session, any action or vote will be taken in public.

6. Discussion and possible approval of a resolution authorizing assistance for Project CD.
7. Discussion and possible approval of a Developer Participation Agreement with the City of Abilene for construction of fire suppression improvements on the east side of the Abilene Regional Airport.
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 _____, 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
APRIL 12, 2011

MEMBERS PRESENT:	Paul Cannon Scott Senter Dani Ramsay	Mike Schweikhard Marelyn Shedd
STAFF PRESENT:	Richard Burdine Dan Santee	Kim Tarrant
GUESTS PRESENT:	Bill Ehrie Garner Roberts Dawn Wagner Pat Hippely	Abilene Industrial Foundation Abilene Reporter-News Taylor Co. Tea Party “

- 1. CALL TO ORDER.** Paul Cannon called the meeting to order at approximately 1:30 pm in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
- 2. APPROVAL OF MINUTES FROM THE MARCH 29, 2011 BOARD MEETING.** Scott Senter moved to approve the minutes from the March 29, 2011 board meeting. Marelyn Shedd seconded and the motion carried.
- 3. SALES TAX REPORT FOR APRIL 2011.** The sales tax rebate for April 2011 for economic development was \$641,310, which represents February 2011 sales. This is up 6.63% from April 2010 and up 6.28% year-to-date (October 2010 through April 2011) from this same period last year. Also included for the board's review was the DCOA's *Four Year Comparison* showing actual ½ cent sales tax revenue for fiscal years '08 through '11.
- 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 April 12, 2011, and the time is 1:40 p.m. Mr. Cannon later announced the date is still April 12, 2011, and the time is 3:04 p.m. No vote or action was taken in Executive Session.

- 5. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT DT.** Richard Burdine reported that Project DT is a local company that has been in business for several years. They own a set of powerful research and reporting tools for U.S. patent litigation which tracks patent infringement cases in U.S. district courts. The owners had been offering this service on the Internet free of charge and soon discovered that customers are willing to pay for subscriptions, so the owners have closed their legal office to focus full time on this product.

They have experienced rapid growth and now plan to expand in Abilene, adding 4 new employees earning at least \$90,000/year and invest an estimated \$50,000 in capital equipment.

Staff recommends the DCOA authorize a total financial assistance package of \$159,000 as follows: up to \$154,000 in job creation incentives for the creation of 4 new, high-paying jobs (not including the owners), earned over 3 years and payable in arrears; and up to \$5,000 capital investment incentive based on 10% of the company's actual investment in capital equipment, estimated to be \$50,000, payable over 3 years with annual payments not to exceed \$1,667.

Mike Schweikhard moved to approve Resolution No. DCOA-2011.13 as presented. Marelyn Shedd seconded and the motion carried.

- 6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING FUNDING FOR PROFESSIONAL FEES ASSOCIATED WITH PROPOSED FIRE SAFETY IMPROVEMENTS AT THE ABILENE REGIONAL AIRPORT TO SERVICE HANGARS 0, 1 AND 4 (CURRENTLY UNDER CONSTRUCTION) OCCUPIED BY EAGLE AVIATION SERVICES, INC.** During the pre-construction review for Hangar 4, the following fire safety issues were discovered and must be addressed in order to proceed with construction: 1) The existing fire suppression system in Hangar 0 needs significant upgrades in order to work properly; 2) Several modifications are needed for adequate fire flow volume for the fire sprinkler systems in Hangars 0, 1 and 4, and 3) Adequate volume for the fire hydrants to protect the entire EASI hangar complex is needed; 4) a fire access road is necessary for fire trucks to have better access to the EASI hangar complex; and 5) A fire suppression system needs to be installed in Hangars 1 and 4 to ensure protection while working on aircraft.

Staff worked with several architectural and engineering firms, as well as the City of Abilene's Fire Marshal and Water Utilities departments to determine the specific improvements needed to address the above fire safety issues. Staff requests the board authorize professional services contracts and total funding of \$178,500 as follows: \$75,000 to the Tittle Luther Partnership (TLP), \$85,000 to Enprotec/Hibbs & Todd (eHT) and \$13,500 to Coker Engineering, LLC plus a \$5,000 contingency.

The estimated total project cost for these improvements is \$3.15 million (including professional fees). The City Council can authorize a Developer Participation Agreement which allows the City to reimburse the DCOA up to 30% of the total project costs (about \$945,000). Staff will return to the Board for approval of the Developer Participation Agreement at the next DCOA Board meeting.

A motion was made by Scott Senter to approve Resolution No. DCOA-2011.14 as presented. Dani Ramsay seconded and the motion passed by unanimous consent.

- 7. ADJOURNMENT.** The next board meeting is April 26th.

Paul Cannon, President

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: April 26, 2011

PROJECT: Semi-Annual Reports for FY11

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 FY11 contracts expire 9-30-11. Attached are reports covering activities during the first one-half of the fiscal year, primarily from 10-1-10 through 3-31-11.

FUNDING/FISCAL IMPACT

None.

STAFF RECOMMENDATION

None.

ATTACHMENT

Abilene Industrial Foundation FY11 Mid-Year Progress Report, 10/10 through 3/11
Abilene Regional Airport FY11 Semi-Annual Report
Small Business Development Center Semi-Annual Report

COPY



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, 2011

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, 2010 to March 31, 2011 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	\$46,855.95
Leads Received.....	42
Leads AIF Responded to	18
Prospect Visits to Abilene.....	23
New Prospect Files Opened.....	3
Retention Visits	41
Retention/Expansion Luncheon (November).....	46
Visits to Consultant/Prospects.....	37

Of note, as in years past a majority of the marketing budget is spent in the latter half of the yearly cycle.

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 10-11 Mid-Year Marketing Summary
October 1, 2010 – March 31, 2011**

ADVERTISEMENTS PLACEMENT

- Total advertisement submissions – 10
- Total advertisement placement costs – \$15,305.25

LEAD ACTIVITY

- Leads received from all sources – 42
- Leads AIF responded to – 18

PROSPECT ACTIVITY

- Prospects visits to Abilene – 23
- New prospect files opened – 3

WEBSITE & ELECTRONIC MARKETING

- E-Newsletter distributions – 1,403
- Targeted email blasts – 651
- Economic Development Directory website hits – 730
- E-Newsletter costs – \$333.53
- Website/electronic marketing changes & enhancements – \$468.80

TRADE SHOW / CONFERENCE ACTIVITY

- IEDC, Alexandria
- TEDC, Austin
- MD&M Plastec West Conference
- IEDC, San Diego
- Community and Small Wind Conference, Portland, OR
- Solar Power International 2010, San Diego

CONSULTANT / RETENTION / EXPANSION ACTIVITY

- Visits to Consultant/Prospect – 37
- Manufacturers Luncheon (11/10) – 46

EXISTING BUSINESS ACTIVITY

- Retention Visits – 41

Abilene Industrial Foundation
Marketing & Retention Activities
October 1, 2010 – March 31, 2011

- 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, Anaheim, CA
- Trade Show attendance
 - MD&M Plastec West Conference
 - Community and Small Wind Conference, Portland, OR
 - Solar International, San Diego
- Conference attendance
 - IEDC, Alexandria
 - TEDC, Austin
 - IEDC, San Diego
- Texas Midwest Community Network
 - Executive Committee Board Member and Council Meetings
 - Economic Development Alliance Board Member and Alliance meetings
- Presentations
 - Homebuilders
 - Leadership Abilene
 - Tea Party
 - AAIBO
 - Professional Engineers
 - Big Country Apartment Association
 - Military Officers Association of America

Category	Allocation	10/1/10 to 3/31/11	4/1/11 to 9/30/11	YTD
Advertisements (1)	\$ 35,000.00	\$ 15,305.25	\$ -	\$ 15,305.25
Internet (2)	\$ 4,000.00	\$ 468.80	\$ -	\$ 468.80
Marketing Material (3)	\$ 10,000.00	\$ 2,107.50	\$ -	\$ 2,107.50
Trade Show/Conferences (10)	\$ 45,000.00	\$ 8,755.75	\$ -	\$ 8,755.75
Site Consultant Activity (12)	\$ 35,000.00	\$ 16,808.66	\$ -	\$ 16,808.66
Newsletter Mailings(13)	\$ 2,000.00	\$ 333.53	\$ -	\$ 333.53
Existing Business Activity (14)	\$ 5,000.00	\$ 1,660.96	\$ -	\$ 1,660.96
Contingency	\$ 2,000.00	\$ -	\$ -	\$ -
Public Awareness Campaign (8)	\$ 2,000.00	\$ 1,415.50	\$ -	\$ 1,415.50
Total	\$ 140,000.00	\$ 46,855.95	\$ -	\$ 46,855.95

The TTUSBDC Semi-Annual Report for FY11

(pages 3.6 thru 3.21)

will be handed out at the meeting.

**Abilene Regional Airport's
FY 2011 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 temporarily ceased, the airport saw a drop in passenger activity and, therefore, a drop in activities associated with serving passengers throughout FY10, but we started seeing small improvements in 1QFY11 that have continued through now. 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 and will help us recover some of our lost passenger base.

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

FY11 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.

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

Presentations/Events this year include:

October 6	Attended Sweetwater Chamber of Commerce Coffee
October 20	TMCN Annual Conference Booth
January 21	Brownwood Chamber Luncheon Door Prize Sponsorship
March 15	Stamford Rotary Presentation
March 18	Brownwood Chamber Luncheon
March 23	Abilene Chamber Business Expo Booth

Passenger Appreciation Days are hosted by the airport and sponsored by local businesses, providing free drinks, cookies, donuts, etc. for departing passengers.

November 19 – sponsored by Hilton Garden Inn

February 20 – sponsored by Gourmet Gurlz Personal Chef

Network USA

Airport staff attended this conference with airlines and met individually with three prospective airlines and American Eagle to discuss future service. This meeting was included in the FY11 DCOA contract with the airport.

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 promoting the ABI-VIP Passenger Rewards Program.

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.

Newspaper

ARN – Video Big Box on News Page of ARN Website and on YAHOO local home page. Mobile Phone App ad in News Section with Airport landing page, link to website, directions and contact info.

Sweetwater News Website – Internet Banner Ad

ARN Progress – print ad

Brownwood Bulletin – Progress Edition print ad

Social Media

Our website has been updated and now offers a fare watcher which constantly features real-time discount fares from Abilene to various destinations.

This year we focused on driving passengers to our website for information.

www.abilenetx.com/airport

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

www.twitter.com/cityofabilene

As of February 23, the airport now has a Facebook page that we can utilize to communicate with our passengers and the general public.

www.facebook.com/abileneairport

Print Ads

We have ads in the following publications:

ACU & HSU Directories
Diamond Back Golf Course Guide
Artfully Abilene
Abilene Living
Abilene Chamber of Commerce Directory

Outdoor Billboards

This year we added outdoor billboards into our marketing plan. We currently have signs in 5 locations:

Eastland County on I-20
Coleman County on US 84
McCullough County on US 377N
Brown County on HWY 279N and on US 67

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

Partnerships

ACU – Airport has a presence on campus with a sign at the Moody Coliseum entrance. We also have had a web presence with ads on the Sports Live Stats page.

Abilene Ruff Riders – Airport sponsors a “promo time-out” at every home game and has a full-page ad in the programs.

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 approximately 1080 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. We have utilized this database to survey our most frequently flying passengers to determine destinations and flight preferences.

Enplanements:

Enplanements for the Calendar Year 2010 were down 7.44%

4th Quarter 2010 – enplanements were up 1.45%

1st Quarter 2011 – enplanements were up 3.16%

Revenues:

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

Rental Car Revenue is down 7.38% YTD.

Parking lot revenue is up .72% YTD.

Business Development Outlook:

The effects of high fuel prices are going to contribute to airlines' reluctance to expand this year across the country. However, we are still looking for opportunities for future growth and we want to be positioned to take advantage of that opportunity when it comes.

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: April 26, 2011

SUBJECT: DCOA Semi-Annual Report of Activities Through 3-31-11

FROM: Richard Burdine, CEO

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 10-1-10 and ended 3-31-11.

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 3-31-11.

ATTACHMENT:

Development Corporation of Abilene, Inc.
Report of Activities for period ended 3-31-11



SEMI-ANNUAL
REPORT
OF
ACTIVITIES

MARCH 2011

Development
Corporation
of Abilene

DEVELOPMENT CORPORATION OF ABILENE, INC.
SEMI-ANNUAL REPORT OF ACTIVITIES
OCTOBER 2010 – MARCH 2011

Table of Contents

Mission Statement	3
Board of Directors	3
Goals	3
Organization	3
Progress Made Toward Goals	4
Project Summaries:	
Pepsi Beverages Company	5
Teleperformance USA	5
Cooperative Response Center	5
Genesis Networks Solutions, Inc.	6
Enavail, LLC	6
Summary Table of Projects	7
Administrative / Other:	
Eagle Aviation Services, Inc.	7
WTCIC	8
Purchase of 922 North 13 th St.	8
Officer Elections 2011	8
Springboard Ideas Challenge 2011	8
West Texas Innovation Network.....	8
Staff	9
Contact Information	9



DEVELOPMENT CORPORATION OF ABILENE, INC.

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

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 1st and ends September 30th.



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 (ALSA). As a result, Enavail LLC has committed to a 7-year lease for 1,824 sq ft in the ALSA and plans to create 28 new jobs. Also, Cooperative Response Center will be opening a facility in Abilene, creating 17 new FTEs and making an estimated \$605,000 capital investment.

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

The DCOA approved assistance for five companies who have committed to retain 115 jobs and create 520 new positions. Pepsi Beverage Co., Teleperformance USA and Genesis Networks Solutions, Inc. are the three local companies.

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

The DCOA approved training grants for Cooperative Response Center and Genesis Networks Solutions, Inc.

4. To strengthen and revitalize downtown Abilene.

Genesis Networks Solutions, Inc. is located in downtown Abilene.

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

The DCOA contracts annually with 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. Also, for the fourth consecutive year the DCOA approved a sponsorship of ACU's Springboard Ideas Challenge competition and approved assistance for the new West Texas Innovation Center, both of which are designed to promote entrepreneurial drive and spirit in Abilene. Also approved was funding for administrative costs for the West Texas Center for Innovation and Commercialization.

6. To effectively administer the sales tax revenue.

During the report period (10-01-10 through 03-31-11), the DCOA approved \$3,669,499 in funding to assist companies with growth and retention in Abilene, anticipating retained employment of 115 positions plus the creation of 520 new jobs. The Phase 2 assistance package for Genesis Networks Solutions was increased substantially to better reflect the expanding needs of the company.



Project Summaries

Pepsi Beverages Co. (Project AP)

Pepsi Beverages Co. is an established employer for Abilene that has been in operation for over 70 years, currently employing approximately 250 people at its Abilene facility located at 650 Colonial Drive. Pepsi will invest about \$3.2 million to improve the Abilene operation over the next 16 to 18 months by purchasing equipment and making other improvements for a can line upgrade, standard QC lab equipment, syrup room/CIP upgrade, bottle line upgrade, filler room and warehouse ventilation, and green initiatives. No additional employment is expected. In October 2010, the DCOA authorized assistance of up to \$350,000 or 11% of actual capital expenditures to be paid in arrears over five years.

Goals addressed: *2. To create new jobs and retain existing jobs by providing assistance to existing and emerging businesses; and 6. To effectively administer the sales tax revenue.*

Teleperformance USA

Teleperformance USA (TPUSA) is a worldwide leader in outsourced customer relationship management and contact center services. Subject to assistance from the DCOA, TPUSA was awarded a contract to serve customers of TXU Energy from the Abilene facility, which will result in the hiring of up to 250 new employees. In January 2011, the DCOA approved job creation incentives of \$1,500 per new job, paid to TPUSA at \$500/job for three years, for a total of \$375,000. Two hundred fifty thousand (\$250,000) in unearned funds from the agreement executed in 2006 was reallocated to this project, and the DCOA approved new funding of \$125,000.

Goals addressed: *2. To create new jobs and retain existing jobs by providing assistance to existing and emerging businesses; and 6. To effectively administer the sales tax revenue.*

Cooperative Response Center (Project PT)

Cooperative Response Center (CRC) is a contact center with several sites throughout the U.S. providing 24/7 services to its utility company associate members. In January 2011, the DCOA approved total funding of \$296,500 including a job training grant to be paid in arrears over three years to help establish a center in Abilene and create 17 new jobs. Most employees will need to be bilingual. The company will invest \$605,000 for tenant improvements and capital equipment

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; and 6. To effectively administer the sales tax revenue.*



Genesis Networks Solutions, Inc.

Genesis Networks Solutions, Inc. (GNS) was formed in 2006 and 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. The DCOA approved an assistance package in 2006 to help the company establish operations in exchange for the creation of 143 new jobs. In 2008, because the company was experiencing rapid growth, the DCOA approved assistance for Phase 2 expansion of the operation and 150 additional jobs.

In March 2010, the economic downturn affected operations and some customers moved projects to India to save money, so the DCOA revised the Phase 1 and Phase 2 assistance to reflect fewer projected jobs in both phases. Recently, GNS secured a major 6-year contract with other smaller 3-year contracts pending, which require rapid job hiring of 253 to comply with contract terms. All projects must be staffed this year.

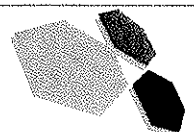
In order to accommodate the new projects and provide GNS with much-needed cash for up-front expenses, in March 2011, the DCOA approved a second revision to the Phase 2 assistance, increasing it again by \$2,874,185.

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.*

Enavail, LLC

Enavail, LLC was formed in 2009 for the purpose of applying patented drug development technologies from research to manufacturing for clinical trials and commercial sales. The company has developed several technologies to improve the therapeutic efficacy of drugs, thereby reducing side effects, dosing variations and the affects of food. In June 2010, the DCOA approved total assistance of \$994,105 and a 7-year lease for 1,824 sq ft in the Abilene Life Sciences Accelerator (ALSA), including \$180,000 for leasehold improvements, in exchange for 28 new jobs within 4 years. The cash funding available for job creation, after Enavail has earned \$250,000, is \$164,105.

Soon after plans and cost estimates were developed for the leasehold improvements and clean room space, it became evident that actual costs were going to exceed the original \$180,000 estimate by \$187,919. In March 2011, the DCOA approved applying the \$164,105 available cash funding for job creation plus an additional \$23,814, to the previously approved \$180,000, for total funding of \$367,919 for leasehold improvements and clean room space. Lease payments will be deferred for the first year. In years 2 through 7 Enavail will pay back 1/3 of the total amount approved for leasehold improvements, or \$122,640, at the rate of \$20,440/year in its monthly lease payments.



Goals addressed: 1. To make Abilene competitive in the attraction of business and industry in order to create new, sustainable jobs; and 6. To effectively administer the sales tax revenue.

DCOA-Approved Assistance through March 2011			
Company	Assistance Amount	Committed Job Retention/ Job Creation	Actual to Date Job Retention/ Job Creation
Pepsi Beverages	\$ 350,000.00	00/00	00/00
Teleperformance USA	\$ 125,000.00	00/250	00/00
Cooperative Response Center	\$ 296,500.00	00/17	00/00
Genesis Networks Solutions, Inc.	\$ 2,874,185.00	115/253	115/02
Enavail, LLC	\$ 23,814.00	00/28	00/01
TOTAL	\$ 3,669,499.00	115/520	115/03
% to Abilene companies	91 %		
(names in bold)			

Administrative / Other

Eagle Aviation Services, Inc. – Hangar 4

To meet the expected demand of Eagle Aviation Services, Inc. (EASI) for more hangar space, new construction must be completed in 2011. During the September 20, 2010 meeting the DCOA voted to allow the CEO to arrange for soils testing and a topographical survey for hangar Option 2-3 (Hangar 4 next to Hangar 1) but a contract for design had not yet been approved.

In October 2010, the DCOA authorized contracts with Tittle Luther Partnership (TLP) in the amount of \$382,272 for design of a new hangar, Jacob & Martin, Ltd in the amount of \$3,000 for a topographical survey, and Enprotec/Hibbs & Todd in the amount of \$10,000 for soils analysis work. Also authorized was total funding of \$403,272 which includes the above contracted amounts as specified, plus an estimated \$8,000 for A/E reimbursables and reproduction costs.

In November 2010, the DCOA approved a resolution which authorized a contract with Thomas Hicks Construction, Inc. (THC) for a pre-engineered metal hangar building and total funding of \$743,125 (includes a 5% contingency). Subsequently, THC developed a proposal for the general contract work on the hangar at a total cost below the low estimate of \$4,638,300, including the previously-awarded structural steel package.

In January 2011, the DCOA rescinded the previously approved resolution and awarded a general contract to THC for construction of Hangar 4 on a cost plus basis with a guaranteed maximum of \$4.5 million, plus a 6% contingency of \$270,000 for total funding of \$4,770,000.



West Texas Coalition for Innovation and Commercialization (WTCIC)

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. In January 2011, the DCOA approved funding of \$5,000 to support WTCIC operations through August 2011, as did many of the other economic development corporations in the region.

Purchase of 922 North 13th Street

The Abilene Improvement Corporation (AIC) recently acquired 922 North 13th St., located at the northwest corner of North 13th and Walnut Streets and is behind the Abilene Life Sciences Accelerator (ALSA). As the ALSA fills up with tenants, additional parking will be needed. The lot has a small brick structure on it and until the lot is needed for overflow parking, the structure can be used for storage for the ALSA. In January 2011, the DCOA authorized the purchase of this property from the AIC for \$35,000 plus an additional \$15,000 for closing costs, minor improvements, asbestos survey, and other related expenses.

Officer Elections

In January 2011, the following DCOA officers were re-elected for 2011: President – Paul Cannon, Vice President – Mike Schweikhard, and Secretary/Treasurer – Marelyn Shedd.

Springboard Ideas Challenge

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. The DCOA has granted a Gold level sponsorship of \$5,000 in each of the last three years. In February 2011, the DCOA again approved a Gold level sponsorship of \$5,000 for the 2011 Springboard Ideas Challenge.

West Texas Innovation Network

The success of Springboard generated a lot of discussion last year to train entrepreneurs and encourage new business development. In December 2010, the Texas Workforce Commission (TWC) issued an RFP for entrepreneurship training projects. Our Workforce Board and the TTUSBDC are the grant applicants and have established the West Texas Innovation Network (WTIN) as the region's response to the RFP.

The many partners comprising the WTIN Consortium include local workforce boards, entrepreneurship training, foundations, economic development corporations, business services, community-based organizations and faith-based organizations. The



WTIN will provide pre-assessment, development of customized training plans, entrepreneurship training, one-on-one counseling, post-assessment, and mentoring.

In February 2011, the DCOA authorized cash participation of \$5,000/year over three years (\$15,000) and DCOA in-kind contribution of office space in the Grant Building (302 Pine Street) of \$12,000/year for three years (\$36,000), subject to approval of the Entrepreneurship Training Grant application by the TWC.

STAFF:

Chief Executive Officer	Richard Burdine
Business Services Mgr.	Kim Tarrant
Contracts Administrator	Kim Tarrant
Construction Project Mgr.	Pancho Perez
Sec. to Assist. City Mgr.	Susan Campbell

FOR MORE INFORMATION

CONTACT:

Development Corporation of Abilene, Inc.
174 Cypress, Suite 301
P.O. Box 60
Abilene, Texas 79604-0060
325.676.6390
Fax 325.676.6377
www.developabilene.com

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DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: April 26, 2011

PROJECT: Project CD

STAFF: Richard Burdine, CEO

THE COMPANY

Project CD is an established and successful foreign company that offers not only a proven and comprehensive weight loss and maintenance system, but is working to become a major provider of health-care solutions, with a natural anti-viral remedy in its final stages of testing, and an organic skincare line presently in pre-production. The company's number one goal is to be the supplier of choice globally by offering the consumer advanced formulas, containing the highest quality ingredients, resulting in maximum results.

Project CD started as the idea of the owner, who was having difficulty losing weight. He began research and development for a set of weight-loss products that address the many issues that other products fail to do. These products are popular in the company's home country and are currently exported to Europe and Asia.

In response to growing consumer inquiries from the U.S., Project CD has conducted initial pre-market research for this high potential market. Project CD is expanding into the U.S. in order to capitalize on the current market demand for effective weight loss products and the new antiviral product. The company plans to "go public" very soon and expects to raise \$25MM to \$30MM for their expansion into the U.S. market and to acquire several companies. The company has also arranged a \$50MM equity line to grow the company.

THE PROJECT/REQUEST

Project CD wants to lease the Spec 3 building because of its availability and potential for future expansion and as a central distribution point for the U.S. Phase 1 of the operation will include build-out of Spec 3 for offices and warehousing. The company will create 200 new jobs earning at least \$30,000/year, not including non-mandatory benefits. 35 of the positions will pay in excess of \$60,000/year. Staff proposes a total incentives package of \$2,750,000 based on job creation and capital investment projections, and including a lease/purchase agreement for the Spec 3 building. The company requests an advance payment of \$2,500,000 in incentives.

Staff requests authorization to enter into a contract with Tittle Luther Partnership for design services for the build out of Spec 3 and funding of \$336,965 (8% of construction costs, estimated to be \$4.2MM), plus \$10,000 for reimbursable expenses, as well as authorization to solicit bids for construction. Staff will come back to the Board for construction funding once a construction contract has been negotiated.

The assistance package will be structured as follows:

1. Job Creation Incentive – Provide a loan of up to \$2,500,000 at 0% interest for five years for start-up costs in establishing their U.S. operations. The loan amount is based on anticipated job creation

6.1

by Company of 200 during Phase 1. The Company shall provide an Irrevocable Standby Letter of Credit (“L/C”) issued by a financial institution with a U.S. presence in the amount of \$2,500,000 as collateral for the loan, the amount of which may be reduced annually as the principal balance is earned down. All annual L/C renewal fees shall be paid by the DCOA, and staff estimates the cost over the 5-year period to be \$150,000 (estimated at 2% of L/C amount). Company will earn reductions in the loan balance over 5 years at the rate of 1/5 of the *DCOA Assistance per New Job* amount listed in the table below. For additional collateral DCOA will file liens on all equipment purchased by Company and located in the Facility, said lien to be released upon purchase of the Facility by Company in Phase 2.

Project CD - Phase 1 Job Creation Incentives

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
\$30 to \$40,000	163	\$ 10,000	\$ 1,630,000
\$40 to \$50,000	1	\$ 12,000	\$ 12,000
\$50 to \$60,000	1	\$ 15,000	\$ 15,000
Over \$60,000 (below)	35	35%	\$ 843,000
Total:	200		\$ 2,500,000

Management Positions	Annual Salary Level*	Estimated Annual Payroll Impact	Ratio of Incentives to 5-Year Payroll
Over \$60,000			
35 Management Positions			
Total Salaries:	\$2,408,570	\$8,213,843	\$1 to \$16.43/year

* Calculations based on salaries provided without non-mandatory benefits.

2. Capital Investment Incentive – Reimburse Company an amount not to exceed \$250,000 at the rate of 10% of Company’s capital equipment investment based on documentation of cumulative purchases of \$2,500,000 or more. DCOA will reimburse Company over five years with no annual payment to exceed \$50,000 and on the same schedule as Company’s annual job creation certification.
3. Lease and Purchase of Spec 3 – Lease Spec 3 located at 6558 Five Points Parkway to Company. Terms of the Lease are 5-years, triple-net, with an annual lease amount calculated at a rate of 6% fixed, multiplied by the actual cost of the Spec 3 Building shell (\$6,000,000) plus the actual cost to finish out the Spec 3 Building shell to Company’s specifications (\$4,212,000 estimate), including but not limited to architectural/engineering fees, geotechnical studies, surveys, and construction, payable monthly. Annual lease payments will be about \$612,720 or \$51,060/mo. Company will have the option of purchasing Spec 3 for \$6 million plus the actual cost for finish out (\$4,212,000 estimate) for 5 years from the effective date of the lease agreement.

The DCOA will build-out Spec 3 for \$4.2 million (preliminary estimate) to include 10,000 sq ft of office area. We will need to add an entry feature to the south side of the building to establish the “front door” for customer visits. The remaining 90,000 sq ft will be completed for warehouse operations, to include a tenant-provided warehouse inventory management system. A substantial portion of finish out costs will be required for any tenant to occupy the building. Most of the company’s needs are “generic” and could be utilized by future tenants. The company also plans to lease laboratory space in the Abilene Life Sciences Accelerator to avoid constructing lab space during Phase 1. They will include laboratory space in their Phase 2 expansion.

PHASE 2 EXPANSION

Project CD plans to eventually expand Spec 3 by adding another 100,000 to 150,000 sq ft for manufacturing and laboratory space. Employment would increase to 400 after the expansion. The company will purchase the Spec 3 Building before expansion can occur. Staff proposes an assistance package for Phase 2 expansion totaling \$3,400,000 as follows:

1. Capital Investment Incentive for Equipment Purchases (One of either option below)

OPTION 1 Payment in Arrears –Reimburse Company an amount not to exceed \$400,000 at the rate of 10% of Company’s capital equipment investment, based on documentation of cumulative purchases of \$4,000,000 or more. DCOA shall reimburse Company over five years with no annual payment to exceed \$80,000 and on the same schedule as Company’s annual job creation certification.

OPTION 2 Earnable Loan on Facility Purchase - Provide an earnable loan of \$400,000 based on 10% of Company’s anticipated capital equipment purchases during Phase 2. The loan will be in the form of a \$400,000 credit toward the purchase price of Spec 3, secured by a first lien on the property and earned over 5 years at the rate of 1/5 per year, beginning 12 months following completion of Phase 2, or soon thereafter, with no annual reduction in the loan balance to exceed \$80,000 and on the same schedule as Company’s annual job creation certification.

2. Capital Investment Incentive for Expansion of Spec 3 (One of either option below)-

OPTION 1 Payment in Arrears - Reimburse an amount not to exceed \$1,000,000 at the rate of 10% of Company’s capital investment to expand the Facility, based on documentation of cumulative expenses of \$10,000,000 or more. DCOA will reimburse Company over five years with no annual payment to exceed \$200,000 and on the same schedule as Company’s annual job creation certification.

OPTION 2 Earnable Loan on Facility Purchase –Provide an earnable loan of \$1,000,000 based on 10% of Company’s anticipated capital investment in expansion of the Facility. The loan will be in the form of a \$1,000,000 credit toward the purchase price of Spec 3, secured by a first lien on the property and earned over 5 years at the rate of 1/5 per year beginning 12 months following the completion of Phase 2, or soon thereafter, with no annual reduction in the loan balance to exceed \$200,000 and on the same schedule as Company’s annual job creation certification.

3. Job Creation Incentives (One of either option listed below)

OPTION 1 Payment in Arrears – Provide up to \$2,000,000 based on anticipated job creation by Company of at least 200 during Phase 2. During the Job Creation Period, which is described as the 5-year period beginning with the completion of Phase 2 and coinciding with the job creation certification schedule established for Phase 1, Company shall earn incentives over 5 years at the rate of 1/5 of the *DCOA Assistance per New Job* amount listed in the table below.

OPTION 2 Earnable Loan on Facility Purchase – Provide an earnable loan of up to \$2,000,000 based on anticipated job creation by Company of 200 during Phase 2. The loan will be in the form of a \$2,000,000 credit toward the purchase price of the Facility, secured by a first lien on the property and earned over 5 years at the rate of 1/5 of the *DCOA Assistance per New Job* amount listed in the table below.

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
\$30 to \$40,000	200	\$ 10,000	\$ 2,000,000
\$40 to \$50,000		\$ 12,000	\$ -
\$50 to \$60,000		\$ 15,000	\$ -
Over \$60,000 (below)		35%	\$ -
Total:	200		\$ 2,000,000

Management Positions	Annual Salary Level*	Estimated Annual Payroll Impact	Ratio of Incentives to 5-Year Payroll
Over \$60,000			
Total Salaries:		\$7,000,000	\$1 to \$17.50/year

* Calculations based on salaries provided without non-mandatory benefits.

FISCAL IMPACT

Phase 1 incentives:

Job Creation Earnable Loan	\$ 2,500,000	
Capital Investment Incentive	\$ 250,000	
TOTAL Phase 1 Incentives		\$2,750,000

Phase 2 incentives:

Capital Investment Incentive for Eqmt Purchases	\$ 400,000	
Capital Investment Incentive for Facility Expansion	\$1,000,000	
Job Creation Incentive	\$2,000,000	
TOTAL Phase 2 Incentives		\$3,400,000

Other Costs:

L/C Renewal Fees	\$ 150,000	
A/E Fees for Spec 3 build-out	\$ 346,965	
TOTAL Other costs		\$ 496,965

GRAND TOTAL

\$6,646,965

STAFF RECOMMENDATION

Staff recommends approval of Resolution DCOA-2011.15 authorizing a Phase 1 financial assistance package totaling \$2,750,000 and a lease/purchase agreement for Spec 3 for Project CD as described above. Staff also recommends Phase 2 assistance as described above totaling \$3,400,000, contingent on Project CD's purchase of the Spec 3 building.

In addition, staff recommends authorizing the CEO to enter into a contract with Tittle Luther Partnership for architectural/engineering services for the build out of Spec 3 and funding of \$336,965 plus \$10,000 for reimbursables for a total of \$346,965.

Finally, staff recommends authorizing funding up to \$150,000 to pay annual L/C renewal fees over the life of the Phase 1 Job Creation Incentive earnable loan.

ATTACHMENTS

Resolution DCOA-2011.15

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RESOLUTION NO. DCOA-2011.15

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING FINANCIAL ASSISTANCE FOR PROJECT CD.

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

WHEREAS, Project CD is an established and successful foreign company that offers not only a proven and comprehensive weight loss and maintenance system, but is working to become a major provider of health-care solutions, with a natural anti-viral remedy in its final stages of testing, and an organic skincare line presently in pre-production; and,

WHEREAS, due to growing consumer inquiries from the U.S., Project CD is expanding into the U.S. in order to capitalize on the current market demand for effective weight loss products and the new antiviral product; and,

WHEREAS, Project CD wants to lease the Spec 3 building because of its availability and potential for future expansion and as a central distribution point for the U.S, and Phase 1 of the company's operation will include build-out of Spec 3 for offices and warehousing whereby the company will create 200 new jobs; and,

WHEREAS, Project CD is projecting a Phase 2 expansion of the Abilene operation for manufacturing and laboratory space, which will include purchase of the Spec 3 building, 100,000 to 150,000 sq ft addition to the facility, and additional capital investment in equipment and the creation of at least another 200 jobs; and,

WHEREAS, staff requests the DCOA authorize an assistance package for Project CD for Phase 1 in the amount of \$2,750,000, including a lease/purchase of the Spec 3 building, and another \$3,400,000 for Phase 2 expansion, contingent on the company purchasing the Spec 3 building.

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

PART 1. DCOA hereby authorizes financial assistance for Project CD Phase 1 in the amount of Two Million Seven Hundred Fifty Thousand and no/100's Dollars (\$2,750,000) plus a lease/purchase agreement for the Spec 3 building at 6558 Five Points Parkway in exchange for the creation of 200 new jobs and capital investment by the company of \$2.5 MM. Also approved is Phase 2 Expansion assistance in the amount of Three Million Four Hundred Thousand and no/100's Dollars (\$3,400,000), which is contingent upon Project CD's purchase of the Spec 3 building as described below, in exchange for the creation of another 200 new jobs and capital investment by the Company of \$4MM in equipment and \$10MM in expansion of Spec 3.

DCOA also authorizes the CEO to enter into a contract with Tittle Luther Partnership for design services for the build out of Spec 3 and funding of \$336,965 (8% of construction costs, estimated to be \$4.2MM), plus \$10,000 for reimbursable expenses, as well as

authorization to solicit bids for construction.

Finally, DCOA authorizes funding up to One Hundred Fifty Thousand and no/100's Dollars (\$150,000) to pay annual Letter of Credit ("L/C") renewal fees for the L/C used to secure the Phase 1 Job Creation Incentive earnable loan described below in A.1.

The assistance will be disbursed as follows:

A. PHASE 1

1. Job Creation Incentive – Provide a loan of up to \$2,500,000 at 0% interest for five years for start-up costs in establishing their U.S. operations. The loan amount is based on anticipated job creation by Company of 200 during Phase 1. The Company shall provide an Irrevocable Standby Letter of Credit ("L/C") issued by a financial institution with a U.S. presence in the amount of \$2,500,000 as collateral for the loan, the amount of which may be reduced annually as the principal balance is earned down. All annual L/C renewal fees shall be paid by the DCOA, estimated to be \$150,000 over the 5-year period (est. at 2% of L/C amount). Company will earn reductions in the loan balance over 5 years at the rate of 1/5 of the *DCOA Assistance per New Job* amount listed in the table below. For additional collateral DCOA will file liens on all equipment purchased by Company and located in the Facility, said lien to be released upon purchase of the Facility by Company in Phase 2.

Project CD - Phase 1 Job Creation Incentives

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
\$30 to \$40,000	163	\$ 10,000	\$ 1,630,000
\$40 to \$50,000	1	\$ 12,000	\$ 12,000
\$50 to \$60,000	1	\$ 15,000	\$ 15,000
Over \$60,000 (below)	35	35%	\$ 843,000
Total:	200		\$ 2,500,000

Management Positions	Annual Salary Level*	Estimated Annual Payroll Impact	Ratio of Incentives to 5-Year Payroll
Over \$60,000			
35 Management Positions			
Total Salaries:	\$2,408,570	\$8,213,843	\$1 to \$16.43/year

* Calculations based on salaries provided without non-mandatory benefits.

2. Capital Investment Incentive – Reimburse Company an amount not to exceed \$250,000 at the rate of 10% of Company's capital equipment investment based on documentation of cumulative purchases of \$2,500,000 or more. DCOA will reimburse Company over five years with no annual payment to exceed \$50,000 and on the same schedule as Company's annual job creation certification.
3. Lease and Purchase of Spec 3 – Lease Spec 3 located at 6558 Five Points Parkway to Company. Terms of the Lease are 5-years, triple-net, with an annual lease amount calculated at a rate of 6% fixed, multiplied by the actual cost of the Spec 3 Building shell (\$6,000,000) plus the actual cost to finish out the Spec 3 Building shell to Company's specifications (\$4,212,000 estimate), including but not limited to architectural/engineering fees, geotechnical studies, surveys, and construction, payable monthly. Annual lease payments will be about \$612,720 or \$51,060/mo. Company

6.6

will have the option of purchasing Spec 3 for \$6 million plus the actual cost for finish out (\$4,212,000 estimate) for 5 years from the effective date of the lease agreement.

The DCOA will build-out Spec 3 for \$4.2 million (preliminary estimate) to include 10,000 sq ft of office area. We will need to add an entry feature to the south side of the building to establish the “front door” for customer visits. The remaining 90,000 sq ft will be completed for warehouse operations, to include a tenant-provided warehouse inventory management system. The company also plans to lease laboratory space in the Abilene Life Sciences Accelerator to avoid constructing lab space during Phase 1. They will include laboratory space in their Phase 2 expansion.

B. PHASE 2 EXPANSION

The company will have to purchase the Spec 3 Building before expansion can occur.

1. Capital Investment Incentive for Equipment Purchases - \$400,000 (One of either option below)

OPTION 1 Payment in Arrears –Reimburse Company an amount not to exceed \$400,000 at the rate of 10% of Company’s capital equipment investment, based on documentation of cumulative purchases of \$4,000,000 or more. DCOA shall reimburse Company over five years with no annual payment to exceed \$80,000 and on the same schedule as Company’s annual job creation certification.

OPTION 2 Earnable Loan on Facility Purchase - Provide an earnable loan of \$400,000 based on 10% of Company’s anticipated capital equipment purchases during Phase 2. The loan will be in the form of a \$400,000 credit toward the purchase price of the Facility, secured by a first lien on the property and earned over 5 years at the rate of 1/5 per year, beginning 12 months following completion of Phase 2, or soon thereafter, with no annual reduction in the loan balance to exceed \$80,000 and on the same schedule as Company’s annual job creation certification.

2. Capital Investment Incentive for Expansion of Spec 3 - \$1,000,000 (One of either option below)

OPTION 1 Payment in Arrears - Reimburse an amount not to exceed \$1,000,000 at the rate of 10% of Company’s capital investment to expand the Facility, based on documentation of cumulative expenses of \$10,000,000 or more. DCOA will reimburse Company over five years with no annual payment to exceed \$200,000 and on the same schedule as Company’s annual job creation certification.

OPTION 2 Earnable Loan on Facility Purchase –Provide an earnable loan of \$1,000,000 based on 10% of Company’s anticipated capital investment in expansion of the Facility. The loan will be in the form of a \$1,000,000 credit toward the purchase price of Spec 3, secured by a first lien on the property and earned over 5 years at the rate of 1/5 per year beginning 12 months following the completion of Phase 2, or soon thereafter, with no annual reduction in the loan balance to exceed \$200,000 and on the same schedule as Company’s annual job creation certification.

3. Job Creation Incentives - \$2,000,000 (One of either option listed below)

OPTION 1 Payment in Arrears – Provide up to \$2,000,000 based on anticipated job creation by Company of at least 200 during Phase 2. During the Job Creation Period, which is described as the 5-year period beginning with the completion of Phase 2 and

coinciding with the job creation certification schedule established for Phase 1, Company shall earn incentives over 5 years at the rate of 1/5 of the *DCOA Assistance per New Job* amount listed in the table below.

OPTION 2 Earnable Loan on Facility Purchase – Provide an earnable loan of up to \$2,000,000 based on anticipated job creation by Company of 200 during Phase 2. The loan will be in the form of a \$2,000,000 credit toward the purchase price of the Facility, secured by a first lien on the property and earned over 5 years at the rate of 1/5 of the *DCOA Assistance per New Job* amount listed in the table below.

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
\$30 to \$40,000	200	\$ 10,000	\$ 2,000,000
\$40 to \$50,000		\$ 12,000	\$ -
\$50 to \$60,000		\$ 15,000	\$ -
Over \$60,000 (below)		35%	\$ -
Total:	200		\$ 2,000,000

Management Positions	Annual Salary Level*	Estimated Annual Payroll Impact	Ratio of Incentives to 5-Year Payroll
Over \$60,000			
Total Salaries:		\$7,000,000	\$1 to \$17.50/year

* Calculations based on salaries provided without non-mandatory benefits.

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 a final contract and all other related documents on behalf of the DCOA.

ADOPTED this the 26th day of April, 2011.

ATTEST:

Marelyn Shedd
Secretary/Treasurer

Paul Cannon
President

APPROVED:

T. Daniel Santee, City Attorney

DEVELOPMENT CORPORATION OF ABILENE, INC.

BOARD AGENDA

MEETING DATE: April 26, 2011

PROJECT: EASI Hangars – Developer Participation Agreement with City of Abilene for Construction of Fire Suppression Improvements on East Side of Airport

STAFF: Richard Burdine, CEO

BACKGROUND

Tittle Luther Partnership, Coker Engineering and Enprotec/Hibbs & Todd evaluated the water supply to the Airport and determined that the single 10-inch diameter water main serving the Airport does not provide sufficient fire flow capacity for the project. In order to improve fire flow capacity, the Engineers recommend extending a nearby existing 12-inch water main. That water main extension would connect to the existing water distribution piping at several points within the Airport's site and would benefit the City by improving the fire flow capacity to all areas of the Airport. In order to provide the necessary capacity for fire suppression, construction of dedicated water storage tanks holding over 200,000 gallons would also be required.

THE REQUEST

Chapter 212 of the local Government Code allows a municipality to enter into an agreement with a developer to construct public improvements related to a development with the restrictions that the improvements cannot include the construction of buildings and the municipality may not participate at a level that would exceed thirty percent (30%) of the total project cost. The Abilene City Council approved the first reading of an ordinance on April 14, 2011, authorizing a Developer Participation Agreement that provides terms and conditions for the City's participation in the project. The second and final reading will occur on April 28, 2011.

The estimated project cost for these improvements is \$3,150,000 (including professional fees) and includes the following:

1. Existing Fire Suppression System – the existing foam/water fire suppression system in Hangar 0 does not work properly and needs significant upgrades.
2. Fire Flow Volume – Extension of a 12-inch water line into the Airport and installation of two (2) 100,000 gallon ground storage tank(s) are needed to provide necessary water volume for foam/water fire sprinkler systems in Hangars 0, 1 and 4 and supply item 4 below.
3. Fire Access Road- Better access for fire trucks to rear of Hangar 0, Hangar 4 and the Parts & Records Building is required.
4. Hydrant Coverage – An internal fire loop and additional fire hydrants are needed to ensure adequate volume to protect the entire EASI hangar complex.
5. Hangars 4 & 1 – Installation of a fire suppression system is necessary to ensure protection while working on aircraft.

Reimbursement from the City of Abilene is estimated to be \$945,000 (30% of \$3.15MM). These improvements are being accelerated to accommodate the requirements stated herein.

On April 12, 2011, the DCOA approved resolution DCOA-2011.14 authorizing contracts for professional services and funding of \$178,500 to address the necessary fire safety improvements. Staff will return to the DCOA for approval of a construction contract and funding at a later time.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

Staff recommends approval of the Developer Participation Agreement between the City of Abilene and DCOA for construction of fire suppression improvements on the east side of the Abilene Regional Airport and authorizes Richard Burdine, CEO to execute the Agreement on the DCOA's behalf.

ATTACHMENTS

Developer Participation Agreement

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DEVELOPER PARTICIPATION AGREEMENT

This Agreement is entered this the day of April , 2011 between the City of Abilene (City) and the Development Corporation of Abilene (Developer).

WHEREAS, Chapter 212 of the Local Government Code allows a municipality to enter an agreement with a developer of land to construct public improvements related to the development, and;

WHEREAS, the improvements cannot include the construction of buildings, and the municipality may not participate at a level that would exceed thirty percent of the total project cost, and;

WHEREAS, The DCOA is planning to construct a new Hanger 4 at the Abilene Regional Airport (Airport) that will provide for expanded services by Eagle Aviation Services, Inc; and

WHEREAS, in order to improve fire flow capacity the developer's Engineers recommended extending a nearby existing 12-inch water main; and

WHEREAS, that water main extension would connect to the existing water distribution piping at several points within the Airport's site and would improve the fire flow capacity to all areas of Airport; and

WHEREAS, the City and DCOA agree it is in the best interest of both entities to enter into a partnership agreement to complete the project.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

DEVELOPER RESPONSIBILITIES

1. Developer shall be responsible for the entire expense of the project (Project) as estimated in the attached Schedule A.
2. The Project shall be designed by engineers to the plans and specifications for the construction of such Project as approved by City.
3. The Developer agrees to utilize the City's On Demand Water Engineering contract with Enprotec/Hibbs & Todd, Inc. for the project.
4. The Developer shall submit any plans, drawings, specifications, etc. to the City for review by the appropriate departments.

5. The Developer will designate a contact person available to answer questions on behalf of Developer. The contact person for this Agreement is Francisco Perez. The secondary contact person for this Agreement is Richard Burdine.
6. The Developer shall allow inspection of the construction site by City at all reasonable times.
7. Upon completion, Developer will own, operate and maintain the storage tank(s), fire pumps, fire suppression systems and the pipeline and appurtenances into which the fire pumps discharge
8. The Developer shall execute a performance bond for the construction of the Developer's portion of the improvements to ensure completion of the Project.
9. All of the Developer's books and other records related to the project shall be available for inspection by the municipality.

CITY'S RESPONSIBILITIES

1. The City shall reimburse the DCOA for 30% of the actual total project costs as estimated on exhibit A.
2. The City shall review and approve all plans and specifications for that aspect of the Project in which the City is participating.
3. The City will designate a contact person available to answer questions on behalf of the City. The contact person for this Agreement is David Vela. The secondary contact person for this Agreement is Tommy O'Brien.
4. Upon completion the City will own, operate and maintain the 12-inch pipeline delivering water to the storage tank(s).

MISCELLANEOUS TERMS

1. Indemnity

The Developer must indemnify, hold harmless, and defend the City, its officers, agents and employees, from and against liability for any claims, liens, suits, demands, and/or actions for damages, injuries to persons (including death), property damage (including loss of use), and expenses, including court costs and attorneys' fees and other reasonable costs arising out of the Developer's work and activities conducted in connection with this Contract, including all causes of action based upon common, constitutional, or statutory law, or based in whole or in part upon negligent or intentional acts or omissions of Developer, its officers, agents, employees, sub-contractors, licensees, invitees, and other persons.

Developer must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of its officers, agents, employees, sub-contractors, licensees, invitees and other persons, as well as their property, while in the vicinity where the work is being done. The City is not liable or responsible for the negligence or intentional acts or omissions of the Developer, its officers, agents, employees, sub-contractors, licensees, invitees, and other persons.

The City assumes no responsibility or liability for harm, injury, or any damaging events, which are directly or indirectly attributable to premise defects, whether real or alleged, which may now exist or which may hereafter arise upon the premises, responsibility for all such defects being expressly assumed by the Developer. The Developer agrees that this indemnity provision applies to all claims, suits, demands, and actions arising from all premise defects or conditions over which Developer has dominion and control, but not otherwise.

The City and Developer must provide the other prompt and timely notice of any event covered which in any way affects or might affect the Developer or City, and the City has the right to compromise and defend the same to the extent of its own interests.

2. Venue and Choice of Law

Venue for any cause of action arising under this Agreement is Taylor County, Texas. This Agreement is governed by the laws of the State of Texas both as to interpretation and performance. This Agreement shall, in any dispute over its meaning or application, be interpreted fairly and reasonably, and not more strongly for or against either party.

3. Assignment

The Developer may not assign in whole or in part any rights, duties, obligations or interest arising from this Agreement without the City's prior written consent, and such consent will not be unreasonably withheld.

4. Amendment or Modification

This Agreement, including schedules and attachments, constitutes the entire agreement of the parties. Any statements, promises, or agreements made by either party or its agent, which are not contained in this Agreement, are of no effect. This Agreement may not be amended or modified except by both parties' written consent.

6. Compliance with Laws, Charter, Ordinances

Developer, its agents, employees and subcontractors must comply with all applicable federal and state laws, the charter and ordinances of the City of Abilene, and with all

applicable rules and regulations promulgated by local, state and national boards, bureaus and agencies. Developer must obtain all necessary permits and licenses required in completing the work contracted for in this Agreement.

7. Notice

All notices must be in writing, hand-delivered or mailed by certified mail, to the other party.

IN WITNESS HEREOF the parties have executed this Agreement.

CITY OF ABILENE

DEVELOPER

By: _____
Larry Gilley, City Manager

By: _____
Richard Burdine, CEO

ATTEST:

City Secretary

APPROVED:

City Attorney

SCHEDULE A

DEVELOPMENT CORPORATION OF ABILENE (DCOA)
FIRE PROTECTION IMPROVEMENTS FOR EASI COMPLEX

OPINION OF PROBABLE CONSTRUCTION COST (OPCC) SUMMARY

1 12-INCH LINE EXTENSION

OPCC	\$	418,000.00
PROFESSIONAL FEES:		
Survey:	\$	4,000.00
Basic Engineering:	\$	30,000.00
<i>Prelim Design</i>	\$	3,800
<i>Final Design</i>	\$	18,000
<i>Bidding</i>	\$	1,500
<i>Construction</i>	\$	6,000
<i>Post-Construction</i>	\$	900
SUBTOTAL PROJECT COST:		\$ 452,000.00

2 TWO (2) 100,000 GALLON GROUND STORAGE TANKS

OPCC	\$	317,500.00
PROFESSIONAL FEES:		
Survey:	\$	500.00
Basic Engineering:	\$	16,000.00
<i>Prelim Design</i>	\$	1,600
<i>Final Design</i>	\$	10,240
<i>Bidding</i>	\$	480
<i>Construction</i>	\$	3,200
<i>Post-Construction</i>	\$	480
Geotechnical Site Evaluation	\$	3,000.00
SUBTOTAL PROJECT COST:		\$ 337,000.00

3 INTERNAL FIRE LOOP AND ADDITIONAL HYDRANTS

OPCC	\$	266,000.00
PROFESSIONAL FEES:		
Survey:	\$	3,000.00
Basic Engineering:	\$	23,000.00
<i>Prelim Design</i>	\$	2,760
<i>Final Design</i>	\$	13,800
<i>Bidding</i>	\$	1,150
<i>Construction</i>	\$	4,600
<i>Post-Construction</i>	\$	690
SUBTOTAL PROJECT COST:		\$ 292,000.00

DEVELOPMENT CORPORATION OF ABILENE (DCOA)
 FIRE PROTECTION IMPROVEMENTS FOR EASI COMPLEX
 OPINION OF PROBABLE CONSTRUCTION COST (OPCC) SUMMARY

4 FIRE PUMP STATION

OPCC	\$	250,000.00
PROFESSIONAL FEES:		
Basic Engineering:	\$	2,100.00
eHT Project Coordination with Coker/Electrical Design:	\$	5,500.00
Construction Phase:	\$	1,275.00
<i>Inspection-Coker</i>	\$	1,275
SUBTOTAL PROJECT COST:	\$	258,875.00

5 HANGAR 0 FIRE SUPPRESSION SYSTEM

OPCC	\$	500,000.00
PROFESSIONAL FEES:		
Basic Engineering:	\$	2,100.00
Construction Phase:	\$	1,275.00
<i>Inspection-Coker</i>	\$	1,275
SUBTOTAL PROJECT COST:	\$	503,375.00

6 HANGAR 1 FIRE SUPPRESSION SYSTEM

OPCC	\$	500,000.00
PROFESSIONAL FEES:		
Basic Engineering:	\$	2,100.00
Construction Phase:	\$	1,275.00
<i>Inspection-Coker</i>	\$	1,275
SUBTOTAL PROJECT COST:	\$	503,375.00

7 HANGAR 4 FIRE SUPPRESSION SYSTEM

OPCC	\$	500,000.00
PROFESSIONAL FEES:		
Basic Engineering:	\$	2,100.00
Construction Phase:	\$	1,275.00
<i>Inspection-Coker</i>	\$	1,275
SUBTOTAL PROJECT COST:	\$	503,375.00

**DEVELOPMENT CORPORATION OF ABILENE (DCOA)
FIRE PROTECTION IMPROVEMENTS FOR EASI COMPLEX**

OPINION OF PROBABLE CONSTRUCTION COST (OPCC) SUMMARY

CONSTRUCTION COST SUMMARY

1	12-INCH LINE EXTENSION	\$	418,000.00
2	TWO (2) 100,000 GALLON GROUND STORAGE TANKS	\$	317,500.00
3	INTERNAL FIRE LOOP AND ADDITIONAL HYDRANTS	\$	266,000.00
4	FIRE PUMP STATION	\$	250,000.00
5	HANGAR 0 FIRE SUPPRESSION SYSTEM	\$	500,000.00
6	HANGAR 1 FIRE SUPPRESSION SYSTEM	\$	500,000.00
7	HANGAR 4 FIRE SUPPRESSION SYSTEM	\$	500,000.00
SUBTOTAL CONSTRUCTION COSTS:		\$	2,751,500.00
PROFESSIONAL FEES:			
	Enprotec/Hibbs & Todd, Inc. (eHT)	\$	85,000.00
	<i>(Projects 1, 2, 3, and 4)</i>		
	Field Survey:	\$	7,500
	Basic Engineering:	\$	69,000
	Project Coordination with Coker:	\$	5,500
	Geotechnical Evaluation:	\$	3,000
	Coker Engineering LLC	\$	13,500.00
	<i>(Projects 5, 6, 7, and 8)</i>		
	Basic Engineering:	\$	8,400
	Construction Admin/Inspection:	\$	5,100
	Tittle Luther Partnership	\$	75,000.00
	Contract Administration:	\$	70,000.00
	Reimbursable Expenses (Printing/Plan Distribution)	\$	5,000.00
SUBTOTAL PROFESSIONAL FEES:		\$	173,500.00
	General Project Contingencies (8% of Construction Cost)	\$	225,000.00
OPINION OF TOTAL ESTIMATED PROJECT COST:		\$	3,150,000.00