

## PUBLIC NOTICE

### DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, May 10, 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

May 10, 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 26, 2011, board meeting.
3. Financial status report for March 2011.
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 assistance for Project BC.
6. Discussion and possible approval of a resolution authorizing infrastructure assistance for the Anita Thigpen Perry School of Nursing at Texas Tech University Health Sciences Center-

Abilene.

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**  
**APRIL 26, 2011**

<b>MEMBERS PRESENT:</b>	Paul Cannon Scott Senter Dani Ramsay	Mike Schweikhard Marelyn Shedd
<b>STAFF PRESENT:</b>	Richard Burdine Dan Santee Melissa Murphy	Kim Tarrant Don Green
<b>GUESTS PRESENT:</b>	Bill Ehrie Mike Roark Dawn Wagner Pat Hippely Andrea Smith Judy Wilhelm	Abilene Industrial Foundation Abilene Reporter-News Concerned citizen Taylor Co. Tea Party Student SBDC

- 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 APRIL 12, 2011 BOARD MEETING.** Mike Schweikhard moved to approve the minutes from the April 12, 2011 board meeting. Scott Senter seconded and the motion carried.
- 3. PRESENTATION OF SEMI-ANNUAL REPORTS FOR 6 MONTHS ENDED MARCH 31, 2011 BY: ABILENE INDUSTRIAL FOUNDATION, TTU SMALL BUSINESS DEVELOPMENT CENTER AND CITY OF ABILENE AIRPORT BUSINESS DEVELOPMENT PROGRAM.** President Bill Ehrie reviewed the semi-annual report for FY11 from the Abilene Industrial Foundation (AIF). The AIF has spent \$46,856 of its FY11 marketing budget of \$140,000. The website continues to be a huge driving factor for electronic marketing. Not only is this cost efficient, but it generates a lot of response. From the 42 leads received, the AIF responded to 18 and opened three prospect files. The AIF made 41 retention visits. Staff is very selective on the trade shows and conferences they attend. Because the wind energy show is so large, the AIF has its own booth. For the other trade shows, the cost of the booth is shared with other vendors. So far this fiscal year, they have hosted one manufacturers' luncheon, attended three trade shows, attended three conferences, and have made seven presentations throughout the community.

Judy Wilhelm started by reviewing the SBDC's five FY11 initiatives as follows: increase local contracting opportunities on all levels; increase exporting opportunities for Abilene businesses; develop a mentoring program; assist local businesses in transitioning to the electronic marketplace; and continue to partner with other agencies to increase additional funds for continued and expanded SBDC services. She highlighted major activities performed by the SBDC toward attaining each initiative. Also reviewed were local SBDC issues which include TTU funding, temporary staff reduction and receipt of a \$5,000 WTIN grant.

For the first half of FY 2011, the SBDC helped a total of 44 businesses open and create 114 jobs. Total capital investment was only \$2.4 million, which is down almost 50% from this time last year. They offered several workshops for the first half of FY11 and were also involved with Abilene Christian University's third annual Springboard Ideas Challenge.

Melissa Murphy and Don Green summarized the report from the Abilene Airport Business Development Management Program (BDMP) for the first half of FY11. They continue to focus on community outreach through speaking engagements to various civic organizations, highlighting the advantages of flying from Abilene versus driving to another airport. The BDMP continues with its marketing campaign, running ads on local television and radio stations, as well as print ads in various publications. This year they added outdoor billboards to the marketing plan and have signs on highways in five area communities, stretching as far as Brown County. The airport website has been updated and is also now on Twitter and Facebook.

Both enplanements and deplanements were up approximately 3% for the first quarter in FY11. The ABI-VIP Passenger Rewards Program was started in November 2008 and continues to be quite successful, resulting in 1,080 current passengers. Rental car revenue is down 7.38% YTD while parking lot revenue remains about the same.

- 4. DISCUSSION AND APPROVAL OF THE DCOA'S SEMI-ANNUAL REPORT OF ACTIVITIES ENDING MARCH 31, 2011.** Richard Burdine reviewed the DCOA's Semi-Annual Report of Activities for the first half of FY11. Among the items highlighted were Pepsi Beverages, Teleperformance USA, Genesis Networks Solutions, Enavail, Eagle Aviation Services, the West Texas Innovation Network and the purchase of 922 North 13<sup>th</sup> Street.

Scott Senter moved to approve said report by oral resolution as presented. Marelyn Shedd seconded and the motion carried.

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

President Paul Cannon announced the date is April 26, 2011, and the time is 2:18 p.m. Mr. Cannon later announced the date is still April 26, 2011, and the time is 3:22 p.m. No vote or action was taken in Executive Session.

Marelyn Shedd left the executive session while discussing a prospect and returned for the regular session.

- 6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT CD.** 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. They are expanding into the U.S. in order to capitalize on the current market demand for effective weight loss products

and a new, natural anti-viral remedy. The Company plans to “go public” very soon and expects to raise \$25 - \$30 million for their expansion into the U.S. market and to acquire several companies. Project CD has also arranged a \$50 million equity line to grow the company.

The Company 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 will include build-out of Spec 3 for offices and warehousing plus the creation of 200 new jobs earning at least \$30,000/year.

Staff recommends a five-year, triple-net lease with an annual lease amount of about \$612,720 or \$51,060/month. The Company will have the option to purchase Spec 3 for \$6 million plus the actual cost for finish out (estimated at \$4,212,000) for five years from the effective date of the lease agreement.

Staff also recommends a total incentives package of \$2,750,00 for Phase 1 as follows: 1) a five-year loan of up to \$2,500,000 as a job creation incentive for startup costs in establishing U.S. operations secured by a Letter of Credit issued by a financial institution with a U.S. presence or other acceptable collateral, and 2) a capital investment incentive not to exceed \$250,000 at the rate of 10% of the Company’s actual capital equipment investment with reimbursements made over five years in an amount up to \$50,000/yr. In addition, staff recommends authorizing funding of up to \$150,000 to pay annual Letter of Credit renewal fees.

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 will occur. Staff recommends a total incentives package of \$3,400,000 for Phase 2 as follows: 1) capital investment incentive for equipment purchases of up to \$400,000; 2) capital investment incentive for facility expansion of up to \$1 million; and 3) job creation incentive of up to \$2 million.

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

Finally, the DCOA Board authorizes the CEO of the DCOA to investigate key man life insurance for the Company’s CEO in the amount of \$3 million.

Marelyn Shedd moved to approve Resolution No. DCOA-2011.15 as presented above with an added provision to include authorization to investigate key man life insurance for the Company’s CEO in the amount of \$3 million. Mrs. Shedd also stipulated that the only acceptable form of collateral for the Phase 1 job creation incentive loan is a letter of credit issued by a financial institution with a U.S. presence. Dani Ramsay seconded and the motion carried.

- 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.** On April 12, 2011 the DCOA authorized contracts with three firms plus funding, to determine the specific improvements needed to address the fire safety issues on the east side of the Abilene Regional Airport. The engineers recommend extending a nearby existing 12-inch water main in order to improve the fire flow capacity. 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.

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 as long as the improvements don't exceed 30% of the total project cost. On April 14, 2011, the Abilene City Council approved the first reading of an ordinance 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 cost for these improvements is \$3,150,000 and reimbursement from the City of Abilene is estimated to be \$945,000 (30% of \$3.15 million).

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 the CEO of the DCOA to execute the Agreement on the DCOA's behalf.

A motion was made by Scott Senter to approve the Developer Participation Agreement as presented. Mike Schweikhard seconded and the motion passed by unanimous consent.

- 8. ADJOURNMENT.** The next board meeting is May 10<sup>th</sup>.

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Paul Cannon, President

CITY OF ABILENE, TEXAS

DEVELOPMENT CORPORATION OF ABILENE, INC.

Balance Sheet

March 31, 2011

**ASSETS:**

Cash and Investments	\$14,845,008
Notes receivable	15,454,890
Accounts receivable	172,586
Due from other governments	1,427,749
Total Current Assets	<u>\$31,900,233</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**

\$62,260,720

**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)	18,840,516
Reserved for obligated programs(internal)	1,244,304
Undesignated Balance	11,292,369
Total Fund Balance	<u>\$61,898,217</u>

**TOTAL LIABILITIES AND FUND BALANCES**

\$62,260,720

**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
<b>TOTAL FIXED ASSETS</b>	<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 @ MARCH 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	\$ 641,884.45	\$ 4,375,139.32	\$ 132,538,625.70
Sales Tax Retained	398,696.33	4,423.61	26,987.98	425,684.31
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	413.35	1,961.52	2,168,788.77
Interest	6,710,308.04	4,415.49	32,928.10	6,743,236.14
Land Lease	14,687.41	494.35	1,332.35	16,019.76
Building/Space Rent	5,347,343.09	98,733.79	534,019.74	5,881,362.83
City Pay Phones	9,170.58	-	-	9,170.58
Miscellaneous Revenue	56,730.54	12,322.92	62,773.78	119,504.32
EDA Grant	242,100.00	-	-	242,100.00
Miscellaneous State Grants	26,500.00	-	-	26,500.00
Miscellaneous Federal	937,926.00	-	142,500.00	1,080,426.00
Interest on Investments	176,263.67	-	-	176,263.67
Other Interest	32,252.85	-	-	32,252.85
Interfund Recovery	1,534,976.08	-	-	1,534,976.08
Miscellaneous Recovery	1,916,652.91	-	259,848.59	2,176,501.50
Miscellaneous Prior Year	27,720.38	-	-	27,720.38
DCOA Admin	7,070.55	-	-	7,070.55
Other Contributions	96,866.60	-	-	96,866.60
Donation	43,846.00	-	-	43,846.00
Sale of Land	392,446.27	-	-	392,446.27
Sale of Buildings	3,367,443.31	-	-	3,367,443.31
Sale of Equipment	608,882.88	-	-	608,882.88
Gain (loss) Sale of Asset	555,393.43	-	-	555,393.43
Miscellaneous Damage Claims	1,173.04	-	-	1,173.04
Miscellaneous Revenue	767,389.00	-	-	767,389.00
GASB 22 Restatement	355,634.89	-	-	355,634.89
GASB 34 FY 03 Adjustment	523,718.93	-	-	523,718.93
GASB 34 FY 08 Adjustment	44,606.57	-	-	44,606.57
GASB 34 FY 09 Adjustment	1,150,003.47	-	-	1,150,003.47
	<u>\$ 158,777,464.24</u>	<u>\$ 762,687.96</u>	<u>\$ 5,442,017.80</u>	<u>\$ 164,219,482.04</u>



DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ MARCH 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	45,407.08	289,435.64	8,147,459.88	25,975.02
Life Sciences Property - Pine Div 2765	565,448.70	27,593.34	237,919.62	803,368.32	8,045.00
DCOA Annual Contracts Div 2775	2,229,877.84	30,568.49	139,526.43	2,369,404.27	-
Abilene Industrial Foundation 2775-62571	12,574,610.54	14,062.78	284,884.92	12,859,495.46	454,965.08
TTU Small Business Dev Cntr 2775-62572	2,630,621.05	18,656.25	84,131.25	2,714,752.30	165,868.75
Chamber Military Affairs 2775-62573	1,206,511.16	9,105.20	9,105.20	1,215,616.36	50,894.80
Airport Business Dev Mgr 2775-62574	605,052.74	26,243.52	69,483.15	674,535.89	94,346.85
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	360,000.00	360,000.00	2,379,317.02	1,804,581.98
Integrated Clinic Research 5253	7,440.00	-	-	7,440.00	-
Genesis Network 5258	1,375,333.81	-	240,082.88	1,615,416.69	-
Fehr Foods 5261	118,091.53	-	-	118,091.53	-
SBIR/STTR 5263	84,578.48	95.00	672.38	85,250.86	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	-	19,712.24	220,619.60	314.36
TTU 842 Pine 5308	121,679.89	-	-	121,679.89	91,820.11
AIC Eq Lease 5312	49,466.28	(1,427.38)	63,031.71	112,497.99	43,921.83
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	-
Enavail, LLC 5316	-	2,352.44	6,782.44	6,782.44	460,674.38
Cisco College Biotech Training 5318	-	-	-	-	67,650.00
Energy Maintenance Serv-Gearbox 5319	-	-	-	-	202,500.00
EASI Hanger Design 5320.1	-	2,975.00	287,250.47	287,250.47	114,562.34
EASI Hanger Construction 5320.2	-	478,944.27	609,916.68	609,916.68	4,159,279.32
Pepsi Beverage Co. T5321	-	-	-	-	350,000.00
West Texas Coalition 5322	-	-	5,000.00	5,000.00	-
Springboard Sponsorship 2011 5323	-	-	5,000.00	5,000.00	-
Cooperative Response Center 5324	-	-	-	-	296,500.00
Land 922 N 13th Street 5325	-	-	10.00	10.00	-
Teleperformance USA 5326	-	-	-	-	375,000.00
Miscellaneous Activities 2785	354,189.86	-	-	354,189.86	-
<b>TOTAL ENCUMB. / EXPENDITURES</b>	<b>\$ 128,381,456.64</b>	<b>\$ 1,014,575.99</b>	<b>\$ 4,460,835.60</b>	<b>\$ 132,842,292.24</b>	<b>\$ 19,091,064.54</b>
<b>TOTAL FUND BALANCE</b>				<b>\$ 31,377,189.80</b>	
<b>UNENCUMBERED FUND BALANCE</b>					<b>\$ 12,286,125.26</b>

**DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ MARCH 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	\$ -	\$ 45,407.08	\$ 289,435.64	\$ 334,674.34	
Life Sciences Property -Pine	Div 2765	707,000.00	-	27,593.34	237,919.62	461,035.38	
DCOA Annual Contracts	Div 2775	232,590.00	-	30,568.49	139,526.43	93,063.57	
Abilene Industrial Foundation	2775-4950	739,850.00	-	14,062.78	284,884.92	-	
TTU Small Business Dev Cntr	2775-4951	250,000.00	-	18,656.25	84,131.25	-	
Chamber Military Affairs	2775-4952	60,000.00	-	9,105.20	9,105.20	-	
Airport Business Dev Mgr	2775-4953	163,830.00	-	26,243.52	69,483.15	-	
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	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	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	4,183,899.00	2,019,317.02	360,000.00	360,000.00	-	
Integrated Clinic Research	5253	7,440.00	7,440.00	-	-	-	
Genesis Network	5258	1,615,417.00	1,375,333.81	-	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	672.38	99.65	
EASI 7th Doc	5265	273,257.00	239,175.14	-	-	0.76	
TTU HSC Research	5273	3,000,000.00	992,009.66	-	631,712.00	-	
Spec 3 Construction	5276	5,736,500.00	5,432,320.65	-	-	(0.00)	
Energy Maintenance Service	5282	869,894.00	185,246.60	-	-	0.40	
Genesis Network Phase II	5284	817,740.00	7,725.00	-	15,199.00	0.99	
Tower Tech	5285	5,062,726.00	1,728,966.38	-	354,006.99	0.40	
Texas Metal 08	5288	106,667.00	106,666.66	-	-	0.34	
TMAC 09	5289	60,000.00	26,000.00	-	-	-	
Run Energy	5295	748,000.00	-	-	-	-	
Coca Cola Abilene	5296	900,000.00	-	-	-	-	
Land 122 Acres N 5 Pts	5302	510,969.00	341,732.35	-	-	0.50	
ETI Contract	5304	1,380,180.00	411,752.75	-	196,292.31	-	
EASI floor re-painting A/E	5306	220,934.00	200,907.36	-	19,712.24	0.04	
TTU 842 Pine	5308	213,500.00	121,679.89	-	-	-	
AIC Equipment Lease/Purchase	5312	165,000.00	49,466.28	(1,427.38)	63,031.71	8,580.18	
Nation Wide Products	5313	105,250.00	-	-	31,150.00	-	
LM Wind Power	5314	566,250.00	-	-	-	-	
Texas Healthcare Linen	5315	118,891.00	-	-	118,891.00	-	
Enavail, LLC	5316	480,721.00	-	2,352.44	6,782.44	13,264.18	
Cisco College Biotech Training	5318	67,650.00	-	-	-	-	
Energy Maintenance Serv-Gearbox	5319	202,500.00	-	-	-	-	
EASI Hanger Design	5320.1	403,272.00	-	2,975.00	287,250.47	1,459.19	
EASI Hanger Construction	5320.2	4,770,000.00	-	478,944.27	609,916.68	804.00	
Pepsi Beverage Co.	5321	350,000.00	-	-	-	-	
West Texas Coalition	5322	5,000.00	-	-	5,000.00	-	
Springboard Sponsorship 2011	5323	5,000.00	-	-	5,000.00	-	
Cooperative Response Center	5324	296,500.00	-	-	-	-	
Land 922 N 13th Street	5325	50,000.00	-	-	10.00	49,990.00	
Teleperformance USA	5326	375,000.00	-	-	-	-	
Miscellaneous Activities	2785	354,189.86	354,189.86	-	-	-	
<b>BALANCE OF OBLIGATED PROGRAMS</b>		<b>\$ 44,982,044.86</b>	<b>\$ 20,467,166.83</b>	<b>\$ 1,014,575.99</b>	<b>\$ 4,460,835.60</b>	<b>\$ 19,091,064.54</b>	<b>\$ 962,975.89</b>

**UNDESIGNATED FUND BALANCE**

(unencumbered balance less obligated programs and contingent liabilities)

\$ 11,323,149.37

DCOA Board approved projects waiting for signed contracts

Expiration Date

Genesis Networks Phase II	5284	2,874,185.00	09/29/2011
Enavail, LLC	5316	23,814.00	09/29/2011
West Texas Innovation Network	5328	15,000.00	08/08/2011
		<u>2,912,999.00</u>	

3.4



# Development Corporation of Abilene, Inc.

## Loan Summary as of 03/31/11

F= Fixed Rate    Int= Interest    P&I= Principal and Interest    D/T= Deed of Trust    PO= Principal Only    IO= Interest Only

Borrower	Lender	Account	Purpose	Original Loan Amt	Origin. Date	Maturity Date	DCOA Int Rate	DCOA Balance	Collateral	Guarantor	Payment Type	Past Due
BANDAG, INC.	DCOA	BNDG760	Purchase of 4549 FM 18 (former Cummings Sign bldg) for \$650,000, plus \$400,000 for improvements. 1st pmt due 4-4-08 at \$5,147/mo until maturity on 4-4-12.	\$1,050,000.00	03/24/2005	03/24/2012	0%	\$820,448.76	1st lien D/T on 4549 FM 18, Abilene, Texas.	None.	Monthly (PO)	No
BBP BIRD, LP	DCOA	BBP760	Permanent financing for construction of new plant. Pmt @ \$3600/mo beg 7-5-06 until maturity on 7-1-2031. True-up pmts due 6-1-14, 6-1-21, 6-1-28. Additionally, monthly pmts of \$100 for each boat produced the previous month in excess of 36.	\$4,000,000.00	12/30/2005	07/01/2031	0%	\$3,660,900.00	1st lien D/T on 40 acres and new manufacturing plant located at 1801 E. Hwy 36, Abilene, TX.	Corporate Guaranty from Tigé Boats, Incorporated	Monthly (P&I)	No
BMW LEASING	DCOA	08BMW7	To provide partial financing for the purchase and installation of a new scrap processing shear machine and purchase of materials and installation of a new rail spur to serve Borrower's facility at 2989 Pine St., Abilene, TX. Also represents renewal of \$124,886.42 balance remaining under FFB participation (BMW702RE) which was booked internally.	\$160,000.00	09/01/2008	08/31/2011	0.0	\$53,333.76	2nd lien D/T on 2989 Pine, Texas.	Wayne and Terrie Lanham	Annual (PO)	No
BMW LEASING, INC.	DCOA	BMW710	Partial financing for the purchase and installation of a new Liebherr A934C material handler to feed the new scrap processing shear purchased and installed in 2008 at 2989 Pine.	\$44,050.00	09/01/2010	09/01/2013	0.0	\$44,050.00	Subordinate lien on R/E at 2989 Pine St., Abilene, TX, a corporate guaranty from Texas Metals & Recycling Co., and personal guaranty from Wayne and Terrie Lanham. Cross-collateralized with Loan BMW708.	Texas Metals & Recycling Co. and Wayne and Terrie Lanham	Annual (PO)	No
CHASE NMTC ABILENE LSA, LLC	DCOA	ALSANMTC09	Leverage loan for Abilene Life Sciences NMTC transaction.	\$7,039,296.00	04/27/2009		1%	\$7,039,296.00	Pledge Agreement dated 4/27/09 referencing 99% interest, with NDC NEW MARKETS INVESTMENTS, XXXV, L.L.S., a Delaware limited liability company as issuer.		Annual (PO)	No

3.5

Borrower	Lender	Account	Purpose	Original Loan Amt	Origin. Date	Maturity Date	DCOA Int Rate	DCOA Balance	Collateral	Guarantor	Payment Type	Past Due
DAY, JACOB G.	DCOA	760DAY	DCOA sold and financed 5050 E. Hwy 80 to Jacob G. Day, which will be leased to Day Sign Company, Inc. Sales price is \$390,286. Day was given upfront price reduction of \$55,000 to be earned over 3 years for jobs retained at \$1,666.67 each. Interest only for 6 mos with principal amort. beginning 5-15-04. Further principal reductions can be earned for 3 years for job creation at \$10,000 each.	\$335,286.00	10/15/2003	10/15/2018	2.5	\$159,645.71	1st lien Deed of Trust on 5050 E. Hwy 80, plus Assignment of Rent, Income, and Receipts from Day Sign Company	Day Sign Company, Inc.	Monthly (P&I)	Yes
ENAVAIL, LLC	DCOA	ENAVAIL110	To assist with purchase of Good Manufacturing Practice analytical and manufacturing lab equipment for Enavail's exclusive use in the ALSA.	\$400,000.00	09/01/2010	08/31/2017	0.0%	\$264,969.86	All Analytical and manufacturing lab eqmt purchase under this note. No pmis until 9-1-11. \$1,041.67/mo thereafter. DCOA will match the monthly pmis received by \$1,041.67.	None.	Annual (PO)	No
ENERGY MAINTENANCE SERVICES, LLC	DCOA	FEHRO6	To assist EMS with capital investment and leasehold improvements to its Abilene, TX facility to accommodate the addition of its gearbox repair and refurbishment operation.	\$700,000.00	12/07/2010	03/31/2015	0%	\$700,000.00	Superior lien on 3.0 MW test stand including subcomponents located in Abilene. Add'l security is corporate guaranty from Broadwind Energy, Inc. & equipment fully described in a Security Agreement dated 12/07/10.	Corporate guaranty from Broadwind Energy Inc.	Annual (PO)	No
FEHR FOODS, INC.	DCOA	FEHRO6	Renewal of balance of DCOA loan FEHR05EQ (\$2,538,480) and combination with FFB participation no. 1857 (\$13,734.95), participation no. 1776 (\$199,675.19) and participation no. 1888 (\$730,442.84).	\$3,582,332.98	10/01/2006	06/30/2012	0.0	\$1,201,982.98	D/T and Security Agmt for 5425 North 1st Street and all equipment. Lien is subordinated to First Financial Bank, N.A.	None	Annual (PO)	No
GENESIS NETWORKS SOLUTIONS, INC.-PH I	DCOA	JENNET-PH1.1	(Renew and modify the original DCOA Loan No. GENNET06 dated 11-2-06, which was funded to partially offset GNS's operating costs associated with the newly established office Abilene, TX. facility located at 500 Chestnut St., Ste. 200, Abilene, Taylor Co, TX. Phase I.	\$397,983.38	03/01/2010	02/01/2014	0.0%	\$156,233.83	Irrevocable Letter of Credit No. 002317 issued 1-10-08 by First Financial Bank in the orig amt of \$1,300,000 on behalf of Rain Dance Capital, Inc. Current expiry 1-10-12, amt \$209,983. Also secures revised Ph 2 loan GENNET-PH2.10 at 25% of outsndg bal.	None	Annual (PO)	No

3.6

Borrower	Lender	Account	Purpose	Original Loan Amt	Origin Date	Maturity Date	DCOA Int Rate	DCOA Balance	Collateral	Guarantor	Payment Type	Past Due
GENESIS NETWORKS SOLUTIONS, INC.-PH 2	DCOA	GENNET-PH2.1	Renew & modify orig DCOA Loan No. GENNET08.1 dtd 6-23-08, which partially offset capital eqmt costs during Ph 2 expansion in Abilene. Available funding shall be at 50% of actual cost to set up call center program and other capital costs.	\$300,000.00	03/01/2010	02/01/2013	0.0%	\$191,666.77	1st lien on capital eqmt and furniture as evidenced by Security Agmt dtd 6-23-08 and UCC-1. Also secured by L/C No.002317 issued by FFB on behalf of Rain Dance Capital at 25% of outstanding balance. L/C is primary collateral for loan GENNET-PH1.10.	None.	Monthly (PO)	No
HENDRICK MEDICAL CENTER	DCOA	HMCTTU2	Offset operating costs for the creation of research jobs in TTU School of Pharmacy, 1718 Pine St., Abilene, TX. Principal reductions applied annually (beg. 7-31-08) at the rate of 7% of salaries expended for research during the previous 12 mos.	\$150,000.00	06/01/2007	07/31/2017	0.0	\$105,000.00	None	None	Annual (PO)	No
HENDRICK MEDICAL CENTER 1	DCOA	HMCTTU1	Reimbursement for eligible infrastructure costs associated with construction of the TTU School of Pharmacy, 1718 Pine St. Principal reductions of \$149,232 earned annually and applied for 7 yrs beg 7-31-08.	\$1,044,622.00	06/01/2007	07/31/2014	0.0	\$596,926.00	None.	None.	Annual (PO)	No
HOLLAND TRAINING & DEVELOPMEN T, INC.	DCOA	Holland 760	Purchase office furniture, fixtures, and equipment, including, but not limited to, computer network system, phones and phone system, and other computer equipment. Reimbursement of purchase price, delivery, & installation.	\$170,000.00	09/01/2003	08/31/2008	0%	\$93,435.86	Security agreement and UCC filing on equipment purchased.		Annual (PO)	Yes
HORIZON AG- PRODUCTS	DCOA	Horizon2003	Purchase facility in IXX Industrial Park in Merkel at 217 CR 287. Monthly pmts of interest only until 8-17-03, when pmts increase to \$357.26. Modification & Extension Agreement dated 1/17/08 to extend loan and increase interest rate.	\$35,000.00	01/17/2003	01/17/2013	6.25%	\$7,000.76	1st lien D/T on 1.671 acres at 217 CR 287, Merkel, TX	Michael G. Farmer, CEO and Bradley D. Knickel, Director	Monthly (IO)	No

3.7

Borrower	Lender	Account	Purpose	Original Loan Amt	Origin. Date	Maturity Date	DCOA Int Rate	DCOA Balance	Collateral	Guarantor	Payment Type	Past Due
TOWER TECH SYSTEMS, INC.	DCOA	TTS12.08	This Promissory Note dated 8/8/08 extends & renews the \$520,725 balance on the 7/8/08 Prom. Note and add'l \$79,275 is entire purchase price for 6.88 acres in the Five Points Business Park adjacent to 34.715 acres of land in said Business Park. This loan is to provide conveyance financing of 41.595 acres of land (34.715 + 6.88) for the purpose of constructing a manufacturing plant.	\$600,000.00	08/08/2008	10/31/2013	0%	\$360,000.00	Tract 1 - 34.715 acres in the Five Points Business Park and Tract 2 - 6.88 acres in the Five Points Business Park adjacent to the 34.715 acres referenced, secured by a Decd of Trust dated 08/08/08.		Annual (PO)	No

\$15,454,890.29

3.8

# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: May 10, 2011

**PROJECT:** Project BC

**STAFF:** Richard Burdine, CEO

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### THE COMPANY

Project BC is a local company founded in 1983 and currently owns 100+ acres of land south of Abilene in the City's 5-mile extraterritorial jurisdiction (ETJ). The company operates drillings rigs, well service units, a Roust-A-Bout crew, and plug & abandonment units in addition to manufacturing new storage tanks and pressure vessels and sales of used oilfield equipment. The company also operates a truck fleet for rig moving and equipment sales. They currently have 200 full-time employees.

The company will build a new facility adjacent to the existing facility for a new operation that will support and enhance the current operation and add another 24 jobs during Phase 1 and 20 during Phase 2.

### THE PROJECT/REQUEST

Project BC is considering the purchase of more land for construction of a 40,500 sq ft facility for the new operation. The total estimated project cost for construction and equipment purchases is \$2,265,000. Plans are to hire 24 for this phase of the expansion. A Phase 2 expansion in the future would mean 20 more jobs and the company would go to a 24-hour operation. The company anticipates beginning Phase 1 immediately with Phase 2 to follow in early 2012.

Because the project is located in the City's ETJ, approval by the Taylor County Commissioner's Court will be required prior to finalization of the deal.

*Phase 1* - Staff proposes a Phase 1 assistance package totaling \$594,441 as follows:

1. Job Creation Incentive – up to \$367,941 for the creation of 24 jobs paid over a 3-year period according to the table below.

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
\$20 to \$30,000		\$ 4,000	\$ -
\$30 to \$40,000	7	\$ 10,000	\$ 70,000
\$40 to \$50,000	10	\$ 12,000	\$ 120,000
\$50 to \$60,000	3	\$ 15,000	\$ 45,000
Over \$60,000 (below)	4	35%	\$ 132,941
<b>Total:</b>	<b>24</b>		<b>\$ 367,941</b>

Management Positions	Annual Salary Level*
Over \$60,000	
Coating Plant Manager	\$ 146,958
Coating Plant Asst Mgn/Engr	\$ 90,798
Plant Manager	\$ 78,318
QA/QC Manager	\$ 63,758
<b>Total Salaries:</b>	<b>\$ 379,832</b>

\* Calculations based on salaries provided with health insurance.

2. Capital Investment Incentive – up to \$226,500 based on 10% of the company's investment in land, construction, utilities, and capital equipment purchases as indicated in the table below. Funding

will be paid up front and structured as a 0% forgivable loan with principal reductions applied over a 3-year period at the rate of \$75,500/annually. The loan will be secured by a letter of credit or another form of acceptable collateral.

Investment:		Incentives %	Incentives Total
Equipment	\$ 1,545,000	10%	\$ 154,500
Land & Building	\$ 520,000	10%	\$ 52,000
Utilities	\$ 200,000	10%	\$ 20,000
<b>Total:</b>	<b>\$ 2,265,000</b>		<b>\$ 226,500</b>

**Phase 2** – Staff proposes a Phase 2 assistance package totaling \$560,927 as follows:

1. Job Creation Incentive – up to \$260,727 for the creation of 20 additional jobs paid over a 3-year period.

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
\$20 to \$30,000		\$ 4,000	\$ -
\$30 to \$40,000	7	\$ 10,000	\$ 70,000
\$40 to \$50,000	8	\$ 12,000	\$ 96,000
\$50 to \$60,000	3	\$ 15,000	\$ 45,000
Over \$60,000 (below)	2	35%	\$ 49,727
<b>Total:</b>	<b>20</b>		<b>\$ 260,727</b>

Management Positions	Annual Salary Level*
Over \$60,000	
Plant Manager	\$ 78,318
QA/QC Manager	\$ 63,758
<b>Total Salaries:</b>	<b>\$ 142,076</b>

\* Calculations based on salaries provided with health insurance.

2. Capital Investment Incentive – up to \$300,200 based on 10% of company’s investment in land, construction utilities and capital equipment for the Phase 2 expansion.

Investment:		Incentives %	Incentives Total
Equipment	\$ 2,232,000	10%	\$ 223,200
Land & Building	\$ 520,000	10%	\$ 52,000
Utilities	\$ 250,000	10%	\$ 25,000
<b>Total:</b>	<b>\$ 3,002,000</b>		<b>\$ 300,200</b>

**FISCAL IMPACT**

Phase 1 assistance	\$ 594,441
Phase 2 assistance	\$ 560,927
<b>TOTAL</b>	<b>\$1,155,368</b>

**STAFF RECOMMENDATION**

Staff recommends approval of resolution DCOA-2011.16 authorizing assistance for Project BC in an amount not to exceed \$594,441 for Phase 1 and \$560,927 for Phase 2. Total assistance approved is \$1,155,368 in exchange for capital investment by the Company of \$5,267,000 and new job creation of 44.

**ATTACHMENTS**

Resolution DCOA-2011.16



**RESOLUTION NO. DCOA-2011.16**

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

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

WHEREAS, Project BC is a local company founded in 1983 and currently owns 100+ acres of land south of Abilene in the City's 5-mile extraterritorial jurisdiction (ETJ); and,

WHEREAS, Project BC operates drillings rigs, well service units, a Roust-A-Bout crew, and plug & abandonment units in addition to manufacturing new storage tanks and pressure vessels and sales of used oilfield equipment. The company also operates a truck fleet for rig moving and equipment sales and currently employs 200; and,

WHEREAS, Project BC will build a new 40,500 sq ft facility adjacent to the existing facility at a cost of \$2,265,000 for a new operation that will support and enhance the current operation and add another 24 jobs during Phase 1; and,

WHEREAS, a Phase 2 expansion in the future would mean \$3,002,000 more capital investment and 20 more jobs plus the company would go to a 24-hour operation; and,

WHEREAS, staff requests the DCOA authorize an assistance package for Project BC for Phase 1 in the amount of \$594,441 and another \$560,927 for Phase 2 expansion.

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

**PART 1.** DCOA hereby authorizes financial assistance for Project BC Phase 1 in the amount of Five Hundred Ninety-Four Thousand Four Hundred Forty-One and no/100's Dollars (\$594,441) in exchange for the creation of 24 new jobs and capital investment by the company of \$2,265,000. Also approved is Phase 2 Expansion assistance in the amount of Five Hundred Sixty Thousand Nine Hundred Twenty-Seven and no/100's Dollars (\$560,927) in exchange for the creation of another 20 new jobs and capital investment by the Company of \$3,002,000.

Because the project is located in the City's Extra-Territorial Jurisdiction ("ETJ"), approval by the Taylor County Commissioner's Court will be required prior to finalizing the deal.

*Phase I* - Phase I assistance package totaling \$594,441 as follows:

1. Job Creation Incentive – up to \$367,941 for the creation of 24 jobs paid over a 3-year period according to the table below.

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
\$20 to \$30,000		\$ 4,000	\$ -
\$30 to \$40,000	7	\$ 10,000	\$ 70,000
\$40 to \$50,000	10	\$ 12,000	\$ 120,000
\$50 to \$60,000	3	\$ 15,000	\$ 45,000
Over \$60,000 (below)	4	35%	\$ 132,941
<b>Total:</b>	<b>24</b>		<b>\$ 367,941</b>

Management Positions	Annual Salary Level*
Over \$60,000	
Coating Plant Manager	\$ 146,958
Coating Plant Asst Mgn/Engr	\$ 90,798
Plant Manager	\$ 78,318
QA/QC Manager	\$ 63,758
<b>Total Salaries:</b>	<b>\$ 379,832</b>

\* Calculations based on salaries provided with health insurance.

2. Capital Investment Incentive – up to \$226,500 based on 10% of the company’s investment in land, construction, utilities, and capital equipment purchases as indicated in the table below. Funding will be paid up front and structured as a 0% forgivable loan with principal reductions applied over a 3-year period at the rate of \$75,500/annually. The loan will be secured by a letter of credit or another form of acceptable collateral.

Investment:		Incentives %	Incentives Total
Equipment	\$ 1,545,000	10%	\$ 154,500
Land & Building	\$ 520,000	10%	\$ 52,000
Utilities	\$ 200,000	10%	\$ 20,000
<b>Total:</b>	<b>\$ 2,265,000</b>		<b>\$ 226,500</b>

**Phase 2** –Phase 2 assistance package totaling \$560,927 will be disbursed as follows:

1. Job Creation Incentive – up to \$260,727 for the creation of 20 additional jobs paid over a 3-year period.

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
\$20 to \$30,000		\$ 4,000	\$ -
\$30 to \$40,000	7	\$ 10,000	\$ 70,000
\$40 to \$50,000	8	\$ 12,000	\$ 96,000
\$50 to \$60,000	3	\$ 15,000	\$ 45,000
Over \$60,000 (below)	2	35%	\$ 49,727
<b>Total:</b>	<b>20</b>		<b>\$ 260,727</b>

Management Positions	Annual Salary Level*
Over \$60,000	
Plant Manager	\$ 78,318
QA/QC Manager	\$ 63,758
<b>Total Salaries:</b>	<b>\$ 142,076</b>

\* Calculations based on salaries provided with health insurance.

2. Capital Investment Incentive – up to \$300,200 based on 10% of company’s investment in land, construction utilities and capital equipment for the Phase 2 expansion.

Investment:		Incentives %	Incentives Total
Equipment	\$ 2,232,000	10%	\$ 223,200
Land & Building	\$ 520,000	10%	\$ 52,000
Utilities	\$ 250,000	10%	\$ 25,000
<b>Total:</b>	<b>\$ 3,002,000</b>		<b>\$ 300,200</b>

**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 10th day of May, 2011.

ATTEST:

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

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

APPROVED:

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

**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**BOARD AGENDA**  
**MEETING DATE: May 10, 2011**

**PROJECT:**           **Infrastructure Assistance to the Anita Thigpen Perry School of Nursing at the Texas Tech University Health Sciences Center – Abilene Campus**

**STAFF:**           **Richard Burdine, CEO**

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**THE COMPANY**

The Anita Thigpen Perry School of Nursing at Texas Tech University Health Sciences Center (TTUHSC) in Abilene (SON-Abilene) is temporarily housed in the Grant Building at 302 Pine St. Severe space limitations prevent students from receiving the best educational experience, and prohibit the program from growing to its full potential.

Hendrick Medical Center recently announced plans to construct a 32,000 square foot facility to house the SON-Abilene permanently as an addition to the School of Pharmacy – Abilene Building at the corner of Pine and North 17<sup>th</sup> Streets. A new facility will allow the very successful traditional two-year and one-year 2<sup>nd</sup> Degree accredited Bachelor of Science degree (BNS) track to grow.

The new facility will also house a state-of-the-art Simulation Center. This Center technology is so advanced it will facilitate not only healthcare learning for students, but will also enhance educational research capabilities to improve the quality of care in the Abilene community. Several educational research projects being conducted on the Lubbock campus will be extended to the Abilene campus Simulation Center

**THE PROJECT**

The school requires a facility of approximately 32,000 square feet to accommodate the Simulation Center, classrooms, offices and administration. The campus will contain space for 200 students and support a total faculty and staff of 36 once fully developed. The DCOA Board was asked to consider investing in the project infrastructure. Under state law, expenditures for infrastructure improvements are limited to streets and roads, water and sewer utilities, electric utilities, gas utilities, drainage, site improvements and related improvements, and telecommunications and Internet improvements. The estimated qualifying infrastructure expenditures are \$1,732,100.

**THE REQUEST**

DCOA assistance is proposed in the form of a seven (7) year forgivable loan at zero (0) percent for infrastructure improvements with a principal amount of up to \$1,732,100 with principal reductions of \$247,443 per year the SON-Abilene is operated. While the project is not being funded for its job creation, the following table is an estimate of the direct benefits to Abilene based on anticipated faculty and staff once fully developed.

## SON - Abilene Job Creation

Annual Salary Level*	Number of Jobs	Incentives per Job	Incentives Total
\$30 to \$40,000	3	\$ 10,000	\$ 30,000
\$40 to \$50,000	5	\$ 12,000	\$ 60,000
\$50 to \$60,000	1	\$ 15,000	\$ 15,000
Over \$60,000 (below)	27	35%	\$ 1,076,250
<b>Total:</b>	<b>36</b>		<b>\$ 1,181,250</b>

Management Positions	Annual Salary Level*	Estimated Annual Payroll Impact	Ratio of Incentives to 7-Year Payroll
Over \$60,000			
22 Dean & Faculty Positions	\$2,625,000		
5 Faculty Associate Positions	\$450,000		
<b>Total Salaries:</b>	<b>\$3,075,000</b>	<b>\$3,460,000</b>	<b>\$1 to \$14.31</b>

\* Calculations based on salaries provided with non-mandatory benefits.

**Total DCOA Assistance:** \$1,732,100.  
**Total Employment:** 36.  
**DCOA average cost per job:** \$ 48,114.

We should also consider the benefits to the Abilene community of having 200 students in town, buying groceries and clothes, renting apartments and generally injecting additional money into the local economy. I plan to review a recently conducted economic impact study with the Board during the meeting.

### ECONOMIC BENEFIT

Creation of 36 jobs; 27 paying in excess of \$90,000/year and 9 paying between \$35,000/year and \$55,000/year and an annual payroll of \$3.46 million.

### STAFF RECOMMENDATION

Staff recommends approval of resolution DCOA-2011.17 authorizing funding of up to \$1,732,100 in the form of a seven (7) year forgivable loan at zero (0) percent for infrastructure improvements with a principal amount of up to \$1,732,100 with principal reductions of \$247,443 per year the SON - Abilene is operated.

### ATTACHMENTS

Resolution No. DCOA-2011.17

**RESOLUTION NO. DCOA-2011.17**

A RESOLUTION OF THE DEVELOPMENT CORPORATION OF ABILENE, INC. (DCOA), ABILENE, TEXAS AUTHORIZING INFRASTRUCTURE ASSISTANCE FOR THE ANITA THIGPEN PERRY SCHOOL OF NURSING AT TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER – ABILENE CAMPUS (“SON”).

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

WHEREAS, the SON is temporarily housed in the Grant Building at 302 Pine St; and,

WHEREAS, severe space limitations in the Grant Building prevent students from receiving the best educational experience, and prohibit the program from growing to its full potential; and,

WHEREAS, Hendrick Medical Center recently announced plans to construct a facility to house the SON permanently as an addition to the existing School of Pharmacy – Abilene Building at the corner of Pine and North 17<sup>th</sup> Streets; and,

WHEREAS, the SON requires a facility of approximately 32,000 square feet to accommodate the Simulation Center, classrooms, offices and administration; and,

WHEREAS, under state law, the DCOA can assist with expenditures for infrastructure improvements, limited to streets and roads, water and sewer utilities, electric utilities, gas utilities, drainage, site improvements and related improvements, and telecommunications and Internet improvements; and,

WHEREAS, staff requests the DCOA authorize infrastructure assistance for SON in the amount of \$1,732,100.

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

**PART 1.** DCOA hereby authorizes infrastructure assistance for The Anita Thigpen Perry School of Nursing at Texas Tech University Health Sciences Center-Abilene Campus in the amount of One Million Seven Hundred Thirty Two Thousand One Hundred and no/100’s Dollars (\$1,732,100), such improvements being limited to streets and roads, water and sewer utilities, electric utilities, gas utilities, drainage, site improvements and related improvements, and telecommunications and Internet improvements. The SON will be constructed in the 1700 block of Pine St.

DCOA assistance is proposed in the form of a seven (7) year forgivable loan in the amount of \$1,732,100 at zero (0) percent interest with principal reductions of \$247,433 per year the SON-Abilene is operated.

**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 10th day of May, 2011.

ATTEST:

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

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

APPROVED:

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

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