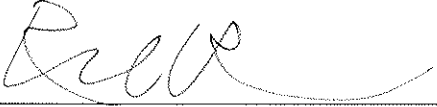


## PUBLIC NOTICE

### DEVELOPMENT CORPORATION OF ABILENE, INC.

A regular meeting of the Development Corporation of Abilene, Inc. will be held on Tuesday, August 23, 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

August 23, 2011  
1:30 p.m.

Abilene Life Sciences Accelerator  
1325 Pine St.

1. Call the meeting to order.
2. Approval of minutes from the August 9, 2011, board meeting.
3. Sales tax report for August 2011 and Status of Funds report for July 2011.
4. Presentation and possible approval of a combined report from the *Project Evaluation Committee* on FY 2011 contract performance and from the *Budget & Finance Committee* concerning funding proposals for FY 2012 for:
  - a. Abilene Chamber of Commerce Military Affairs Committee
  - b. Abilene Industrial Foundation
  - c. Texas Tech University Small Business Development Center
  - d. City of Abilene: Airport Business Development Management
  - e. City of Abilene: Business Services and Property Maintenance divisions of the Department of Economic Development
5. Public hearing: funding proposals and proposed budget for FY 2012.
6. Discussion and possible approval of funding requests and proposed budget for FY 2012.
7. 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.

8. Discussion and possible approval of a Lease Agreement with Texas Tech University Health Sciences Center for the Grant Building at 304 Pine St.
9. Discussion and possible approval of a resolution authorizing assistance for Project MBO.
10. 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**  
**August 9, 2011**

**MEMBERS PRESENT:** Paul Cannon            Scott Senter  
Marelyn Shedd

**MEMBERS ABSENT:** Mike Schweikhard    Dani Ramsay

**STAFF PRESENT:** Richard Burdine        Kim Tarrant  
Dan Santee

**GUESTS PRESENT:** Bill Ehrie, Abilene Industrial Foundation  
BJ Prichard, Enprotec/Hibbs & Todd  
Jack Harkins, Tittle Luther Partnership  
Marlisa Goldsmith, KRBC  
Jaime Adame, Abilene Reporter-News

1. **CALL TO ORDER.** Paul Cannon called the meeting to order at approximately 1:34 pm in the conference room of the Abilene Life Sciences Accelerator, 1325 Pine Street, Abilene, Texas.
2. **APPROVAL OF MINUTES FROM THE JULY 26, 2011 BOARD MEETING.** Marelyn Shedd moved to approve the minutes from the July 26, 2011 board meeting. Scott Senter seconded and the motion carried.
3. **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 August 9, 2011, and the time is 1:35 p.m. Mr. Cannon later announced the date is still August 9, 2011, and the time is 2:30 p.m. No vote or action was taken in Executive Session.

4. **DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING APPROVAL OF A BID AND FUNDING FOR INSTALLATION OF FIRE SUPPRESSION SYSTEMS IN HANGARS 0 AND 1 AT THE ABILENE REGIONAL AIRPORT OCCUPIED BY EAGLE AVIATION SERVICES, INC.** The existing fire suppression system in Hangar 0, constructed in 1999, does not work properly, and Hangar 1 does not have a fire suppression system. The engineers working on the fire safety issues estimated each fire suppression system would cost \$500,000 for a total of \$1 million.

Bids for both Hangar 0 and Hangar 1 fire suppression systems were opened on August 5<sup>th</sup>. The two bids received were from Automatic Fire Protection at a total bid of \$1,122,937 and from The CFP Group at a total bid of \$1,207,936. Additional items related to Hangar 1 fire suppression installation that will be contracted separately, total \$31,622.

Staff recommends awarding the bid to Automatic Fire Protection at a total cost of \$1,122,937 for Hangars 0 and 1 plus an 8% contingency of \$89,835 and funding of \$31,622 for related items, for total funding of \$1,244,394.

A motion was made by Scott Senter to approve Resolution No. DCOA-2011.23 as presented. Marelyn Shedd seconded and the motion carried.

- 5. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING APPROVAL OF BIDS AND FUNDING FOR INSTALLATION OF DOMESTIC WATER LINE, ADDITIONAL FIRE HYDRANTS AND FIRE LINE AT THE ABILENE REGIONAL AIRPORT TO SERVICE THE HANGARS OCCUPIED BY EAGLE AVIATION SERVICES, INC.** On July 19, 2011 two bids to accomplish this project were opened. Both bids were over the budgeted amount of \$684,000 with a 46% swing between the two bids, indicating a lack of consistency between the bids. On July 26<sup>th</sup> the DCOA voted to reject both bids. The project was re-bid with the domestic water line portion of the project separated from the fire service lines in order to get more competitive bids.

Two new bids were opened on August 5<sup>th</sup> with two bids received from Starks Construction at a total bid for both projects of \$650,896 and Bowles Construction Co. at a total bid of \$831,976. Additional items related to these projects that will be contracted separately, total \$85,331.

Staff recommends awarding the bid to Starks Construction at a total cost of \$650,896 for both projects plus an 8% contingency of \$52,072 and funding of 85,331 for related items, for total funding of \$788,299.

Marelyn Shedd moved to approve Resolution DCOA-2011.24 as presented. Scott Senter seconded and the motion carried.

- 6. DISCUSSION AND POSSIBLE APPROVAL OF A RESOLUTION AUTHORIZING ASSISTANCE FOR PROJECT ML.** Efforts are being made to relocate a faculty member from the Lubbock TTUHSC School of Pharmacy (SOP) to the Abilene campus to become a member of the Center for Immunotherapeutic Research team. He would come with intellectual property for organic accelerants for microbial growth. This technology is the basis around which a company was recently formed. The proposed DCOA assistance is contingent on a private sector investment of \$1,000,000.

Project ML job creation projects 13 jobs over 3 years with all salaries paying \$30,000+/year. The company's capital investment is proposed to be a total of \$660,000 for both relocated equipment and the purchase of new equipment.

Once in full production Project ML will lease space in the Abilene Life Sciences Accelerator (ALSA) at \$30/s.f./year. They ask that rental payments be deferred for the first 12 months of a 36-month lease, to be fully paid over the last 24 months, allowing them to begin making lease payments closer to the time when they begin generating revenue.

Contingent on the Company's firm commitment for private investment of \$1 million, staff recommends total DCOA assistance of \$297,000 as follows: job creation incentive of \$211,000; capital investment incentive of \$66,000 (10% of \$660,000); and relocation assistance not to exceed \$20,000 to help the company president relocate laboratory equipment and his household from

Lubbock to Abilene. The agreement will also include a “claw back” provision requiring that the total amount of incentives paid to Project ML be refunded to the DCOA if the company leaves Abilene before the end of the 5<sup>th</sup> year of the agreement.

A motion was made by Marelyn Shedd to approve Resolution No. DCOA-2011.25 as presented. Scott Senter seconded and the motion carried.

7. **ADJOURNMENT.** The next meeting is August 23<sup>rd</sup>. There being no further business, the meeting was adjourned.

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Paul Cannon, President

**MEMORANDUM**

August 10, 2011

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

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The sales tax rebate for August is \$4,053,572.31 which represents June sales. This is 22.22% above last year. The breakdown of the August rebate is \$3,040,179.23 to the General Fund and \$1,013,393.08 for economic development. Of this rebate, \$92,710 is from prior periods, audit payments, future payments, and unidentified payments. Based on this rebate, sales tax is 10.87% above last year for the period of October through August. I have requested the detail from the state.

Should you have any questions, please contact me.

MR:ls

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

**CITY OF ABILENE  
SALES TAX COMPARISON**

<b>Accounting Period Month</b>	<b>GENERAL FUND Actual 2009-10</b>	<b>ECONOMIC DEVELOPMENT Actual 2009-10</b>	<b>TOTAL 2009-10</b>	<b>GENERAL FUND Actual 2010-11</b>	<b>ECONOMIC DEVELOPMENT Actual 2010-11</b>	<b>TOTAL 2010-11</b>
October	\$2,015,713.10	\$671,904.36	\$2,687,617.46	\$1,985,576.13	\$661,858.71	\$2,647,434.84
November	2,274,694.28	758,231.42	3,032,925.70	2,324,513.46	774,837.82	3,099,351.28
December	1,806,689.71	602,229.90	2,408,919.61	1,941,356.20	647,118.73	2,588,474.93
January	1,784,282.81	594,760.94	2,379,043.75	2,079,342.18	693,114.06	2,772,456.24
February	2,694,722.33	898,240.78	3,592,963.11	2,936,669.76	978,889.92	3,915,559.68
March	1,855,978.16	618,659.39	2,474,637.55	1,938,924.19	646,308.06	2,585,232.25
April	1,804,229.03	601,409.68	2,405,638.71	1,923,931.42	641,310.47	2,565,241.89
May	2,444,890.66	814,963.55	3,259,854.21	2,845,240.04	948,413.35	3,793,653.39
June	1,838,890.30	612,963.43	2,451,853.73	2,224,901.30	741,633.77	2,966,535.07
July	1,982,419.12	660,806.37	2,643,225.49	2,249,301.71	749,767.23	2,999,068.94
August	2,487,563.00	829,187.67	3,316,750.67	3,040,179.23	1,013,393.08	4,053,572.31
<b>YTD</b>	<b>\$22,990,072.50</b>	<b>\$7,663,357.49</b>	<b>\$30,653,429.99</b>	<b>\$25,489,935.62</b>	<b>\$8,496,645.20</b>	<b>\$33,986,580.82</b>
September	1,948,172.67	649,390.89	2,597,563.56			
<b>FY TOTAL</b>	<b>\$24,938,245.17</b>	<b>\$8,312,748.38</b>	<b>\$33,250,993.55</b>			

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

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

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

<b>Accounting Period Month</b>	<b>Actual 2009-10</b>	<b>Actual 2010-11</b>	<b>% Change</b>
October	\$671,904	\$661,859	-1.50%
November	758,231	774,838	2.19%
December	602,230	647,119	7.45%
January	594,761	693,114	16.54%
February	898,241	978,890	8.98%
March	618,659	646,308	4.47%
April	601,410	641,310	6.63%
May	814,964	948,413	16.37%
June	612,963	741,634	20.99%
July	660,806	749,767	13.46%
August	829,188	1,013,393	22.22%
<b>YTD</b>	\$7,663,357	<b>\$8,496,645</b>	<b>10.87%</b>
September	649,391		
<b>FY TOTAL</b>	\$8,312,748		

Note: Report reflects the month sales tax is received from Austin.  
Revenue is recorded on this basis for budgetary purposes.

The Comprehensive Annual Financial Report (CAFR) will reflect  
GASB 33 requirement in addition to the budget basis.

Revenue for August '11 represents June '11 sales. Approximately  
\$23,177 of the rebate is from prior periods, audit, and future payments.

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



**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**1/2 CENT SALES TAX REVENUE**  
*Four Year Comparison*

<b>Accounting Period Month</b>	<b>Actual 2007-08</b>	<b>Actual 2008-09</b>	<b>Actual 2009-10</b>	<b>Actual 2010-11</b>
October	\$676,406	\$703,442	\$671,904	\$661,859
November	764,578	893,442	758,231	774,838
December	644,727	707,339	602,230	647,119
January	626,702	660,623	594,761	693,114
February	977,610	955,889	898,241	978,890
March	599,437	602,464	618,659	646,308
April	598,138	616,560	601,410	641,310
May	824,194	793,424	814,964	948,413
June	656,884	653,711	612,963	741,634
July	684,703	598,036	660,806	749,767
August	864,311	799,090	829,188	1,013,393
Year-to-Date Total	\$ 7,917,690	\$ 7,984,020	\$ 7,663,357	\$ 8,496,645
September	723,753	653,828	649,391	
<b>FY TOTAL</b>	<u><u>\$8,641,443</u></u>	<u><u>\$8,637,848</u></u>	<u><u>\$8,312,748</u></u>	<u><u>\$8,496,645</u></u>

Note: Report reflects the month sales tax is received from Austin.  
Revenue is recorded on this basis for budgetary purposes.

The Comprehensive Annual Financial Report (CAFR) will reflect  
GASB 33 requirement in addition to the budget basis.

CITY OF ABILENE, TEXAS

DEVELOPMENT CORPORATION OF ABILENE, INC.

Balance Sheet

July 31, 2011

**ASSETS:**

Cash and Investments	\$14,908,631
Notes receivable	15,292,419
Accounts receivable	177,792
Due from other governments	1,427,749
Total Current Assets	<u>\$31,806,591</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

\$62,167,078

**LIABILITIES:**

Vouchers payable	\$42,727
Deferred revenues	162,679
Notes Payable	160,568
Total Liabilities	<u>\$365,974</u>

**FUND BALANCES:**

Investment in general fixed assets	\$30,360,487
Reserved for contractual obligations(external)	20,954,286
Reserved for obligated programs(internal)	536,660
Undesignated Balance	9,949,671
Total Fund Balance	<u>\$61,801,104</u>

TOTAL LIABILITIES AND FUND BALANCES

\$62,167,078

**FIXED ASSETS:**

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

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

<u>REVENUE-TO-DATE</u>	<u>Object</u>	<u>Beginning I-T-D Revenues</u>	<u>Current Month Revenues</u>	<u>Current FY Revenues</u>	<u>(MARCH, 1990) Ending I-T-D Revenues</u>
City Sales Tax	40201	\$ 128,168,417.67	\$ 745,599.91	\$ 7,438,534.56	\$ 135,606,952.23
Sales Tax Retained	40202	398,696.33	4,167.32	44,717.56	443,413.89
Princ. - Loans & Assess	40902	3,101,322.79	-	4,526.42	3,105,849.21
Int. - Loans & Assess	46003	2,166,827.25	351.61	75,099.79	2,241,927.04
Interest on Investments	46004	6,918,824.56	4,575.32	52,172.50	6,970,997.06
Land Lease	47201	14,687.41	-	1,332.35	16,019.76
Building/Space Rent	47203	5,347,343.09	78,157.79	861,423.61	6,208,766.70
Miscellaneous Federal	41490	1,180,026.00	-	142,500.00	1,322,526.00
Miscellaneous State Grants	41690	26,500.00	-	-	26,500.00
Other Contributions	47105	140,712.60	-	-	140,712.60
Interfund Recovery	47217	1,534,976.08	-	-	1,534,976.08
Miscellaneous Recovery	47219	1,916,652.91	-	259,848.59	2,176,501.50
Miscellaneous Prior Year	47241	27,720.38	-	-	27,720.38
Miscellaneous Revenue	47244	895,501.17	-	72,603.03	968,104.20
Sale of Land	48201	392,446.27	-	-	392,446.27
Sale of Buildings & Equipment	48203	3,976,326.19	-	-	3,976,326.19
Gain (loss) Sale of Asset	48204	600,000.00	-	-	600,000.00
GASB 22 Restatement		355,634.89	-	-	355,634.89
GASB 34 Adjustment		1,831,042.11	-	-	1,831,042.11
		-	-	-	-
		<u>\$ 158,993,657.70</u>	<u>\$ 832,851.95</u>	<u>\$ 8,952,758.41</u>	<u>\$ 167,946,416.11</u>

DEVELOPMENT CORPORATION OF ABILENE  
STATUS OF FUNDS @ JULY 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	62,209.24	494,838.86	8,352,863.10	13,333.36
Life Sciences Property - Pine	Div 2765	565,448.70	26,882.54	464,444.31	1,029,893.01	10,926.00
DCOA Annual Contracts	Div 2775	2,229,877.84	(1,900.51)	142,081.38	2,371,959.22	-
Abilene Industrial Foundation	2775-62571	12,574,610.54	66,296.19	498,976.56	13,073,587.10	240,873.44
TTU Small Business Dev Cntr	2775-62572	2,630,621.05	18,131.25	163,218.75	2,793,839.80	86,781.25
Chamber Military Affairs	2775-62573	1,206,511.16	-	19,847.79	1,226,358.95	40,152.21
Airport Business Dev Mgr	2775-62574	605,052.74	10,817.67	113,606.37	718,659.11	58,206.85
Murf Systems	4998	151,665.00	-	48,000.00	199,665.00	-
Bandag Training	5203	724,485.20	-	76,088.48	800,573.68	-
EASI 04	5213	1,814,134.18	92,006.00	317,412.34	2,131,546.52	345,391.14
Fehr Food	5220	2,634,630.00	-	-	2,634,630.00	-
Bandag Building Improv	5228	-	-	8,000.00	8,000.00	-
Robinson Fan	5237	469,611.96	-	104,802.95	574,414.91	-
CBER Website	5240	7,067.07	-	-	7,067.07	1,249.93
TTU Pharmacy School	5242	492,696.00	165,740.00	165,740.00	658,436.00	-
Teleperformance USA	5247	370,280.00	-	99,830.00	470,110.00	-
PWP (Project LF)	5251	2,019,317.02	-	488,581.95	2,507,898.97	1,676,000.00
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	-	862.38	85,440.86	185,859.49
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	3,684,815.01
Tower Tech	5285	1,728,966.38	-	894,006.99	2,622,973.37	2,439,752.23
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	165,537.40	165,357.40	507,089.75	-
ETI Contract	5304	411,752.75	96,774.13	395,932.79	807,685.54	572,494.46
EASI floor re-painting A/E	5306	200,907.36	-	19,712.24	220,619.60	-
TTU 842 Pine	5308	121,679.89	-	-	121,679.89	91,820.11
AIC Eq Lease	5312	49,466.28	-	78,950.55	128,416.83	-
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	-	184,792.77	261,511.01	261,511.01	219,949.29
Cisco College Biotech Training	5318	-	2,558.68	2,558.68	2,558.68	65,091.32
Energy Maintenance Serv-Gearbox	5319	-	-	140,000.00	140,000.00	202,500.00
EASI Hanger Design	5320.1	-	13,247.62	326,322.95	326,322.95	75,489.86
EASI Hanger Construction	5320.2	-	218,695.74	1,423,880.06	1,423,880.06	3,343,846.62
EASI Hanger Fire Safety	5320.3	-	74,739.46	127,007.96	127,007.96	542,349.93
Pepsi Beverage Co.	T5321	-	-	-	-	350,000.00
WTCIC	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	-	-	35,735.00	35,735.00	-
Teleperformance USA	5326	-	-	-	-	375,000.00
Docket Navigator	5327	-	-	-	-	159,000.00
SPA Coating	5330	-	-	-	-	1,155,368.00
Miscellaneous Activities	2785	354,189.86	-	-	354,189.86	-
<b>TOTAL ENCUMB. / EXPENDITURES</b>		<b>\$ 128,381,456.64</b>	<b>\$ 1,196,528.18</b>	<b>\$ 8,124,342.63</b>	<b>\$ 136,505,799.27</b>	<b>\$ 20,954,286.29</b>
<b>TOTAL FUND BALANCE</b>					<b>\$ 31,440,616.84</b>	
<b>UNENCUMBERED FUND BALANCE</b>						<b>\$ 10,486,330.55</b>

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

Project	Amount Obligated	Prior Years Disbursed	Current Month Disbursed	Current Year Disbursed	Amount Encumbered	Balance Reserved for Obligated Programs	
<b>BALANCE OF OBLIGATED PROGRAMS</b>							
Business Services Division	Div 2760	\$ 650,085.00	\$ -	\$ 62,209.24	\$ 494,838.86	\$ 13,333.36	\$ 141,912.78
Life Sciences Property -Pine	Div 2765	707,000.00	-	26,882.54	464,444.31	10,926.00	231,629.69
DCOA Annual Contracts	Div 2775	232,590.00	-	(1,900.51)	142,081.38	-	90,508.62
Abilene Industrial Foundation	2775-4950	739,850.00	-	66,296.19	498,976.56	240,873.44	-
TTU Small Business Dev Cntr	2775-4951	250,000.00	-	18,131.25	163,218.75	86,781.25	-
Chamber Military Affairs	2775-4952	60,000.00	-	-	19,847.79	40,152.21	-
Airport Business Dev Mgr	2775-4953	163,830.00	-	10,817.67	113,606.37	58,206.85	(7,983.22)
Murf Systems	4998	199,665.00	151,665.00	-	48,000.00	-	-
Bandag Training	5203	800,574.00	724,485.20	-	76,088.48	-	0.32
EASI 04	5213	2,476,938.00	1,814,134.18	92,006.00	317,412.34	345,391.14	0.34
Fehr Food	5220	2,634,630.00	2,634,630.00	-	-	-	-
Bandag Building Improv	5228	8,000.00	-	-	8,000.00	-	-
Robinson Fan	5237	574,415.00	469,611.96	-	104,802.95	-	0.09
CBER Website	5240	8,317.00	7,067.07	-	-	1,249.93	-
TTU Pharmacy School	5242	658,436.00	492,696.00	165,740.00	165,740.00	-	-
Teleperformance USA	5247	470,110.00	370,280.00	-	99,830.00	-	-
PWP (Project LF)	5251	4,183,899.00	2,019,317.02	-	488,581.95	1,676,000.00	0.03
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
SBI/R/STTR	5263	271,400.00	84,578.48	-	862.38	185,859.49	99.65
EASI 7th Doc	5265	273,257.00	239,175.14	-	-	34,081.10	0.76
TTU HSC Research	5273	3,000,000.00	992,009.66	-	631,712.00	1,376,278.34	-
Spec 3 Construction	5276	5,736,500.00	5,432,320.65	-	-	304,179.35	(0.00)
Energy Maintenance Service	5282	869,894.00	185,246.60	-	-	684,647.00	0.40
Genesis Network Phase II	5284	3,707,740.00	7,725.00	-	15,199.00	3,684,815.01	0.99
Tower Tech	5285	5,062,726.00	1,728,966.38	-	894,006.99	2,439,752.23	0.40
Texas Metal 08	5288	106,667.00	106,666.66	-	-	-	0.34
TMAC 09	5289	60,000.00	26,000.00	-	-	34,000.00	-
Run Energy	5295	748,000.00	-	-	-	748,000.00	-
Coca Cola Abilene	5296	900,000.00	-	-	-	900,000.00	-
Land 122 Acres N 5 Pts	5302	510,969.00	341,732.35	165,537.40	165,357.40	-	3,879.25
ETI Contract	5304	1,380,180.00	411,752.75	96,774.13	395,932.79	572,494.46	-
EASI floor re-painting A/E	5306	220,620.00	200,907.36	-	19,712.24	-	0.40
TTU 842 Pine	5308	213,500.00	121,679.89	-	-	91,820.11	-
AIC Equipment Lease/Purchase	5312	165,000.00	49,466.28	-	78,950.55	-	36,583.17
Nation Wide Products	5313	105,250.00	-	-	31,150.00	74,100.00	-
LM Wind Power	5314	566,250.00	-	-	-	566,250.00	-
Texas Healthcare Linen	5315	118,891.00	-	-	118,891.00	-	-
Enavail, LLC	5316	481,461.00	-	184,792.77	261,511.01	219,949.29	0.70
Cisco College Biotech Training	5318	67,650.00	-	2,558.68	2,558.68	65,091.32	-
Energy Maintenance Serv-Gearbox	5319	342,500.00	-	-	140,000.00	202,500.00	-
EASI Hanger Design	5320.1	403,272.00	-	13,247.62	326,322.95	75,489.86	1,459.19
EASI Hanger Construction	5320.2	4,770,000.00	-	218,695.74	1,423,880.06	3,343,846.62	2,273.32
EASI Hanger Fire Safety	5320.3	691,385.00	-	74,739.46	127,007.96	542,349.93	22,027.11
Pepsi Beverage Co.	5321	350,000.00	-	-	-	350,000.00	-
WTCIC	5322	5,000.00	-	-	5,000.00	-	-
Springboard Sponsorship 2011	5323	5,000.00	-	-	5,000.00	-	-
Cooperative Response Center	5324	296,500.00	-	-	-	296,500.00	-
Land 922 N 13th Street	5325	50,000.00	-	-	35,735.00	-	14,265.00
Teleperformance USA	5326	375,000.00	-	-	-	375,000.00	-
Docket Navigator	5327	159,000.00	-	-	-	159,000.00	-
SPA Coating	5330	1,155,368.00	-	-	-	1,155,368.00	-
Miscellaneous Activities	2785	354,189.86	354,189.86	-	-	-	-
<b>BALANCE OF OBLIGATED PROGRAMS</b>		<b>\$ 50,082,457.86</b>	<b>\$ 20,467,168.83</b>	<b>\$ 1,196,528.18</b>	<b>\$ 8,124,342.63</b>	<b>\$ 20,954,286.29</b>	<b>\$ 536,660.11</b>

**UNDESIGNATED FUND BALANCE**

(unencumbered balance less obligated programs and contingent liabilities)

**\$ 9,949,670.44**

DCOA Board approved projects waiting for signed contracts	Expiration Date
West Texas Innovation Network 5328	15,000 08/08/2011
Project CD-Phase 1 5329	7,458,965 10/26/2011
TTUHSC School of Nursing 5331	1,732,100 11/10/2011
TTUHSC School of Pharm expansion 5242	916,941 01/12/2012
TMAC FY12 5333	88,000 01/26/2012
Marketing for 2nd Airline 5334	200,000 01/26/2012
EASI Hanger Fire Apparatus Road 5320.3	130,473 01/26/2012
	<u>10,541,479</u>

**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**BOARD AGENDA**  
**MEETING DATE: August 23, 2011**

**PROJECT:**           **Recommendations from Project Evaluation and Budget & Finance Committees of the DCOA**

**FROM:**             **Richard Burdine, CEO**

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**GENERAL INFORMATION:**

The Project Evaluation Committee of the DCOA met on August 11, 2011, to consider FY11 compliance reports prepared and presented by the agencies currently under contract with the DCOA; 1)Abilene Chamber of Commerce Military Affairs Committee, 2)Abilene Industrial Foundation, 3)Texas Tech Small Business Development Center, 4)the City's Airport Business Management Program, and 5)the City's Department of Economic Development (Business Services Division).

Immediately following, the Budget & Finance Committee met to hear funding requests for FY12 from the same agencies.

**SPECIAL CONSIDERATIONS:**

Members of the Project Evaluation Committee and Budget & Finance Committee that attended the 8-11-11 meetings are Ray Ferguson, Tucker Bridwell, John Stearns, Dave Copeland, Mike Scheikhard, and Dani Ramsay. Attached are combined minutes from the two Committee meetings, which include recommendations concerning renewal of existing contracts for Fiscal Year 2012 and recommendations for FY12 funding levels. Ray Ferguson was elected Chairman for both committees, and will present the Committees' recommendations during the meeting.

**FUNDING/FISCAL IMPACT:**

Fiscal Year 2012 Contractual Relationships:		Other:	
AIF	\$ 746,850	DCOA Property Maint.	\$ 155,420
SBDC	\$ 250,000	Life Sci. Property Maint.	\$ 825,910
Military Affairs	\$ 60,000	Property Ins. Premium	\$ 141,900
Airport Business Dev.	\$ 160,813	TOTAL	\$1,123,230
City-Business Services	\$ 630,041		
TOTAL	\$1,847,704		

**STAFF RECOMMENDATION:**

Staff recommends the Board receive the attached combined minutes from the Project Evaluation Committee and Budget & Finance Committee, which include recommendations for contract renewals and funding levels for FY12.

**ATTACHMENT:**

Combined minutes of Project Evaluation Committee and Budget & Finance Committee meetings held on 8-11-11.

Proposed Budget for FY12, including projected revenues.

**DEVELOPMENT CORPORATION OF ABILENE, INC.**

**PROJECT EVALUATION COMMITTEE  
AND  
BUDGET & FINANCE COMMITTEE  
MEETINGS**

August 11, 2011

MEMBERS PRESENT: Mike Scheikhard  
Dani Ramsay  
Tucker Bridwell  
John Stearns  
Ray Ferguson  
Dave Copeland

MEMBERS ABSENT: None

STAFF PRESENT: Kim Tarrant, Business Services Manager.  
Richard Burdine, CEO of the DCOA  
Don Green, Director of Aviation  
Melissa Murphy, Airport Business Development Mgr.

GUESTS PRESENT: Eugene Kiefer, SBDC  
Russ Altman, SBDC  
Bill Ehrie, Abilene Industrial Foundation  
Mike McMahan, Abilene Chamber of Commerce

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The Project Evaluation Committee meeting was opened at 3:35 p.m. in the Abilene Life Sciences Accelerator Large Conference Room, 1325 Pine St., and Ray Ferguson was elected Chairman.

After a short break, the Budget & Finance Committee meeting was opened at about 4:35 p.m.

A different method for determining contract compliance was used this year for 3 reasons: 1) the DCOA, City Economic Development Department, City Department of Aviation, Chamber of Commerce, Abilene Industrial Foundation, and TTU Small Business Development Center are all subject to formal annual audits, 2) the audits performed by Kim Tarrant and the City's Internal Auditor have had no significant findings during the life of the programs, and 3) the City's Internal Auditor position remains vacant.

Each funded agency prepared a written report detailing activities performed during FY 11 that address compliance with each performance objective in their contract. A representative from each agency presented their report during the Project Evaluation Committee meeting, and answered questions from Committee members.

The Project Evaluation Committee voted individually after each agency's report for recommendation to the DCOA board concerning FY 12 contracts.

The Budget & Finance Committee heard oral requests for FY 12 funding from each agency and voted individually to recommend FY 12 funding levels.

Below are summaries of each agency's performance compliance for FY 11 and FY 12 contracting and funding level recommendations:

**1. Abilene Chamber of Commerce Military Affairs Committee**

*FY 11 Contract Compliance:* Mr. Mike McMahan, President of the Abilene Chamber of Commerce, explained contract compliance activities of the Military Affairs Committee. Efforts are centered on the FY 12 President's Budget which recommends the downsizing of the B-1 fleet from 66 to 60 aircraft and full funding of the new C-130J acquisition. The Washington consultants (Rich Leidl, PC, and Team Concepts) work together with the Military Affairs Committee and our Congressional representation to decrease the impact of the President's proposed cut. A vote will occur later this year and may result in another Base Realignment and Closure (BRAC) round. Efforts continue to ensure Dyess AFB keeps its current missions and gains new ones through this process.

Mr. McMahan stated he is hopeful the Military Affairs Committee will again be able to host "A West Texas Cowboy Cookin" barbeque social event in Washington in the near future to further engage decision makers. Dyess received its first C130-J in April of 2010 and the next are scheduled for arrival in September 2011.

*FY 12 Funding Request:* The FY 12 funding request remains flat again at \$60,000; however, Mr. McMahan may return to the DCOA board for additional money as we approach the next BRAC.

*Recommendation:* Renew a combined contract with the AIF for another one-year period through September 30, 2012, and fund FY 12 efforts at \$60,000.

**2. Abilene Industrial Foundation**

*FY 11 Contract Compliance:* Mr. Bill Ehrie, President of the Abilene Industrial Foundation, discussed how the competitive climate continues to intensify due to the economy, and they continue to utilize every avenue available to attract prospects to Abilene. Staff works directly with site selection consultants through personal contact and to target key sectors identified as opportunities for the city. Marketing tools used also include the Internet, magazine ads, e-newsletters, events and trade shows. Marketing materials have been updated and response has been good. The wind industry remains stagnant, and the big hit to agriculture this year has not crashed the local economy as it did in years past. Mr. Ehrie expects an announcement from a local company by September 30<sup>th</sup>. Many local manufacturers are hiring.

The President proposes a \$600 billion cut from the defense budget, which will likely result in another BRAC. The first step will be to cut back on procurement, which will slow things at Dyess. Kudos goes to the consultants in Washington that worked to ensure Dyess did not



lose 6 aircraft and a new C-130J simulator is installed.

The FY 11 operating expenses should come in about \$57,000 below budget. Many prospective companies are in a holding pattern, so return visits aren't necessary to "close the deal".

*FY 12 Funding Request:* The FY12 funding request for operating expenses is \$436,350, which is an increase over FY11 by \$7,000 for rent, salaries, and health insurance. The request for the marketing program and Dyess consultants remains flat at \$140,000 and \$170,500, respectively. The total FY12 funding request is \$746,850.

*Recommendation:* Renew the contract for another one-year period through September 30, 2012, and fund the FY12 operating, marketing program and Dyess consultants at \$746,850.

### 3. **TTU Small Business Development Center**

*FY 11 Contract Compliance:* Mr. Eugene Keifer with the SBDC presented the performance compliance report. The contract is strictly performance-based in that the DCOA only reimburses for actual counseling hours spent with Abilene-based clients at the rate of \$75/counseling hour. The funding increased for FY11 for the first time since FY06 from \$195,000 to \$250,000.

The SBDC joined forces with the Abilene Chamber of Commerce to promote offerings in Government Contracting/International Trade opportunities for local Abilene businesses to expand their current market reach. Records indicate Abilene individuals are starting fewer businesses and are hiring fewer employees than in previous years. Entrepreneurs are deliberately starting businesses that require less capital and fewer employees, while more established businesses are seeking assistance to keep the doors open and even grow.

In addition to one-on-one counseling, the SBDC provides small business seminars, as well as assistance to other Abilene organizations and agencies in special economic development projects. The center consists of five full-time and 2 part-time employees, and one student employee. There is currently one vacancy and another will soon become vacant.

*FY 12 Funding Request:* The hourly rate of \$75 for each counseling and/or preparation hour spent with Abilene-based clients has never changed. The request for FY12 remains flat at \$250,000.

*Recommendation:* Renew the contract for another one-year period through September 30, 2012 and fund FY12 efforts at \$75/hour for Abilene-based clients, up to \$250,000.

### 3. **City of Abilene-Airport Business Development Management**

*FY 11 Contract Compliance:* Mrs. Melissa Murphy, Business Development Manager for the airport, presented the FY11 report of contract compliance. The Business Development Management program works to increase airline passenger enplanements, improve air carrier service and encourage economic growth for the airport. The Airport Staff participated in the TMCN Annual Conference and the Abilene Chamber Business Expo and had speaking engagements in Brownwood, Sweetwater, and Stamford. The various medium used for marketing are television, radio, newspaper ads, and the Internet through a website and social media. Billboard ads were added this year in Taylor, Eastland, Coleman, McCullough and Brown counties.

The ABI-VIP Passenger Rewards program, which started in January 2009, now has about 1100 passengers registered. Local businesses donate rewards. In June, staff requested Mr. Burdine allow \$10,000, of the total contract amount of \$163,828, initially budgeted for consulting services, be used instead for marketing, which he approved.

*FY 12 Funding Request:* The FY12 request for funding is \$160,813, less than FY11 by \$3,015. The request includes salary and benefits for the Business Development Manager, consulting services for retaining current and exploring new air service, the advertising campaign, and registration, travel, food and lodging for staff to attend the Network USA 2012 conference.

*Recommendation:* Renew the contract for another one-year period through September 30, 2012, and fund the Business Development Management program at \$160,813.

#### **4. City of Abilene for Business Services**

*FY 11 Contract Compliance:* Mr. Richard Burdine, Assistant City Manager for Economic Development and CEO of the DCOA, presented the compliance report for the Economic Development Department. The DCOA contracts with the City of Abilene to provide staff and specific services necessary for daily operations of the DCOA's business. The Develop Abilene team is an effective collaboration of entities that plans and coordinates efforts to stimulate the local economy and help fill training needs of our manufacturers and commercial businesses. Communication is very important among the team members, which also includes the AIF, Chamber of Commerce, SBDC, and DCOA. A strategic planning session is being planned for the DCOA with marketing for the Abilene Life Sciences Accelerator being a major issue to discuss due to the recent shift in biotech research funding.

Staff works closely with City Finance and Accounting departments to ensure our internal records balance with the City's. Loan participations with local financial institutions are not needed as much with interest rates being so low. Mr. Burdine meets regularly with the Director of Planning and other City staffers to communicate as a City team on projects to avert problems and answer questions.

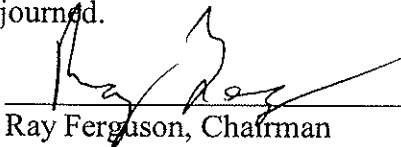
The DCOA helped fund this year 5 programs that involve local institutions of higher learning: 1)Cisco College's new biotech teaching lab, 2)TSTC's culinary arts training program, 3)ACU's Springboard Idea Challenge mini-business plan competition, 4)Texas Tech University Health Sciences Center School of Nursing construction, and 5)TTUHSC's School of Pharmacy expansion.

*FY 12 Funding Request:* The FY12 funding request for Business Services, which includes salaries and benefits for 5 full-time employees, is \$630,041, a decrease of \$18,119 from FY11. The request for Life Sciences property maintenance, which includes utilities, building and landscape maintenance, equipment maintenance, property taxes, and janitorial services for the properties at 1325 and 842 Pine, is \$825,910, an increase of \$118,910 over FY11. The request for DCOA property maintenance, which includes building and landscape maintenance, utilities, land rental and insurance premium costs for all DCOA-owned properties, is \$297,320, an increase of \$64,730 over FY11.

*Recommendation:* Renew the contract for another one-year period through September 30, 2012, and total funding of \$1,753,271 as follows.

1. \$630,041 for Business Services
2. \$825,910 for Life Sciences property maintenance
3. \$297,320 for DCOA property maintenance.

There being no further business, the meeting was adjourned.

  
\_\_\_\_\_  
Ray Ferguson, Chairman

**DEVELOPMENT CORPORATION OF ABILENE, INC.**  
**FY 2012 BUDGET SUMMARY**  
**WITH PROJECTED CASHFLOW THROUGH FY 2012**

CASH & INVESTMENTS BALANCE at 6-30-11		\$15,312,454
<b>PLUS: Projected Revenue (July '11 thru Sept '11)</b>		
1/2 Cent Sales Tax	\$2,139,385	
Investment Pool Revenue-earnings on cash invested	10,403	
Interest Income-outstanding loans	1,428	
Principal Recovery-outstanding loans	61,844	
Building/Land Rental-DCOA properties	278,389	
Federal Grants (EDI Special Project)	142,500	
Misc. Income	39,994	
TOTAL		2,673,943
<b>LESS: Estimated Expenditures (July '11 thru Sept '11)</b>		
Contracts and Allocations (including annual contracts)	1,100,000	
Corporate Assistance	5,800,000	
TOTAL		6,900,000
UNENCUMBERED CASH BALANCE at 10-1-11 (est.):		\$11,086,397
<b>Projected Revenue FY12</b>		
1/2 Cent Sales Tax	8,665,122	
Investment Pool Revenue-earnings on cash invested	58,000	
Interest Income-outstanding loans	75,372	
Principal Recovery-outstanding loans	264,756	
Building Rental	1,157,580	
Land Leases-Ag. lease on DCOA-owned land	1,332	
Federal Grants (EDI Special Project)	300,000	
EASI Fire Safety Developer Participation Pmt	945,000	
Misc. Income	95,000	
TOTAL REVENUE		\$11,562,162
<b>Projected expenditures FY12</b>		
Property Mgmt. Exp.-DCOA properties (2775)	155,420	
Property Damage Ins. Prem.-DCOA properties	141,900	
Property Mgmt - Life Sciences properties (2765)	825,910	
Other Contracts and Allocations	1,589,990	
Corporate Assistance	11,490,045	
TOTAL		14,203,265
<b>Contractual Relationships FY12</b>		
City of Abilene - Business Services	630,041	
Abilene Industrial Foundation	746,850	
TTU Small Business Development Center	250,000	
Chamber Military Affairs Committee	60,000	
Airport Business Development Mgmt	160,813	
TOTAL		1,847,704
TOTAL EXPENDITURES		\$16,050,969
PROJECTED UNOBLIGATED CASH BALANCE AT 9-30-12		\$6,597,590

# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: August 23, 2011

**PROJECT:** Lease with the Texas Tech University Health Sciences Center for the Grant Building at 302 Pine Street

**STAFF:** Richard Burdine, CEO

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### **BACKGROUND INFORMATION:**

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

In February 2010, TTU requested to amend the existing lease to allow them to use the second and third floors of the building to deliver classes remotely using the teleconferencing equipment installed there. TTU also wanted to sublease space to the TTU Health Sciences Center School of Nursing for administrative offices and classrooms until a permanent facility is constructed. Because these programs were ineligible for DCOA assistance, staff recommended charging market rate rent for the building. After considering rents charged for similar downtown office space, a rate of \$6.00 per square foot was proposed and agreed to by TTU.

Several months ago I received notice from TTU that they wanted to terminate their lease effective the end of August 2011, which is their right to do under the terms of the lease. Termination of the TTU lease leaves the TTUHSC School of Nursing (SON) without a lease. SON was depending on TTU to pay the bulk of the lease cost.

SON Regional Dean Pearl Merritt informed me that she has identified funds to pay utilities and housekeeping but not the monthly lease payment. I reviewed the state law that regulates how economic development corporations like the DCOA operate and determined that state law allows 4A corporations to provide assistance for a career center project under specific circumstances, as follows:

Sec. 501.105. CAREER CENTER PROJECTS OUTSIDE OF JUNIOR COLLEGE DISTRICT.

In this subtitle, "project" includes the land, buildings, equipment, facilities, improvements, and expenditures found by the board of directors to be required or suitable for use for a career center, if the area to be benefited by the career center is not located in the taxing jurisdiction of a junior college district.

### **FISCAL IMPACT:**

Waiver of lease payments and minimal out-of-pocket cost for the DCOA during the SON use of the 2<sup>nd</sup> and 3<sup>rd</sup> floor.

**STAFF RECOMMENDATION:**

Staff recommends approval of an oral resolution authorizing the CEO to negotiate a new lease with Texas Tech University Health Sciences Center for the Grant Building at 302 Pine Street, subject to the DCOA Board findings that:

1. SON occupancy of the 2<sup>nd</sup> and 3<sup>rd</sup> floor of the Grant Building functions as a temporary nursing career center,
2. Waiver of lease payments is a required or suitable expenditure for the project; and,
3. The area to be benefited by the temporary nursing career center is not located in the taxing jurisdiction of a junior college district.

**ATTACHMENTS:**

None.

S:\DCOA\Meeting Memos\FY 2011\TTUHSC Lease Grant Bldg 2nd & 3rd floors 082311.doc

# DEVELOPMENT CORPORATION OF ABILENE, INC.

## BOARD AGENDA

MEETING DATE: August 23, 2011

**PROJECT:** Project MBO

**STAFF:** Richard Burdine, CEO

### THE PROJECT DESCRIPTION/REQUEST

Project MBO is a new company formed this year to build on the owners' success in fabrication and service of oilfield equipment and provision of oil & gas support services. The owners were successful with a very similar business in Abilene, which they sold. So while the company is new, the owners have a great deal of experience in this industry.

The company wants to locate on 20 acres of DCOA-owned property fronting on I-20 and immediately west of the Abilene Drag Strip (location maps and site plan attached); part of the 121 acres the DCOA purchased from the Burl Harris estate. The land is valued at \$15,000/acre or \$300,000 for 20 acres.

The company has already hired 34 employees and anticipates hiring 40 more over the next three years. They also anticipate capital investment of \$750,000. The incentives chart below shows the jobs that have already been filled and those to be created in the future, and the capital investment:

#### Project MBO - Job Creation Incentives

Annual Salary Level*	Number of Jobs to be Retained	Number of Jobs to be Created	Incentives per Job	Incentives Total
Less than \$30,000 (\$28,000/yr)	17			
\$30 to \$40,000	4		\$ 10,000	\$ -
\$40 to \$50,000		10	\$ 12,000	\$ 120,000
\$50 to \$60,000	6	10	\$ 15,000	\$ 150,000
Over \$60,000 (below)	7	20	35%	\$ 420,000
<b>Total:</b>	<b>34</b>	<b>40</b>		<b>\$ 690,000</b>

Management Positions with salaries over \$60,000/year	Positions to be Retained	Positions to be Created*
President	\$ 120,000	
Vice President	\$ 90,000	
Controller	\$ 90,000	
4 District Supervisors @ \$72k	\$ 288,000	
20 sales, mgmt positions @\$60k	\$ -	\$ 1,200,000
<b>Total Salaries:</b>	<b>\$ 588,000</b>	<b>\$ 1,200,000</b>

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

#### Project MBO - Capital Investment Incentives

Investment:	Amount	Incentives %	Incentives Total
Building Construction	\$ 750,000	10%	\$ 75,000
Capital Equipment		10%	\$ -
Site Development Costs		10%	\$ -
<b>Total:</b>	<b>\$ 750,000</b>		<b>\$ 75,000</b>

<b>Incentives Grand Total</b>	<b>\$ 765,000</b>
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As shown in the chart above, the company is eligible for job creation incentives of \$690,000 and capital investment incentives of \$75,000 for total incentives of \$765,000.

**FISCAL IMPACT**

Job creation incentives:	\$690,000	Average cost per job = \$17,250
Capital investment incentives:	\$ 75,000	
Total	\$765,000	

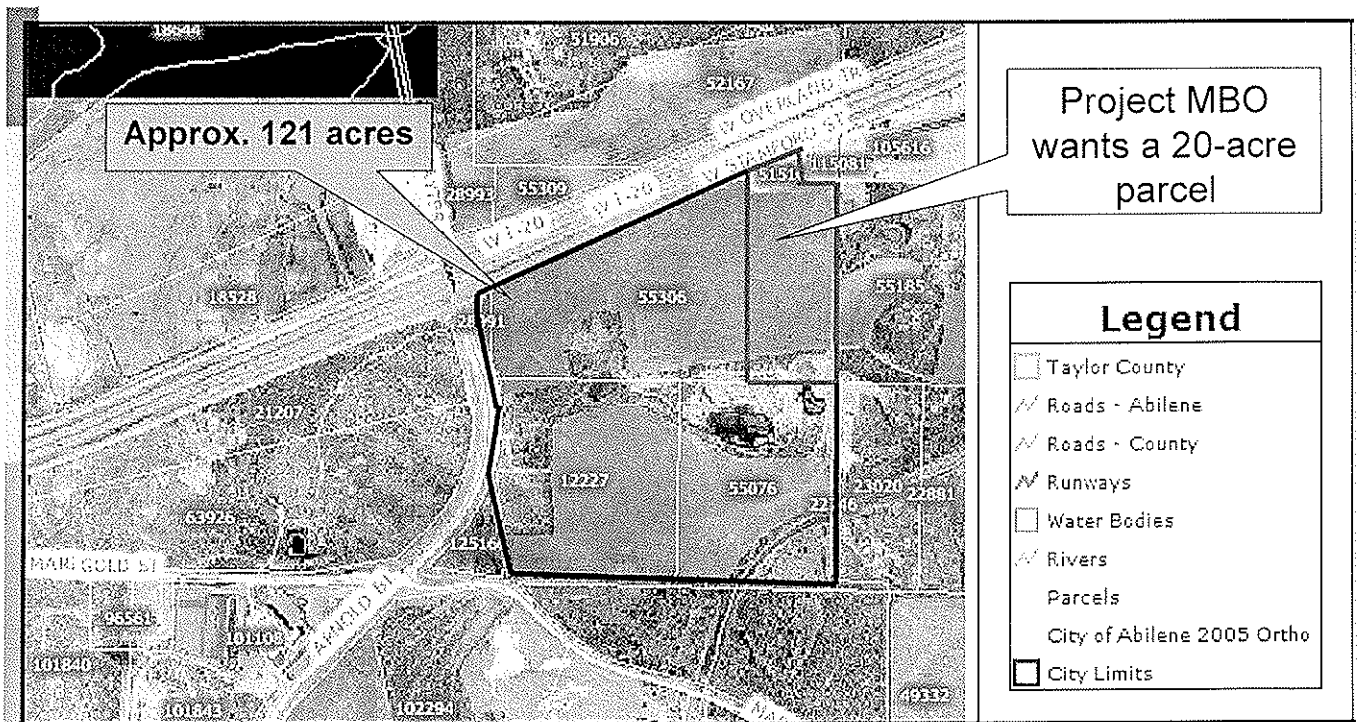
If Project MBO fulfills its job creation objective, their annual payroll, including filled positions (\$1.5 million/year) and new positions (\$1.2 million/year) will exceed \$2.7 million.

**STAFF RECOMMENDATION**

I recommend that assistance of up to \$765,000 be granted to Project MBO, to be paid annually in arrears over 5 years. \$300,000 of the total will be through DCOA deeding the 20-acre lot on IH20 to the company and retaining a \$300,000 note on the property, subject to the company agreeing to abide by the Five Points Business Park Planned Development District zoning regulations. Job creation funds earned each year for actual job creation in excess of the 34 positions already filled will first be applied toward reducing the note. Funds in excess of the \$300,000 note payoff will be paid in cash as it is earned over the 5-year term of the agreement.

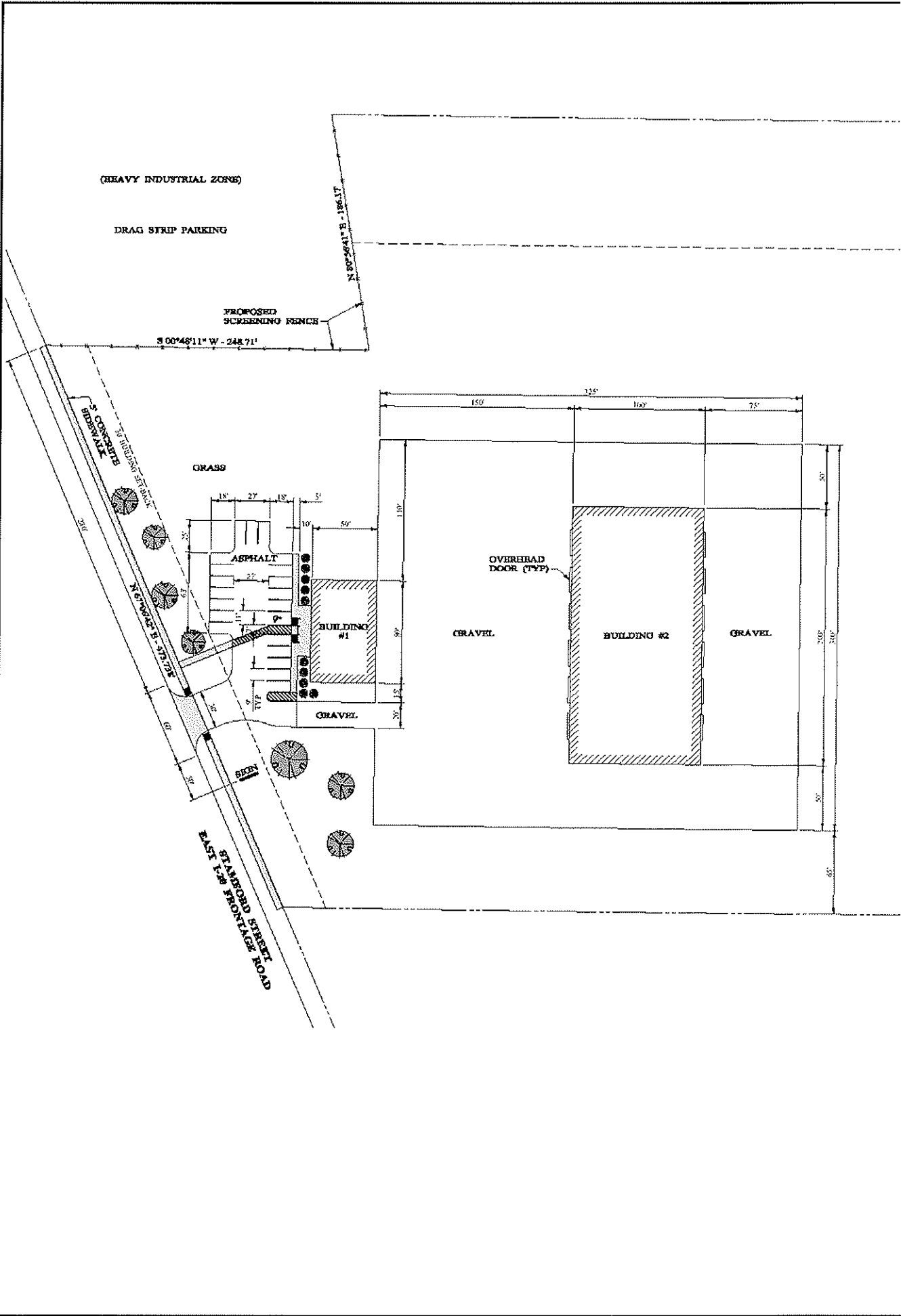
**ATTACHMENTS**

Resolution DCOA-2011.26









**RESOLUTION NO. DCOA-2011.26**

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

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

WHEREAS, Project MBO is a new company formed this year to build on the owners' success in fabrication and service of oilfield equipment and provision of oil & gas support services; and,

WHEREAS, the company wants to locate on 20 acres of DCOA-owned property fronting on I-20 and immediately west of the Abilene Drag Strip, which is part of the 121 acres the DCOA purchased from the Burl Harris estate; and,

WHEREAS, the land is valued at \$15,000/acre or \$300,000 for 20 acres; and,

WHEREAS, the company has already hired 34 employees, anticipates hiring 40 more over the next three years, and also anticipate capital investment of \$750,000; and,

WHEREAS, staff requests the DCOA authorize an assistance package for Project MBO in the amount of \$765,000.

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

**PART 1.** DCOA hereby authorizes the sale to Project MBO of 20 acres of land in the Five Points Business Park for \$15,000/acre (or \$300,000) and financial assistance in the amount of Seven Hundred Sixty-Five Thousand and no/100's Dollars (\$765,000) in exchange for the creation of 40 new jobs in excess of the existing 34 jobs, plus capital investment by the company of \$750,000. The funds shall be disbursed as follows:

20 Acres Land – Sale of 20 acres of land in Five Points Business Park, I-20 frontage, at \$15,000/acres, subject to the Company agreeing to abide by the Five Points Business Park Planned Development District zoning regulations. The DCOA shall finance the purchase under a Promissory Note for \$300,000 at 0% interest, secured by a first lien on the land. Principal reductions shall be earned over 5 years as stated below, and any unearned balance remaining at maturity will be due and payable.

Job Creation Incentive – up to \$690,000 for 40 new FTE's, in excess of the existing 34 FTE's, over 5 years according to the chart below:

Salary Level/Annually	Projected New Jobs	DCOA Assistance per New Job	Incentives Total *
Under \$29,999	0	\$0	\$0
\$30 to \$40,000	0	\$10,000	\$0
\$40 to \$50,000	10	\$12,000	\$120,000
\$50 to \$60,000	10	\$15,000	\$150,000

Over \$60,000 (*below)	20	35%	\$420,000
<b>Total Jobs:</b>	<b>40</b>		<b>\$690,000</b>

Management Positions Over \$60,000	Annual Salary Level*
20 Position	\$60,000
<b>Total Salaries</b>	<b>\$1,200,000</b>

The first \$300,000 of the job creation incentive earned by Project MBO will not be funded but rather applied toward the outstanding principal balance of the land purchase Promissory Note described above. Once the Promissory Note is fully earned, the remaining \$390,000 will be paid in cash as it is earned over the remainder of the 5-year term.

Capital Investment Incentive - up to \$75,000 paid at 10% of Company's investment in building construction, projected to be \$750,000. Disbursements will occur over a 5-year period upon receipt by the DCOA of copies of paid receipts evidencing the Company's actual costs. Annual disbursements shall not exceed \$15,000.

**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 23rd day of August, 2011.

ATTEST:

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

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

APPROVED:

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